

Staff ledger – a measure for a fair competition

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Disposition

- Background
- Cash sector and Construction
- Staff ledger – general
- Measures in Construction sector
- Impact and lesson learned

Background

- Serious problem with grey economy in businesses selling goods and services in return for cash payment
- Prerequisite for a new legislation in Sweden was the consensus between the relevant trade associations and the Swedish Tax Agency
 - ✓ to combat tax evasion and
 - ✓ unfair competition

Right from the start – real time monitoring

The new focus

The old focus

Business

Bookkeeping

Tax return

Payment

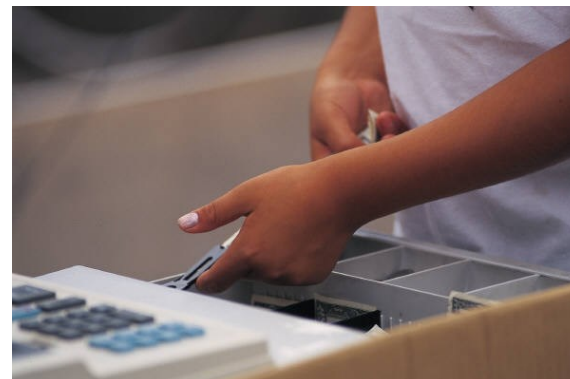


Certified cash registers

Staff ledgers

Right from the start = early measures

Cash sector and Construction



- High-risk sector for non-compliance
- Severe tax losses linked to small businesses;
 - undeclared income and
 - undeclared work
- Lower incentive for sellers and buyers (consumers) to keep records

Measures:

- Staff ledgers 2007
- Cash registers 2010
- New powers for the Tax Agency

Measures

- Staff ledgers
 - Restaurants, Hairdressers, laundries and construction sector
 - Ledger kept at premises
 - Daily updates
 - Employees in/out
- Cash registers
 - All cash trade (some exceptions)
 - Register with "black box"
 - Debit/Credit cards included
- New powers – field inspections
 - Check cash register and/or ledger
 - Penalty for misuse



The purpose of the legislation

- To counter black work and promote sound competition in current industries
- There's no need for any suspicions of crime to apply the legislation

Staff Ledgers



Staff ledger - "Personal ledger"

- All restaurants, hairdressers (2007) and laundries (2013)
- From 1 January 2016 the construction sector was implemented
- Mission from the Swedish Government to propose more sectors:

From 1 July 2018

- auto repair
- food wholesalers
- beauty care

Staff Ledger

- The Ledger can be a book or kept electronic
- On daily basis include registration an entry for each employee and when the session ends
- A person does not have to be paid for be written into the ledger. It is enough that he is active in the business

Staff Ledger

- The ledger must be kept in the business premises and available to the Swedish Tax Agency
- The ledger should be kept for two years

Unannounced inspections

- Check that everyone working that day are registered in the ledger
- ID-control
- Questions to the owner and employees
- Limited audits

Staff Ledger - fines

- There is a fine of 12 500 SEK (~ € 1250) if
 - you don't have a ledger
 - the ledger is inadequate
 - you haven't kept the old ledger
 - the ledger is not available at the inspection
- There is a fine of 2500 SEK (~ € 250) for every person who is not noticed in the ledger
- It may be a combination of fines above

Measures in the construction sector

- From 1 January 2016 there have to be electronic Staff registers at building sites
- The total construction cost must be more than 188 000 SEK (~ € 18 800)



What does it mean for a developer?

The responsibility for the staff register is primarily by the developer

A developer either build under his own management or order the work from a contractor. The work can e.g involve constructing or modifying buildings, roads or other facilities.

Repairs and maintenance are also included.

What does it mean for a developer?

A developer have to report a new building site to the Swedish Tax Agency

Also report when the construction work has been completed and if there is any change to the information that was compulsory when he reported the building site

E-service to help to report the site. If someone is unable to obtain a Swedish eID, it is even possible to use a form

What does it mean for a developer?

The developer has to make sure that the necessary equipment to keep an electronic staff register correctly is in place at the building site

It must be possible to show the whole staff register if the Swedish Tax Agency will visit the building site for an unannounced check

A developer can transfer his obligations to a turnkey contractor through a written agreement

The Contractors obligations

The contractor have to enter information in the staff register using the equipment acquired by the developer

Enter the name and personal identity number or registration number of his own building firm and of everyone working in it on the building site

The contractor is also responsible for information being entered continuously about when everyone has started and ended their work each day on which are carrying out activities at the building site

Fines in the construction sector

- 25 000 SEK (~ € 2 500) if the building site has not been reported to the Swedish Tax Agency
- 12 500 SEK (~ €1 250) if the electronic register not been hand held at the site
- 2 500 SEK (~ € 250) for every not registered person on site





Staff Ledger - Impact

(construction sector not included)

- Based on a effect evaluation in 2010
- More than 100 000 inspections since 2007
- Staff Ledger have significant impact on reported salary, mainly in the restaurant sector
 - 11 % increase of reported wages
 - about 6 000 new full time jobs in restaurant sector
- We have discovered unregistered businesses
- More companies has registered as employers



Staff Ledger - Impact

Construction sector

- More than 25 000 inspections since 2016
 - 18 % of the inspections ends with fines
- Focus on finding unregistered building sites

Thank You !