



SCREENING CHAPTER 19 SOCIAL POLICY AND EMPLOYMENT

AGENDA ITEM: UNDECLARED WORK (UW)

**Country Session: The Republic of TURKEY
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- **Legislation**
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- **General Approaches to Solutions of the Problem**
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DEFINITION

Unregistered Employment: All employed persons who were not registered to any social security institutions corresponding to their main job during the reference unit (TURKSTAT).

In this presentation only the paid workers dimension is mentioned (e.g the declaration of unpaid family workers to related social security authorities is not compulsory).

Undeclared work of paid workers are as follows;

- Not to declare employees to relevant public body,
- Missing declaration of number of days of premium payment,
- Missing declaration of wage of employees in order to avoid tax/social security contributions.



GENERAL UNREGISTERED RATES

Employment by status in social security registration

	Total employment (thousand)	Unregistered (%)
Total	22 046	50.1
Regular employee	10 358	23.0
Casual employee	1 590	92.2
Employer	1 132	26.1
Self employed	5 438	65.2
Unpaid family worker	3 527	95.3

Source: Household Labour Force Survey 2005 Yearly Results, TURKSTAT



GENERAL UNREGISTERED RATES

Unregistered Employment Rates By Sectors

Sector	Total employment	Unregistered (%)
Total	22 046	50,1
Agriculture	6 493	88,2
Industry	4 281	31,0
Construction	1 171	64,3
Service	10 100	32,1

*Source: Household Labour Force Survey 2005
Yearly Results, TURKSAT*



LEGISLATION

Social Insurance Law:

- Person working for wage shall be insured by the employer. This obligation includes also the subcontractor (Article 6).
- Minimum limit of Earnings taken as a basis for Premium (SPEK) and base wage rate have been equalized so that excessive premium obligation of employer could have been diminished. Formerly, the difference between them was paid by employer. Therefore this situation had directed employers to undeclared work (Article 78).
- Earnings taken as a basis for Premium (SPEK): are amount that is determined irrespectively from wage and amount accepted as a basis for contribution cut.



LEGISLATION (cont.)

Unemployment Insurance Law:

- Legal obligation of employer to notify business establishment and employee in advance
- Notification of employee himself/herself to the related social insurance authority,
- Statutory obligation of employer to document or prove up if his employee works less than 30 days within one month period,
- To widen the inspection.



LEGISLATION (cont.)

Labour Law:

In order to prevent UW;

- Flexible work models: Arrangements for part time work, work on call, temporary work contract, compensatory work, definite time work and short period work. Notwithstanding above, by changing work period for a week, to make more flexible,
- Under the scope of Unemployment Insurance Fund, establishment of Wage Guarantee Fund,
- New arrangements for the termination of the employment contract by employer and employee with righteous cause,



REASONS BEHIND UW

- Social and economic reasons
 - High unemployment rate,
 - High share of agricultural employment,
 - High level of employment in SMEs,
 - Low level of education and training of labour force,
- Legislative reason
 - Inadequate enforcement of legislation,
- Administrative reasons
 - Lack of coordination among related public institutions
 - Inefficiency of inspection
- Psychological reasons
 - Negative attitude of some employers
 - Lack of awareness of employees about social security rights and obligations



GENERAL APPROACHES TO SOLVE THE UW PROBLEM

I-POLICY

Main objective is to eliminate the reasons behind the undeclared employment in order to cover undeclared activities (VIII. Development Plan).

II-INTERPRETATION AND AWARENESS-RAISING ACTIVITIES

- a) Distribution of Brochure, Leaflet and Signboards
- b) TV Series and Programmes
- c) Press Conferences and Instructions
- d) Internet/ www.ssk.gov.tr (Virtual Social Insurance Office open 24 Hour)
- e) SSK Call Centre
- f) e-Declaration System



III-SIMPLIFICATION OF BUREAUCRATIC PROCEDURES

a) e-Declaration System

This new system gives opportunities to employer;

- To send the premium sheets through internet,
- To monitor their premium accounts flows,
- To finish all relevant procedures in a short time without bureaucracy.

b) One-Stop Offices

- All the procedures related with social insurance covering employee, self employed and unemployment insurance will be finalised in one office called one-stop offices.
- These offices will be established in all industrialized areas.



INSTITUTIONAL CAPACITY OF INSPECTION

Inspections Against Undeclared Employment;

Insurance Inspectors affiliated with SSK Insurance Inspection Board carry out UW inspections.

Main Duties of the Board;

- To prevent undeclared work,
- To widen scheme coverage,
- To inform employee and employer for their social security rights and obligations,
- To prevent social security frauds.



Structure of the Board;

- The Board is located in Ankara.
- It has 7 regional offices in the industrialized provinces.
- 360 Insurance Inspectors carry out UW inspections in 2005.

Inspection Methods;

- Planned Sectoral Inspections,
- Inspections based on Notice and Complaint,
- Inspections of Records,
- Minimum Requirement Inspections (Minimum number of workers, working time and amount of wage are determined through this method).



Insurance Clerks;

- Daily notices and complaints are evaluated and if it is necessary they carry out inspection.
- Insurance clerks are located in the provincial offices of SSK.
- The number of these clerks was 326 in 2005.
- To strengthen the capacity of insurance clerks for combatting UW the number of clerks would be 3 400 according to draft law for Social Security Reform.

Inspectors of Other Public Authorities;

- These inspectors control UW when they carry out their own duties. This is an obligation for them.



ADMINISTRATIVE FINES

- Not to declare the workplace: 330- 930 Euros
- Not to declare the worker: 330 Euros
- Not to declare the foreign worker: 660 Euros



THANK YOU FOR YOUR ATTENTION