

Living conditions and quality of life

# **Undeclared care work in the EU: Policy approaches to a complex socioeconomic challenge**





# Undeclared care work in the EU: Policy approaches to a complex socioeconomic challenge



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**Authors:** Marianna Baggio and Jorge Cabrita

**Research manager:** Sanna Nivakoski

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**Providers:** Network of Eurofound Correspondents (see Annex 1)

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**European Foundation for the Improvement of Living and Working Conditions**

**Telephone:** (+353 1) 204 31 00

**Email:** [information@eurofound.europa.eu](mailto:information@eurofound.europa.eu)

**Web:** [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

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## Abbreviations

<b>CESU</b>	chèque emploi-service universel (Personal Services Employment Cheque)
<b>DLS</b>	Dienstleistungsscheck (Household Service Cheque)
<b>EA GLI</b>	Executive Agency General Labour Inspectorate
<b>ECEC</b>	early childhood education and care
<b>EFFAT</b>	European Federation of Food, Agriculture and Tourism Trade Unions
<b>EFFE</b>	European Federation for Family Employment and Homecare
<b>EFSI</b>	European Federation for Services to Individuals
<b>ELA</b>	European Labour Authority
<b>Equinet</b>	European Network of Equality Bodies
<b>FEPS</b>	Foundation for European Progressive Studies
<b>LTC</b>	long-term care
<b>ILO</b>	International Labour Organization
<b>INPS</b>	Istituto Nazionale della Previdenza Sociale (National Social Security Institute)
<b>ISEE</b>	Indicatore della Situazione Economica Equivalente (Economic Situation Indicator)
<b>ISTAT</b>	Istituto Nazionale di Statistica (Italian National Institute of Statistics)
<b>KOS</b>	Komora opatrovateliek Slovenska (Chamber of Caregivers of Slovakia)
<b>MLSP</b>	Ministry of Labour and Social Policy
<b>MRCI</b>	Migrant Rights Centre Ireland
<b>NEC</b>	Network of Eurofound Correspondents
<b>PHS</b>	personal and household services
<b>STAD</b>	Sindicato dos Trabalhadores de Serviços de Portaria, Vigilância, Limpeza, Domésticas e Actividades Diversas (Union of Concierge, Surveillance, Cleaning, Domestic and Miscellaneous Services Workers)
<b>TCN</b>	third-country national
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>VAEB</b>	Versicherungsanstalt für Eisenbahnen und Bergbau (Insurance Institution for Railways and Mining)
<b>ZUS</b>	Zakład Ubezpieczeń Społecznych (Social Insurance Institution)

# Glossary

**Care economy:** Sometimes referred to as the purple economy. It includes both paid and unpaid work caring for children, the elderly, people with disabilities and any other care-dependent groups. It includes both direct and indirect care activities.

**Declared work:** Employment that is formally registered with relevant authorities and complies with tax, social security and labour regulations.

**Direct care activities:** Personal assistance, support for daily living and childcare provided directly to care recipients.

**Indirect care activities:** Support services such as cooking, cleaning and gardening, performed as part of overall care provision.

**Live-in care:** A care arrangement where the care worker resides in the care recipient's home.

**Personal and household services (PHS):** Services provided in private households, including both care work and domestic services.

**Platform work:** Work intermediated through digital platforms that connect service providers with clients.

**Regulated care:** Care activities that operate within formal legal and institutional frameworks, including both professional care services (provided by trained professionals who are remunerated and work in formal settings as employees or self-employed workers) and volunteer care (provided through organised programmes and community initiatives by individuals who, while lacking professional qualifications, operate within regulated frameworks).

**Reproductive work:** Unpaid tasks essential for the reproduction of life and societal well-being, predominantly carried out by women. It encompasses activities such as childcare, household chores and care for family members.

**Service or social vouchers:** Government-regulated payment instruments for care services operating under a defined legal framework. They include labour rights guarantees and social protection for workers, quality requirements for service providers, and tax benefits for users.

**Undeclared care work:** Paid care work that is lawful but not declared to public authorities, therefore avoiding tax and social security obligations.

**Unpaid informal care:** Care provided by family members, relatives, friends or neighbours to individuals requiring care or support. While unpaid carers may receive social benefits or allowances, they are not paid for their care work, which is typically based on pre-existing relationships.

**Unregulated care:** Care activities outside formal regulatory structures, including undeclared care work and unpaid informal care.





# Introduction

The care economy is fundamental to the functioning of our societies. Work in this economy is disproportionately shouldered by women and often undervalued both socially and economically. Care work comes in many forms, including childcare, long-term care, healthcare, education and personal services. It may be regulated or unregulated.

Regulated care includes professional care services provided by trained professionals who are remunerated and work in formal settings as employees or self-employed workers. It also includes volunteer care provided through organised programmes and community initiatives by individuals who, while lacking professional qualifications, operate within regulated frameworks.

Unregulated care is provided by individuals or entities that do not fall under the same stringent regulatory frameworks as regulated care. This type of care often lacks formal oversight, leading to various challenges. Unregulated care encompasses two distinct categories: unpaid informal care, which is care provided without pay by family members, relatives, friends or neighbours; and paid unregulated care, where services are provided for compensation by individuals that operate outside of formal regulatory oversight.

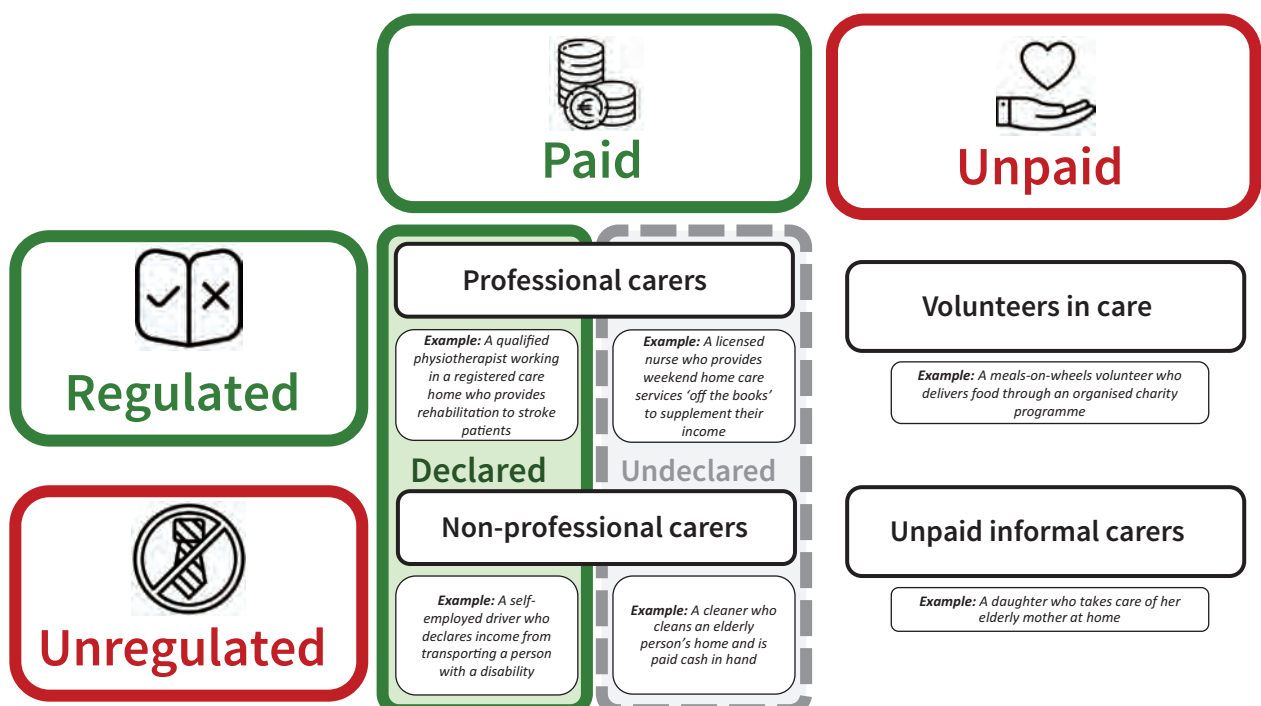
Care work, when paid, takes two forms: declared and undeclared. Declared care work is formally registered

with the relevant authorities and is compliant with tax, social security and labour regulations. In contrast, undeclared care work operates outside official oversight, although the care activities are lawful. Undeclared care workers and their employers avoid tax and social security obligations, as well as professional standards and licensing requirements, where applicable. Both trained professionals and non-professionals may engage in undeclared care work.

Profound changes in society are also changing the care economy, from the transformations in the world of work, especially those driven by technological advances and digitalisation, to climate adaptation and mitigation, and demographic shifts with ageing populations. Recent shocks such as the COVID-19 pandemic have also had an impact on the sector.

Despite its self-evident importance, the care economy often remains invisible, and only recent policy debates have brought it back to the table as a shared priority for all societal actors. This renewed focus is evident in several EU initiatives, including the 2019 Work-Life Balance Directive, which addresses minimum standards for various forms of care leave, and the establishment of the European Health Union in response to the COVID-19 pandemic, which highlighted the critical importance of care systems. In 2022, the European Commission launched the European Care Strategy, which promotes

Figure 1: Classification of care work



Source: Authors

a life-course approach to care needs. Most recently, the 2024 ILO Resolution concerning Decent Work and the Care Economy defined the care economy and established guiding principles to advance decent work in that economy. In addition, the EU's Gender Equality Strategy (2020–2025) has explicitly recognised the gendered dimension of care work. These policy developments mark a significant shift toward recognising care as a central societal and economic issue rather than an exclusively private matter.

The care economy manifests very differently at the local, national and transnational levels, reflecting the diverse capabilities of public, private and community actors involved in care provision. The complex dynamics between these levels of the care economy highlight the range of approaches to care delivery, which can create inequalities in both the provision of care services and access to these services across different contexts (World Economic Forum, 2024).

This Eurofound research paper focuses exclusively on undeclared care work, concentrating on three key areas. Firstly, it examines the characteristics of undeclared care work, including carer profiles and working conditions, as well as the types of care tasks, the main workplaces and pay levels. Secondly, the paper investigates the challenges faced by individuals engaged in undeclared care work, which include lack of rights to pensions and social protection, financial unsustainability, physical and mental strain, lack of access to workers' representation, and social isolation. Lastly, it analyses the policies implemented across EU Member States to formalise or prevent undeclared care work.

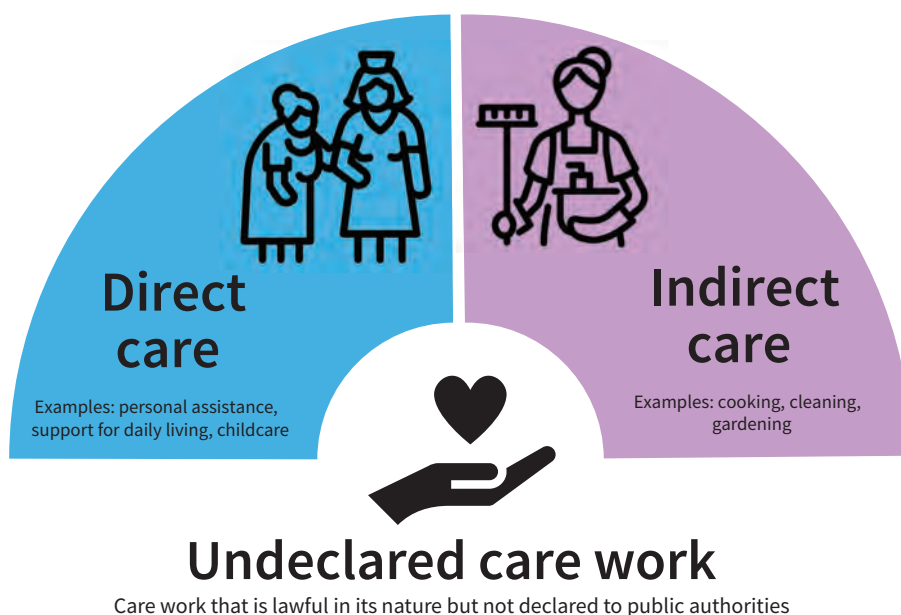
This research paper serves as a companion piece to a separate comprehensive forthcoming Eurofound report

on unpaid informal care, *Care provision and the role of informal carers*. While that report covers broad aspects of unpaid informal care – including the magnitude and evolution of unpaid informal care in the EU, its characteristics and determinants, the challenges faced by informal carers and policy responses – this paper focuses instead on the nature and implications of undeclared care work within the care economy. Understanding the care economy requires examining all its components together, as its elements cannot be fully comprehended when studied in isolation. For instance, how cash benefits are structured – whether as 'bound' benefits requiring documented spending or 'unbound' benefits offering flexible use – may influence patterns of declared and undeclared care work, highlighting the need to examine these interconnected aspects simultaneously. While this research paper stands as a separate work, we strongly advise reading it within the wider context of Eurofound research outputs on this topic. Doing so will provide a more comprehensive understanding of the interconnected nature of the care economy and its socioeconomic challenges.

## A definition of undeclared care work

Undeclared work is also referred to as the informal economy, the shadow economy, illegal work, hidden labour, concealed employment and moonlighting. For the purposes of this paper, and to avoid any confusion with other concepts in the care economy, undeclared care work is defined as paid care work that is 'lawful in its nature but not declared to public authorities, taking into account differences in the regulatory systems of the Member States' (European Commission, 1998, p. 219).

Figure 2: A working definition of undeclared care work



Source: Authors

Furthermore, in this report, the expression ‘care work’ encompasses both direct and indirect care activities (also referred to as activities of daily living and instrumental activities of daily living, respectively, in healthcare contexts). Direct care involves personal assistance and immediate care for those requiring it (children, older people, people with disabilities and people with health issues). Indirect care includes activities that support care provision, such as cleaning, cooking and other household maintenance tasks that are essential for well-being (Addati et al, 2018). Which of these care types is more likely to be undeclared varies across Member States, depending on their regulatory frameworks. For instance, while childcare might be strictly regulated in one country (for instance, requiring registration and professional qualifications), it might remain largely unregulated in another, making it more susceptible to undeclared work arrangements. Similarly, indirect care activities such as household maintenance are regulated differently across Member States, influencing patterns of undeclared work.

### Forms of undeclared care work

The most common type of undeclared care work is fully unregistered employment, especially when households are the direct employers. In some instances, however, only part of the work is undeclared (ELA, 2021). Partially undeclared work is sometimes called underdeclared work, envelope wages or cash in hand. Another type of undeclared care work is undeclared own-account work (or undeclared self-employment), where self-employed people provide undeclared services to a formal enterprise or other clients, such as households. This category also includes bogus self-employment, where workers are formally registered as self-employed but operate under de facto dependent employment conditions, often to circumvent tax and social insurance obligations or employers’ responsibilities.

Additionally, it is essential to distinguish undeclared care work in the context of care provided in households from undeclared care work in the context of (public or private) care services and establishments. The latter may also take the form of monetary ‘tips’ or ‘bribes’ to workers in exchange for special treatment of individual care recipients that is not declared to the authorities – for instance, a family member might offer cash to a care worker to ensure their elderly parent receives extra attention during meals or more frequent room checks.

## Policy challenges and outlook

Addressing undeclared care work requires understanding its place within the broader care economy and how it interacts with other aspects of this economy, and tackling it requires a coordinated set of measures. The challenges it gives rise to are complex and intertwined. For instance, when care workers operate in the undeclared economy, their contributions to pension schemes are reduced or even curtailed completely. However, pension contributions are fundamental in supporting an ageing population with increasing long-term care needs. A lack of pension contributions can further destabilise an already precarious equilibrium.

The challenges of undeclared care work can be categorised into three broad groups.

**Defining and measuring the phenomenon:** The absence of a legally agreed-upon definition of care work in general and undeclared care work in particular across the Member States makes it difficult to accurately assess the phenomenon and to develop targeted policies. According to the ILO, for instance, German law allows a significant amount of off-the-record paid work in domestic settings or between acquaintances that is not classified as undeclared work nor penalised. In contrast, Denmark takes a stricter approach, considering undeclared work to encompass a wider range of labour activities, including any productive work compensated in cash or in kind that remains unreported (ILO, 2010). Definitions that are too broad hinder the identification of undeclared care workers, while those that are too narrow exclude many workers. Furthermore, the lack of comprehensive methods for collecting data on undeclared care work worsens the challenge of understanding its prevalence and characteristics. Policymakers require a clear picture of how the phenomenon manifests and its scale. Equally vital is the ability to measure the impact of policies. Reports from the Network of Eurofound Correspondents (NEC) show that measures to tackle undeclared care work often lack proper impact assessments, or when studies are conducted, they provide imprecise estimates, leading to its underestimation or overestimation. This makes it difficult to justify policy investments in this area, particularly given shrinking government budgets.

**General problems arising from all forms of undeclared work:** These include the distortion of competition, poor working conditions and limited access to social protection. Undeclared work creates unfair competition for compliant care providers and their employees, who bear the full costs of formal employment, potentially undermining the viability of the regulated care sector.

Care recipients also face risks due to the lack of quality assurance and professional standards in undeclared arrangements. Adding to these challenges are the complexities associated with new forms of work, particularly those involving digital platforms.

Since undeclared care workers receive all or part of their pay without official documentation, and neither income tax nor social insurance contributions are fully paid, these workers are not eligible for related social insurance benefits. This, in turn, leads to further potential issues such as exploitation, precarious and hazardous working conditions, lack of proper compensation and training, limited access to benefits or support services, and deprivation of access to healthcare.

**Challenges specific to care:** These include the widespread undervaluation of care work, resulting in low wages and poor working conditions; overrepresentation of women, particularly those from migrant and low socioeconomic backgrounds, in the sector; psychosocial risks related to the demands of caring; and insufficient training for caring activities, which poses risks to both carers and care recipients.

### Action taken at EU and national levels

While the responsibility for addressing the challenges posed by undeclared care work primarily lies with national authorities, several EU-level initiatives are playing a crucial role in advancing efforts to tackle these issues. In 2016, the European Platform tackling undeclared work was set up to enhance cooperation between the relevant authorities and stakeholders across Member States, aiming to combat undeclared work more effectively and efficiently while respecting national competencies and procedures. Since 2021, the Platform has been hosted within the European Labour Authority (ELA).

Additionally, in September 2022, the European Care Strategy was introduced alongside two proposals for Council Recommendations: one on revising the Barcelona targets on early childhood education and care (ECEC), and the other on access to high-quality, affordable long-term care (LTC). The proposals were subsequently adopted by the Council in December 2022. These recommendations are relevant to undeclared care work since they promote the principles of gender equality, work-life balance, and improved ECEC and LTC provisions. They also align with the EU's headline targets on employment, skills and poverty reduction.

The Council Recommendation on access to affordable high-quality LTC calls on Member States to address 'the challenges of vulnerable groups of workers, such as domestic long-term care workers, live-in care workers and migrant care workers, including by providing for effective regulation and professionalisation of such care work' and to 'establish pathways to a regular employment status for undeclared long-term care workers'. It also calls on Member States to 'establish clear procedures to identify informal carers and support them in their caregiving activities', recognising the importance of collaboration in ensuring comprehensive and effective care provision.

In a nutshell, the European Care Strategy strives to simultaneously improve the working conditions of care workers, strengthen public care services, and enhance the affordability and accessibility of formal care options. These actions, in turn, should reduce the economic incentives for undeclared work by making formal care a more viable option for both care recipients and workers (Thissen & Mach, 2023).

When it comes to measures tackling undeclared care work at national level, recent years have seen a shift from purely deterrence-focused measures toward transformative and preventive approaches. The COVID-19 pandemic further accelerated this trend, offering opportunities for innovation. In May 2020, the Italian government passed a decree aimed at regularising migrant workers in sectors known for severe labour exploitation. According to data from the Italian Ministry of the Interior, 85 % of applications submitted involved domestic and care workers (Degani, 2022).

Further innovation has been driven by digitalisation, including the use of mobile applications and online tools. The process of registration with digital platforms, for instance, can facilitate the formalisation of otherwise undeclared care work, for example by requiring formal identification of both care workers and service recipients, which generates digital records of the work performed and creates financial trails.

Other policies have sought to leverage the way different forms of care interact. For example, care allowances provide financial resources to address care needs often through a mix of regulated and unregulated, paid and unpaid care work. If not carefully designed, such allowances can inadvertently fund undeclared care work. Member States have been experimenting with ways to harness care allowances as a means of bringing undeclared care work to light, by providing opportunities to pay in a lawful manner those involved in care work, including friends and family.

## Scope, methodology and limitations

This paper is conceptually integral to Eurofound's broader work on care. The analysis presented here examines key aspects and policy considerations related to undeclared care work that are particularly relevant for interpreting unpaid informal care and understanding how these two cogs in the mechanism of the care economy are interlinked. This paper does not attempt to provide an exhaustive analysis of undeclared care work in the EU, nor does it systematically review all relevant policies currently in place for each Member State. Nevertheless, it provides a robust and extensive examination of national policy approaches across the EU, covering policies implemented starting from 2001 and those scheduled through 2026. The analysis of policies covers 21 Member States, with the exclusion of Croatia, Cyprus, Czechia, Hungary, Latvia and Luxembourg, where specific measures to formalise undeclared care work were not identified by the research.

This paper draws on multiple complementary sources and methodologies. The analysis combines desk research with contributions from the NEC, whose members provided reports on undeclared care work from their respective Member States. Details of the NEC contributors and the questionnaire used are provided in Annex 1 and Annex 2, respectively. As can be seen, the questionnaire aimed to gather key insights and promising policies rather than providing a comprehensive mapping of the issue at hand. This material is supplemented by statistical data from both national and EU-level sources, where relevant. The authors contribute to this evidence base by developing analytical frameworks, interpreting emerging patterns and synthesising findings to provide a coherent picture of the current national and EU-level challenges in tackling undeclared care work.





# 1 Characterising undeclared care work

This chapter describes undeclared care work in the EU based on the available literature and the contributions from the NEC. First, it presents the most recent estimates of the prevalence and scale of undeclared care work across the Member States. Then, it profiles the workers who perform undeclared care work based on their main sociodemographic characteristics. Thirdly, it describes the main drivers of undeclared care work, both from the demand side (clients and patients) and the supply side (service providers and workers). Finally, it provides evidence of the employment and working conditions of undeclared care workers.

Given its nature, it is extremely difficult to present a complete characterisation of undeclared care work in the EU. However, the information provided by the NEC, complemented with further desk research on the available literature, are important pieces of a puzzle that, although certainly incomplete, provide a close approximation of reality.

## Scale of undeclared care work

At the time of writing this paper, there is no consensus regarding the definition of care work. In this context, while measuring undeclared work is, in general, a very challenging task, capturing its extent across the Member States is even more difficult because of the absence of an internationally agreed definition.

### Scale at EU level

The results of the Special Eurobarometer 498 (2019) on undeclared work in the EU highlight this challenge: only 3% of respondents believed they had bought services assisting a dependent or elderly person that involved undeclared work, while the sector most frequently mentioned by those who had engaged in undeclared work was personal services (27 %) (European Commission, 2020). This discrepancy underscores several issues: the limitations of survey-based measurement approaches, potential underreporting due to social desirability bias and, significantly, a broader societal challenge – namely, how cultural norms may influence the recognition and understanding of undeclared care work, leading to an underestimation of its prevalence, value and broader implications for society.

ELA estimates that, based on the narrow definition of personal and household services (PHS)<sup>(1)</sup>, there are 6.8 million undeclared workers in the EU (ELA, 2021). This consists of 2.1 million workers in the care sector and 4.7 million in direct household employment. Applying the broader definition <sup>(2)</sup>, the estimated number of undeclared workers in the PHS sector reaches 9.2 million people.

The overall share of undeclared work in the PHS sector, considering both definitions, is slightly above 50 % on average. This share is lowest (34 %) within the care sector and highest (nearly 70 %) in direct household employment. ELA also concludes that the prevalence of undeclared work across Member States depends on the country-specific institutional regime of providing PHS. In countries where unpaid informal care is common and households are direct employers, the incidence of undeclared work is higher, while it decreases with higher levels of public provision of PHS and with regulation of private providers (ELA, 2021).

It is important to note that these figures are estimates, and the actual scale of undeclared care work in Europe could be even larger; a reliable figure is elusive due to the difficulty of accurately measuring it. Firstly, undeclared care work operates, by definition, outside the scope of official records, and it is by nature concealed by those involved. Secondly, undeclared care work is mainly carried out within households, which are outside the sphere of intervention of labour inspectorates or other forms of oversight that normally help in the identification of undeclared work. Moreover, estimates of undeclared care work tend to rely on self-reported data, which can be skewed when people underreport the amount of undeclared work they perform or do not report it at all. The varied nature of undeclared care work – from occasional babysitting to long-term full-time live-in care – is an additional layer that makes it difficult to capture undeclared care work in full. Finally, there is an overlap between undeclared care work and informal care, making it difficult to isolate the specific contributions of each one (ELA, 2021).

<sup>(1)</sup> The narrow definition of PHS includes NACE Rev. 2 subsectors Q88 Social work activities without accommodation (referring to care work) and T97 Activities of households as employers of domestic personnel (referring to direct household employment).

<sup>(2)</sup> The broad definition includes NACE Rev. 2 subsectors S95 Repair of computers and personal and household goods and S96 Other personal service activities.

## Scale at Member State level

A report by the European Network of Equality Bodies (Equinet) on domestic and care workers in Europe mentions that several countries (including Germany, Greece, Hungary and Malta) estimate that most domestic care work is undocumented and therefore not covered by labour rights or social protection (Equinet, 2021). The results of the PHS Employment Monitor for 2024 (EFFAT et al, 2024) show that, on the one hand, undeclared work levels remain concerning, while, on the other hand, there is great variation in prevalence across countries. In Austria, Belgium, Croatia, Slovakia and Slovenia, less than 8 % of workers surveyed reported performing undeclared care work, but the share is higher than 10 % in France, more than 15 % in Poland and Spain, and 35 % in Italy.

While the existence of undeclared care work is widely recognised across the EU, national estimates of its scale are scarce and imprecise. Some statistics or estimates are available for 20 countries (Bulgaria, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, Italy, Cyprus, Lithuania, Hungary, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Sweden), but they are often partial or at regional level. No estimates are available for Austria, Belgium, Croatia, Finland, France, Latvia and Luxembourg.

In **Spain**, a range of estimates of undeclared care work exists: while several studies indicate that 30–32 % of those working in the sector are not registered within the social security system (González-Aparicio, 2019; Aiudo, 2023; Barrial Berbén, 2023), higher estimates of 36 % have been reported (Oxfam Intermón, 2021; Universidade da Coruña, 2024). Regional differences compound the challenges of correctly estimating the phenomenon. According to a report carried out in the Navarra region in 2020, 20 % of domestic workers surveyed have never declared their work to the public authorities, while 14 % have always done so. A third (33 %) have worked undeclared at some point in their lives for between one and five years (Gobierno de Navarra, 2020).

In **Hungary**, while the precise number of undeclared carers is unknown, there is a significant disparity between the estimated 400 000–500 000 carers and official records indicating that only 12 442 were registered as employed in home nursing care (*házi segítésnyújtás*) in 2020 and approximately 20 000 were registered as informal carers receiving a care allowance. According to the European Health Interview Survey conducted in 2019, 19.3 % of adults aged 65 and over in Hungary had a moderate limitation and 6.4 % a serious limitation in performing a daily self-care task. This means that out of a total of 1 889 959 adults aged 65 or more, 25.7 % may need some kind of assistance,

implying that roughly 460 000 people are in need of care. In 2021, there were 91 962 recipients of in-home care through government-employed care professionals, and 55 686 informal carers were reported (there is probably a large overlap between those two groups). This leaves a large number of people with either no assistance at all (unmet needs) or with a need met by undeclared workers. It has also been reported that many carers in registered jobs take on after-work duties, which go undeclared (Janák, 2021).

In **Italy**, the share of undocumented workers among all domestic workers increased from 73 % in 1995 to 81 % in 2001. Regularisation procedures and decrees allowing the entry of migrants into Italy, with quotas reserved for domestic work, have helped to reduce the level of irregularity in the sector. Data from 2022 indicate an irregularity rate of 47.1 % (a drop of 4.7 percentage points from 2021), against an average of 9.7 % in other sectors (Osservatorio Domina sul Lavoro Domestico, 2023, 2024). The estimate of undeclared workers in Italy for 2023 is 834 000, out of 1.6 million total workers in the sector, or approximately 47 % (Osservatorio Domina sul Lavoro Domestico, 2025).

In **Portugal**, data on undeclared care work is largely unavailable, but the Union of Concierge, Surveillance, Cleaning, Domestic and Miscellaneous Services Workers (Sindicato dos Trabalhadores de Serviços de Portaria, Vigilância, Limpeza, Domésticas e Actividades Diversas, STAD) highlights that undeclared domestic work is prevalent and increasing: in 2023, 48 % of domestic workers were not registered in the social security system. According to data from the Social Security Institute, between 2012 and 2022, the drop in the number of domestic workers with a declared contribution was around 42 000 (from 113 000 to 71 000), or 37 %. According to the union, the main reason for not contributing to the social security system was the refusal of employers to pay contributions (STAD, 2024).

In **Sweden**, undeclared work has led to investigations and preventive measures, and the Swedish authorities have attempted to tackle organised crime involving undeclared work. The cleaning industry has been singled out as a risk sector for undeclared workers (Polisen, undated), because this type of work is not regulated by the Social Service Act. About 10 % of the work carried out in the cleaning business is believed to be undeclared. Employees are often exploited, and many are migrant workers without legal documents. The yearly overview of 2019 from the authorities stated that asylum seekers are a growing group of undeclared workers, along with eastern European workers (SVT Nyheter, 2022; Polisen, undated; Skatteverket, undated-a, undated-b).



## Profile of workers

Undeclared care work not only shares the typical challenges of undeclared work in general but also introduces additional complexities linked to the nature of its workforce – namely, gender-based inequalities, migration-related vulnerabilities and the intimate nature of care relationships, which can further complicate efforts to address these challenges. Although data on the key characteristics of undeclared care workers are limited, the available evidence indicates that most are women and migrants, often from non-EU countries. Additionally, undeclared care work is frequently performed by friends and family members, placing it outside the scope of labour regulations.

### Mostly migrant women

The Labour Force Survey of the Statistical Service of **Cyprus** shows that, in 2021, 95 % of the yearly average of employment in household activities comprised female workers. In terms of nationality, only 1.3 % were Cypriots (all females), 1.1 % were EU nationals (all females) and the rest, 97.7 % (or 17 469) were third-country nationals, of which 94.9 % were female. Unofficial estimates of the number of third-country nationals performing undeclared and illegal care services are double the official estimates, which may be an indication of the difficulties these individuals have in registering as official carers. The countries of origin of most domestic workers are India, Nepal, the Philippines, Sri Lanka and Viet Nam.

In **Germany**, a research project commissioned by the German Research Foundation (DFG) found that care workers were mostly women from Poland and other eastern European countries, employed as 24-hour carers and often living in the household of those they cared for (Emunds and Habel, 2020). According to an article published by the Hans Böckler Foundation, approximately 400 000 eastern European women are estimated to live and work as carers in German households. The authors conclude that a grey market, an area of partial legal formalisation, has emerged. Although private households and service providers have access to a legal framework in which care workers are often employed as self-employed persons via agencies, national and EU-wide labour and social regulations are not fully enforced. The phenomenon is referred to as 24-hour carers disguised as posted workers or 'temporary business trips' (Jensen, 2018).

In **Spain**, research by the University of Coruña found that 98 % of people working in the domestic and care sector are women, 68 % are migrants, and 25 % are in an irregular administrative situation (Universidade da Coruña, 2024). In **France**, undeclared care work is mostly performed by middle-aged women, and a considerable proportion of these workers are immigrants from non-EU countries (France 3, 2023).

In **Greece**, although official statistics are not available, it is common knowledge that care work is provided mainly by family and relatives, as well as by unskilled female migrant carers, mostly from Albania, and other eastern European countries.

A researcher who interviewed carers in **Hungary** identified most carers to be either hospital nurses taking on a second job or unskilled middle-aged women who have no access to the legal (declared) labour market. 'Many of them are fleeing domestic abuse or poverty or have housing-related issues that force them to choose live-in jobs' (Milánkovics, 2020a, p. 176).

An Osservatorio Domina report (2024), based on data from the Istituto Nazionale di Statistica (Istat), highlights that the majority of employees in the domestic sector in **Italy** are women (89 %) and migrants (69 %), mainly from eastern Europe (36 % of the total, with Romania and Ukraine being the most common nationalities). This information emerged following the increase in the number of employment contracts in the sector after the approval of laws allowing the regularisation of undeclared work. For example, the 2012 amnesty increased the number of workers in the sector by almost 1 million, of whom 824 000 were foreigners (further explored in the section titled 'Amnesties and voluntary disclosures' in Chapter 3). The significant presence of migrant women makes them particularly susceptible to abuse and exploitation (see the next subsection 'Badanti, an Italian phenomenon'). Their vulnerability stems from the lack of recognition of their skills in performing reproductive work and working in the intimate sphere of the home in close proximity to their employers.

The large majority (59.3 %) of domestic workers were aged over 50 in 2023. The 55–59 age group was the biggest age group, accounting for 18.1 % of the total, followed by the 50–54 group, with 17.3 %. Data from the Istituto Nazionale Previdenza Sociale (INPS) show that the number of male domestic workers peaked in 2012 (at 192 000) and varied between 90 000 and 150 000 over subsequent years. The latest data shows 95 406 male domestic workers in 2023 (Degani, 2022; INPS, 2023). These fluctuations could be attributed to an amnesty introduced in Italy during the pandemic (see further details in the section 'Amnesties and voluntary disclosures' in Chapter 3).

Research conducted in **Slovenia** found that most of the women cleaning in private households are 'old' and 'new' migrants, mainly from Bosnia and Herzegovina. While the 'old' migrants, who came to Slovenia a long time ago, took up this work after becoming unemployed, retiring or working for low wages in their regular jobs (such as cleaning, nursing, assembly line work and retail), the 'new' migrants have difficulties integrating into the labour market. Cleaners are heavily dependent on off-the-books pay and the social esteem of the job is low, creating a stark asymmetry between

employers and cleaners, reflected in low wages, heavy workloads and, sometimes, instances of bullying. The researchers emphasise that the increase in low-paid formal employment creates a pool of workers who are forced to look for unregulated employment to supplement their meagre income from formal employment or their pension (Hrženjak, 2012).

Two recent studies describe in depth the characteristics of domestic service workers in **Portugal**. One reviews studies that have been carried out in Portugal on domestic service (Abrantes, 2021). The author emphasises that ‘it is clear that part of domestic service corresponds to the provision of care, particularly for children and the elderly, but we don’t know for sure how much or how’. A second study, focusing on the social and economic aspects of the domestic service sector, was conducted under a project titled Decent Domestic Service, funded by the European Economic Area Grants and promoted by the trade union STAD. This study was based on a survey conducted in 2023 and the results were released in 2024 (STAD, 2024).

Most of the main conclusions about the characteristics of domestic service workers in Portugal are common to both studies (the statistical data below refer to STAD, 2024).

- Almost all domestic service workers are women (Abrantes, 2021; STAD, 2024).
- The vast majority (87 %) are aged between 45 and 64. Domestic workers with a migration background are significantly younger: in 2022, 21.7 % of this group were aged under 35, compared with 2.7 % of those without a migration background. Conversely, the majority of the latter (55.2 %) were aged 55 or older, compared with 22.9 % of immigrant domestic workers (STAD, 2024).
- Domestic workers have low levels of education: 2 % have no schooling; 41.8 % have the first cycle of basic education, and 20.4 % the second cycle of basic education (ISCED Level 1, primary education); and 24.5 % have the third cycle of basic education (ISCED Level 2, lower secondary education) (STAD, 2024).
- There is a disproportionate concentration of immigrants, who make up 38 % of the workforce (Abrantes, 2021). Of these, 52.8 % are from Cape Verde; 13.9 % from Angola; 11.1 % from Brazil; 8.3 % from Ukraine; 5.6 % from Guinea-Bissau; 2.8 % from São Tomé; 2.8 % from Mozambique; and 2.8 % from Senegal (STAD, 2024).
- Many immigrant women are recruited as live-in carers for the elderly (Abrantes, 2021).
- Only 31.3 % of those working for a single household have a written labour contract. Among those working for more than one household, even fewer have a written contract in all households (6 %) or in at least one of the households (13 %).

According to a report published by the Finnish Tax Agency in 2020, the number of people working undeclared in **Finland** had grown during the two previous years (Verohallinto, 2020). This was due to the free movement of foreign labour within the EU, the recent increases in the number of asylum seekers, and the resulting increase in the number of undocumented ‘paperless’ individuals living illegally in the country. In that period, foreign labour came to Finland primarily from the Baltic countries, but increasingly also from Ukraine and other former Soviet Union states. The report states that the cleaning and restaurant sectors have many entrepreneurs with foreign backgrounds who employ citizens from their own countries. These workers often lack local language skills and knowledge of Finnish legislation and their rights, making them vulnerable to exploitation and end up performing undeclared work in the care sector.

In **France**, the education and qualifications of people performing undeclared care work vary: some are qualified as nurses or have a bachelor’s degree, but due to difficulty to validate their diplomas in a new country, they are forced to work in precarious jobs. The gender bias – ‘women have a nurturing nature’ – is considered adequate qualification.

### ***Badanti*, an Italian phenomenon**

The *badanti* in Italy are predominantly migrant women who provide live-in care, mainly for older people but also for people with long-term care needs. The *badanti* phenomenon has arisen due to a combination of societal and policy factors. A lack of sufficient public policies supporting home and residential services for older people means that responsibility for care falls to families, but with more women entering the workforce families have difficulty providing such care. At the same time, older people’s economic situations have improved, supported by more generous pensions, better working histories compared with previous generations and the ‘accompanying allowance’ (*indennità di accompagnamento*), which has become a key tool for supporting care needs while reducing poverty risks among older people (Facchini, 2020). In addition, state policies often favour individualisation and marketisation of care through cash benefits, creating a market for private care services (Farris & Marchetti, 2017; Ciarini and Neri, 2021). These factors, combined with the availability of migrant workers willing to work as live-in caregivers, has resulted in the rise of the *badanti* model.

The presence of *badanti* has allowed Italian families to adhere to traditional family values of caring for older relatives at home, even though the care is not provided by family members directly. However, the relationship between *badanti* and families is often complex and fraught with challenges. *Badanti* frequently complain of exploitation, mistrust and a lack of respect. While they are expected to perform highly intimate tasks, they are

often treated as strangers and viewed with suspicion. Families, on the other hand, worry that these ‘intimate strangers’ may take advantage of their position to steal from them or to form inappropriate relationships with family members. Despite this arrangement’s difficult and contradictory nature, both *badanti* and families are aware of their mutual dependence and often compromise to maintain the relationship.

Many *badanti* come from eastern European countries such as Moldova and Romania. The nature of this type of work makes obtaining reliable statistics on it difficult. The total number of *badanti* in Italy likely does not exceed 1.3 million. However, it is estimated that nearly half of all *badanti* work without a regular employment contract, or they work under a contract that underestimates their working hours. This high prevalence of undeclared work reflects a broader pattern in global care chains, where migrant women leave their own families to provide care abroad, often transferring their family care responsibilities to other women in their countries of origin. This creates cascading patterns of care provision and inequality across borders (Bezzi et al, 2016). Given its magnitude and importance for the functioning of Italian society, addressing the irregularity of this phenomenon is also key. Currently, policies to formalise undeclared care work are limited but include amnesties, tax bonuses and allowances (see Chapter 3).

## Friends and family

Care provided by friends and family members represents a peculiar case, as it can be unpaid informal care, but it also sometimes transforms into undeclared care work. In some instances, family members and friends receive a token of appreciation in cash, which does not meet the criteria for formal employment compensation. However, in other cases, these arrangements evolve into regular paid care work, thereby falling under the definition of undeclared work. For example, a nationally representative survey conducted for the Bulgarian Executive Agency General Labour Inspectorate (EA GLI) of the Ministry of Labour and Social Policy (MLSP), among representatives of management teams and employees, revealed that relatives, friends and other private individuals are the primary groups recruited to provide undeclared care services. Personal acquaintances and direct contacts make it easier for both parties to negotiate care work and circumvent taxes. This informal dynamic also complicates detection by state authorities (EA GLI, 2022). According to the survey results, 61 % of the respondents paid private individuals for work that was not declared to the authorities, 25.5 % paid friends and 17 % paid relatives.

## Drivers of undeclared care work

The undeclared care labour market is shaped by distinct supply and demand dynamics. From the demand perspective, households’ decisions to engage undeclared care workers stem from multiple factors. According to ELA, households often choose this option due to lower labour costs and the absence of administrative burdens associated with formal employment. The lack of accessible or affordable formal care options may also drive undeclared care services and work (ELA, 2021). From the supply side, workers’ acceptance of undeclared arrangements, despite losing access to social protection and employment rights, frequently reflects combinations of economic pressures or financial insecurity, labour market constraints, and personal circumstances. In most cases, it is the interplay of these factors that drives undeclared care work across the EU.

According to the most recent studies available, including those reported by Eurofound’s NEC, the main factors driving undeclared care work in the EU are the following:

- lack of accessible and affordable formal care services
- cost savings for households alongside greater disposable income for workers
- weak legal frameworks regulating the provision of care and domestic services
- the administrative burden for employers and workers
- lack of integration of migrant workers (due to complexity of legal migration procedures)
- prevailing social norms and acceptance of undeclared work
- the enabling role of social media and online platforms (see the next section, ‘Role of social media and online platforms’).

The most salient driver of undeclared care work is the first in the list, lack of accessible and affordable formal care services. When the provision of affordable formal care services is insufficient to fulfil the growing demand for care, households resort to other cost-effective solutions for care provision, and this may lead to undeclared care work.

Greece is among the Member States with the lowest public spending on health and care and perhaps the most widespread use of unregulated care services. Low levels of public spending on these services and the dominance of private providers push people in need to seek out unregulated care workers.

Similarly, research conducted in Slovenia asserts that the extent of undeclared work and its modalities in the care sector (such as cleaning services, childcare and elderly care) are influenced by the existing social policy. As studies emphasise, the availability and affordability of formal services reduces the demand for undeclared paid labour and vice versa (Humer and Hrženjak, 2016; Hrženjak, 2019; Bembič and Čehovin Zajc, 2024). Hrženjak (2019) compares public services in childcare (preschool care and education for children aged between 11 months and 6 years) with long-term care for older people. On the one hand, a dense network of public kindergartens guarantees a place for almost every child and minimises the need for informal paid labour. On the other hand, residential care for older people consists of a mix of public and private service providers whose services are considered inadequate (IRSSV, 2023; SSVS, 2023). It is therefore not surprising that the 2020 Eurobarometer survey on undeclared work in the European Union shows that the demand for ‘assistants for a dependent or elderly person’ is a more important factor driving undeclared work in Slovenia than in any other EU country except Luxembourg (Bembič and Čehovin Zajc, 2024).

According to the latest PHS Employment Monitor report, the perceived cost of declared work is seen as the primary driver of undeclared work in the PHS sector (EFFAT et al, 2024). Some 66.2 % of PHS provider companies and organisations surveyed identified ‘the higher labour cost of declared work’ as being a key driver of undeclared work. On the one hand, this results from the significant cost difference between declared and undeclared care work, with formal employment relationships being considerably more expensive as they include costs such as taxes and social security contributions. That difference can be decisive for family budgets. On the other hand, the resort to undeclared work must also be seen as stemming from the failure to recognise the true value of care provision, including the emotional support provided, which could affect people’s willingness to pay higher prices for care.

In simple terms, households’ demand for undeclared work increases with the differential between the cost of undeclared care services and the cost of formal care services: the greater the differential, the more inclined households may be to choose undeclared services to satisfy their needs (EFSI, 2018; Manoudi et al, 2018). In addition, the price elasticity of demand <sup>(3)</sup> in the PHS sector is high, which means that price plays a decisive role for households deciding to purchase PHS. For example, in response to price hikes, households might reduce the hours of professional cleaning services they purchase or even do the work themselves. Demand for

care services is less elastic – it varies less with price – than for non-care services (such as cleaning and gardening), as care activities are a more specialised, ongoing need (ELA, 2021). For example, while a household might reduce cleaning hours provided by an external party, it is far less likely to reduce the hours of critical care services for a child with special needs.

A recent report from the Foundation for European Progressive Studies (FEPS) on the European Care Strategy presented some interesting calculations on the cost differentials between declared and undeclared care work in the EU. While recipients of undeclared care services pay an average hourly rate of EUR 7.70, the service costs for declared care through providers are significantly higher, reaching EUR 21.40 per hour for direct care and EUR 17.80 for indirect care services. Even when care workers are directly employed, the declared cost (EUR 13.50 per hour) is nearly double that of undeclared arrangements. These figures, when compared with the average declared hourly cost of the average worker across the broader economy (EUR 25.35), illustrate both the substantial cost advantages driving undeclared care arrangements and the systematic undervaluation of care work, even in formal settings (Thissen and Mach, 2023).

**Cyprus** provides a concrete example of pay in the formal care sector, where care workers are employed on four-year contracts as domestic workers and usually perform not only cleaning but also childcare and elderly care duties, or a combination of them, depending on the needs and composition of the household of the employer. The minimum gross salary for domestic workers is EUR 460 per month, and deductions include payments to the social insurance fund, the redundancy fund and the general health system fund. The net salary after all deductions is around EUR 309. Domestic workers and workers in agriculture (mostly male third-country nationals) are not covered by the national minimum wage law. The law has been implemented since 2022, and it provides a minimum monthly gross salary of EUR 940, which increases to EUR 1 000 after six months of continuous employment. Furthermore, domestic workers are not entitled to overtime pay or the 13th month salary (which is at the discretion of employers) and enjoy fewer public holidays than employees in other occupations (9 days versus 16 days annually, respectively). Additionally, the provisions of domestic workers’ contracts state that they can only be terminated upon the agreement of both parties – employee and employer – which means that a worker cannot move to another employer if the current employer does not provide a signed release document.

<sup>(3)</sup> The sensitivity of demand to variation in price. Elastic demand varies with price changes, whereas less elastic or inelastic demand does not change or respond to price changes.



In **Bulgaria**, a report by the EA GLI, based on a nationally representative survey conducted in 2022 among representatives of management and employees, notes that 3.2 % of employers and 12.5 % of employees said that they used goods or services that may have been provided through undeclared work (EA GLI, 2022). Among the employers who had used undeclared services, the most common types were household cleaning (15.4 %), babysitting (7.7 %) and gardening (7.7 %). For care work, 24 % of all respondents reported they had paid for such services without a contract or documentation (babysitters – 13.0 %; dependent or elderly care – 4.0 %; domestic cleaners – 3.5 %; and gardeners – 3.5 %). The main driver for both groups (employers and employees) to use undeclared care services was their lower cost. Working and being paid in undeclared situations saves both direct costs, such as taxes and social security contributions, and the indirect costs of administration. The unfair competition thus generated allows lower prices to be demanded for the service in question. Other important motives for choosing undeclared care provision included helping a person in need, getting a faster service and exchanging favours among friends. Weak awareness also seemed to affect the identification of ‘grey’ practices. Some respondents said that they were not aware that the activity had to be declared and only later found out that the work was undeclared. Another explanation for the prevalence of undeclared care work is the low level of education and qualifications of those who provide care services, who may face significant barriers in accessing information about formal employment processes and the consequences of undeclared work, opportunities for further training and better work, and resources that could support formal employment.

Research conducted in **Spain** highlights several reasons for the presence of undeclared care work (Barrial Berbén, 2023). On the employers’ side, reasons are linked to the cost of registering or respecting existing labour rights, as well as the tendency to think that registering for social security is a very complex and bureaucratic process that is not worth the effort (especially if the care support is for a limited time per day). Workers themselves sometimes prefer not to be registered with the social security system, asking their employers to include the employer’s social security contributions in their salary (resulting in a higher salary). In the case of immigrant workers in irregular administrative situations, these situations prevent the workers from formalising their working arrangements: according to a report by Oxfam Intermón, half of the people working without a contract in this sector are in an irregular administrative situation (Oxfam Intermón, 2021).

The legal framework regulating the provision of care and domestic services also affects the quantity and quality of care work, including the degree of

formalisation. Many intermediary firms are emerging in long-term care and healthcare, managing the administrative burden for employers and workers. However, the role of traditional agencies and digital platforms in formalising care work greatly depends on national regulations. Undeclared care work is facilitated if regulations do not specifically require formal employment. According to research conducted in **Hungary**, the absence of legal regulation of care work encourages undeclared work and makes quality control impossible. Given that skilled and loyal workers are readily available in the informal economy, it seems that policymakers are not inclined to make changes. Social media, too, has had an increased role over the past few years in organising home care for families in an unregulated way (Milánkovics, 2020b).

At the end of 2022, an online survey of formal social service providers was conducted in **Lithuania** by researchers from the Institute of Sociology at the Lithuanian Centre for Social Sciences. The survey was completed by 95 employees of organisations providing social care services for the elderly or adults with disabilities or both; the respondents included managers, social workers, nurses and personal care workers. The aim of the survey was to ascertain the opinions of formal social service providers on the reasons behind undeclared care work. For this survey, undeclared care work was defined as illegal work in the care sector for the elderly and people with disabilities, performed without registering the activity (activities related to care were not detailed).

According to formal social service providers, the main reasons why elderly individuals or people with disabilities choose to pay undeclared carers rather than using services from municipalities, non-governmental organisations (NGOs) or private organisations are the greater flexibility of these workers, the more personalised services they offer, and the ease of replacing such individuals if the quality of their services is unsatisfactory (as indicated by 60 % of respondents). About 50 % of the respondents believed that undeclared workers are chosen because of a general lack of formal service providers, and 41 % believe this to be the case because the services of formal private providers are very expensive. According to the respondents, the main reasons why people provide care services without declaring their work are the desire to supplement their income from their primary job (75 % of respondents) or the high taxes they would have to pay (48 %) if they were registered. Some respondents also indicated that individuals choose to work without registration because they are unable to find formal employment for various reasons (47 %), or they prefer not to declare their work because it allows them more flexibility with their working hours, whereas working under a contract imposes restrictions (45 %) (Lietuvos socialinių mokslų centro Sociologijos institutas, 2023).

Finally, it is important to note that significant gender differences underlying the decision to enter undeclared work situations may play an important role in care, which is predominantly carried out by women. Research conducted in England found that women and men differ regarding their accounts of the nature of their undeclared work: men are much more likely to claim their work is of the market-orientated variety in the ‘underground sector’, whereas women’s undeclared work is significantly more likely to be conducted for friends, neighbours and kin for rationales other than profit. Women’s accounts depict it as a moral economy of paid favours (Williams and Windebank, 2006).

## Role of social media and online platforms

There is growing evidence that social media and online platforms are emerging as important enablers, if not drivers, of undeclared care work. The increasing presence of platforms facilitating transactions in the care sector, boosted by the COVID-19 pandemic especially, has sparked several debates, one of which revolves around their potential to either formalise care work or push it further into the shadows (Eurofound, 2020a). A recent publication from the ORIGAMI research project, funded by the European Commission Directorate-General for Employment, Social Affairs and Inclusion, categorised digital platforms in the home care and cleaning sector based on the extent of their involvement in worker–client matching and contract management (Bonifacio and Pais, 2023; Murphy, 2023). The evidence came from an analysis of 71 platforms across six Member States (Denmark, France, Ireland, Italy, the Netherlands and Spain). Four types of platform were identified:

- marketplace platforms (31), offering minimal involvement, potentially facilitating undeclared work through decentralised pricing and limited oversight
- digital agency platforms (24), which manage both matching and contracts, suggesting greater formalisation of employment
- on-demand platforms (11), which handle matching but not contracts, presenting mixed implications for undeclared work
- regulated marketplace platforms (4), which manage contracts but do not match clients with workers; their impact on undeclared care work is unclear

The benefits of platform-mediated care arrangements include, first and foremost, the increased opportunities to connect those who supply care with those in need of carers quickly and efficiently. This is particularly true for workers facing barriers to traditional employment, such as migrants. Another possible benefit is for workers with caring responsibilities because platform work is flexible,

allowing them to control their schedules (Rodríguez-Modroño et al, 2022, 2024). In addition, platforms offer an opportunity for formalisation, as workers are required to register and adhere to certain standards (Pulignano et al, 2024). Platform work also has the potential to promote self-employment, which, however, could become bogus self-employment, especially in the care sector where this phenomenon is already problematic. Other positive aspects associated with ‘platformisation’ in the care sector are the user-friendliness of the platforms, flexibility, the possibility for part-time work, and the ability for care workers to work on their own terms, with their own hours, setting their own rates and so on (EESC, 2020a).

In terms of drawbacks, apart from being a potential driver of informalisation, platforms often shift the economic and social costs onto workers, leading to unpaid labour. Workers bear the costs of securing clients, marketing themselves, attending interviews and commuting without guaranteed income, benefits or any form of stability and protection (Pulignano et al, 2023). Other negative aspects associated with the ‘platformisation’ of care provision include low job security, irregular work and the lack of social protection (European Economic and Social Committee, 2020a). Furthermore, platforms can counteract the efforts of policies to formalise undeclared care work. This is the case in Belgium, where the voucher system mandates formal employment for certain categories of care workers through agencies, but platforms circumvent this mechanism by encouraging direct hiring (Pulignano et al, 2023). The large information asymmetries between platforms and users enables platforms to retain the power over negotiations and establish the rules of the game for the purpose of capturing more value from the participants (Rodríguez-Modroño, 2024). Many households that use platform-based care work think that the workers are hired by the platform when, in reality, there are no employment contracts in place, leaving both care workers and households with limited information about their actual rights and obligations.

According to the 2022 report by the **Bulgarian** EA GLI, based on a nationally representative survey conducted among representatives of management and employees, the use of services that involve undeclared care work are increasingly being negotiated through information and communication technologies such as social media and online platforms. Almost half of employers using such services (46.2 %) said they had organised the purchase of some through a mobile app, an online tool or a website (EA GLI, 2022).

Research conducted in **Czechia**, based on qualitative interviews conducted in 2021 and 2022 focusing on the platform economy, recorded many women over 55 years old, usually with a high school education and language skills, who lost their jobs and found work through platforms that mediate care work in families

abroad, especially in Germany and Austria. Subsequent interviews with representatives of intermediary platforms confirmed that this is a relatively widespread phenomenon. Whether it is legal or illegal employment or so-called bogus self-employment can be difficult to assess and depends on the specific conditions between the supplier and recipient of care. According to the *Annual summary report on the results of control actions* from the Czech State Labour Inspection Office, bogus self-employment occurs repeatedly in social services. In these cases, self-employed individuals actually work under conditions typical of employees, including a hierarchical subordination relationship with the platform (SUIP, 2023).

In **Estonia**, too, undeclared care work can be set up through platforms that mediate between care service providers and service recipients (for instance CareMate, Helpific or Naabrid). A questionnaire-based study by Vallistu and Piirits (2021) estimated that around 56 000 workers in Estonia engage in platform work at least once a week. Of these, 21.6 % reported having offered a variety of services in clients' homes through platforms. These services could include personal care work as well as cleaning, cooking, childminding and so on. The research highlighted that the predominant method for platform workers to receive their income was through direct transfers into their personal bank accounts, suggesting a significant likelihood of this income not being declared. The researchers also underlined that workers performing undeclared work can be found, and hired, through social media or personal contacts. Some domestic workers advertise their services through social media and are directly employed by households for various tasks, including care work. The extent of this practice, presenting a significant potential risk for undeclared employment among these workers, remains unknown.

Another key aspect of platform-mediated care arrangements is that they might exacerbate existing inequalities, which are often gendered and racialised, with migrant women often relegated to the lowest-paid and most precarious jobs (Rodríguez-Modroño et al, 2022). **Spain**, which has the fourth highest percentage of platform workers in Europe, exemplifies this trend: a staggering 80 % of care-providing platform workers in the country are Latin American migrants (Rodríguez-Modroño et al, 2024).

In conclusion, although platforms and social media can improve access to work and offer flexibility, their current operation often undermines labour standards, encourages informal employment and worsens existing inequalities. To ensure that platform work contributes to a fair and equitable care sector, it is essential to ensure strong regulations, effective enforcement and monitoring mechanisms, and greater worker representation (Eurofound, 2020b).

## Nature of undeclared care work

Available evidence on undeclared care work in the EU indicates that workers in this sector face diverse and often poorly defined tasks, receive lower wages compared with their counterparts who declare their work, and experience extremely poor job security. In fact, the activities carried out by undeclared care workers consist of a wide range of tasks that vary from providing emotional support to gardening. For example, in **Ireland**, according to a survey carried out by Family Carers Ireland in 2023, 76 % of care workers help with aspects of personal care; 82 % provide practical help such as preparing meals; 87 % provide emotional support; 74 % help with medication; 79 % provide transportation for the person they care for; 90 % arrange or coordinate care and support, medical appointments and other forms of support; and 89 % also provide care for someone else in the same household.

According to research carried out in **Slovenia**, undeclared care work is more widespread in cleaning and elderly care than in childcare. A survey from 2009 showed that 5 % of households employed a domestic worker: 10 % of these households employed child carers, 81 % cleaners and 23 % carers for the elderly (Hrženjak, 2019). Domestic services were provided mostly by poor pensioners (44.2 %), employed women seeking additional income (24.4 %) and unemployed women (17.4 %). Around 2.5 % of the households surveyed employed a 24-hour carer.

## Working conditions

The working conditions and job quality in regulated, declared care work serve as a reference point for understanding undeclared care work arrangements, as it is fair to assume that undeclared care workers face comparable, if not more challenging, working conditions. Recent Eurofound research based on the European Working Conditions Telephone Survey of 2021 found that health and care workers had the poorest job quality of all the so-called essential workers during the COVID-19 pandemic. Half were in strained jobs – jobs that put the health and well-being of workers at risk. They experienced a combination of high levels of physical risks (for example, handling or having skin contact with chemicals, or handling or being in contact with infectious materials) and physical demands (such as lifting or moving people, or working in tiring or painful positions), extensive exposure to adverse social behaviour (including verbal abuse or threats, unwanted sexual attention, and bullying, harassment or violence) and high work intensity (working at very high speed, working to tight deadlines and being exposed to emotionally disturbing work). The sustainability of these types of jobs is questionable, when half of these workers reported that their health and safety were at

risk because of work, and more than half reported exhaustion or were at risk of burnout (Eurofound, 2022 and 2023).

Recent studies carried out in **Portugal** on domestic service workers provide substantial evidence about their working conditions and the working conditions of those performing undeclared care work.

- Many immigrant women are recruited as live-in carers for the elderly, while most female Portuguese carers are visiting carers, hired by various homes and paid by the hour (Abrantes, 2021).
- These domestic workers perform a variety of tasks: 71 % provide domestic services, 12 % care for elderly people, 7 % care for sick people, 6 % care for children, 2 % work as gardeners and 2 % are chauffeurs (STAD, 2024).
- In most cases (69 %), domestic work is performed for one household. About 21 % work for two households and 10 % work for three or more households.
- Most domestic workers (77 %) perform domestic work only, while the remaining 23 % combine domestic work with one or more other activities, mostly cleaning work in companies. In almost all cases, they have a labour contract (mostly permanent) for their activities outside domestic work (STAD, 2024).
- According to data from the Social Security Institute, in 2022 74 % of domestic workers with paid social security contributions declared a monthly remuneration below EUR 460, 16 % per cent declared a monthly remuneration between EUR 460 and EUR 610, and 7 % declared a monthly remuneration between EUR 610 and EUR 760 (for reference, in 2022 the monthly minimum wage in Portugal was EUR 705) (STAD, 2024).
- Domestic workers are subject to various legal infringements by their employers, including the absence of payments required by law (overtime, allowances, social security contributions, redundancy payments or insurance against accidents at work), the lack of a written contract, excessive demands not agreed upon during the hiring process regarding tasks, working hours, rest days or holidays, and, although less frequently, the occurrence of physical or psychological violence (Abrantes, 2021; STAD, 2024).

- Labour abuses are identified more frequently in informal working relationships and affect immigrant women more often, especially Brazilians. Female workers whose jobs include caring for the elderly are at increased risk of suffering abuse in terms of contracts, payment, harassment or sexual violence (Abrantes, 2021).

## Remuneration

Pay, an important element of job quality, is also documented by some research in the context of undeclared care work. While undeclared carers' total earnings may appear substantial in absolute terms, when calculated as an hourly rate for their extensive working hours (often up to 24 hours per day), their actual remuneration is notably low (Bembič and Čehovin Zajc, 2024).

Pay levels for undeclared care work in **Denmark** were touched upon in an analysis from the Rockwool Foundation Research Unit (Bentsen, 2016). The analysis was based on survey data from 2010 and 2014, in which buyers were asked about the undeclared services they purchased and the hourly price they paid for the undeclared work. The services were categorised in three main groups: craftsmen services (including masonry, electrical or painting work), domestic work (including cleaning, childcare or gardening) and personal services (including massage, hairdressing, knitting or event entertainment). The hourly price for domestic work was EUR 15 (DKK 113) on average, and this was the lowest-paid group when compared with the other categories. The lowest-paid service within the domestic work category is childcare, which pays EUR 9.80 (DKK 73) per hour. The fact that childcare has the lowest hourly rate is not seen as surprising, as it is likely that this kind of work is often performed by teenagers. The same may be the case for pet care, including dog walking, which is the second-lowest priced service at EUR 10.50 (DKK 78) per hour. Conversely, window cleaning is relatively well paid, with an average rate of EUR 20.90 (DKK 156) per hour, while domestic clearing is €14.50 (DKK 108) and gardening is €15.50 (DKK 116) per hour. However, when comparing the hourly rates of declared care work with those for undeclared care work, a significant disparity becomes evident. The pay for undeclared cleaning work, for example, is only 65.5 % of the average salary for cleaners in the formal labour market. According to this research, such difference can be attributed to the fact that undeclared household services do not require a high level of specialisation, meaning that the tasks can be performed without the need for special qualifications, training or education.



A study by Arnholtz and Hansen (2009) from the Employment Relations Research Centre (FAOS) in Denmark examined wages and working and living conditions of Polish labour migrants in Copenhagen, with parts of the study addressing aspects of undeclared care work. The study found that up to 5 % of Polish migrant workers worked as cleaners in private Danish households. The group was dominated by

women, and many had only an informal attachment to the Danish labour market. The vast majority did not pay taxes, lacked tax cards, had only verbal contracts and received cash payment instead of official pay slips. The undeclared cleaning work was characterised by poor pay and working conditions, with many of the women being overqualified for their jobs, considering their educational backgrounds.



## 2 Consequences of undeclared care work

*Care workers are more likely to be in the bottom third of the wage distribution, more likely to have temporary contracts, and more likely to be undeclared, therefore deprived of legal guarantees and social protection*

(Thissen and Mach, 2023, p. 14)

This chapter examines evidence on the main consequences of undeclared care work, mostly in terms of the effects that impact directly on workers. The previous chapter indicated how common poor working conditions are in the area of undeclared care work, affecting not only workers themselves but also the quality of the care services they provide. There is extensive evidence that poor working conditions are strongly associated with poor quality of working life, characterised, for example, by low levels of well-being, poor work-life balance, low work engagement and difficulty making ends meet (Eurofound, 2022).

According to the most recent available research collected for this paper, including the information provided by the NEC, the main consequences of undeclared care work for those performing it can be summarised as follows:

- lack of legal protection, including social protection in case of unemployment or illness
- financial unsustainability
- physical and mental health challenges, encompassing anxiety, stress and other health conditions
- lack of opportunities for training and professional development
- high risk of exploitation and exposure to adverse social behaviour
- lack of access to workers' representation and outcomes of collective bargaining
- social isolation and exclusion

It is crucial to stress that undeclared care work has important implications beyond the workers directly involved. Apart from the unpaid taxes and contributions jeopardising the sustainability of the public services paid for by such contributions, undeclared care work also constitutes a source of unfair competition for formal service providers, including organisations and individual professionals. Moreover, there are significant consequences for the users of such services, who are not covered by any of the guarantees or protections regarding the quality of services provided that exist in formalised, regulated situations.

### Lack of legal protection

The first and foremost consequence of undeclared care work is the lack of legal protection for the workers. Most forms of undeclared work undermine established labour standards, rights and protections, feeding a system in which workers are denied basic rights like adequate wages, safe working conditions, and access to social protection and benefits.

However, information provided by the NEC shows that even when legalised, carers might not enjoy the same legal and social protections as other workers. In **Portugal**, for instance, designated 'domestic service' workers have a special regime outside the Labour Code. For the small proportion who have formalised employment relationships and make contributions to the social security system, most do not have access to unemployment benefits, since under the specific social protection regime for domestic service, it is necessary to have both a full-time monthly contract and not to have opted for the so-called 'agreed regime' (*regime convencionado*), with lower contributions, based on the social support index and not on salary. However, most domestic service workers do not have a full-time contract but rather work with several employers and generally opt for the agreed regime in order to increase their net income (Soeiro, undated).

Researchers from **Hungary** report that the carers' situation is not monitored at all, preventing them from having good working conditions and benefiting from their rightful labour protections:

*Carers in Hungary are left completely alone in their job and enjoy no social or legal protection and support. Moreover, a care-related culture and customs are not present in Hungarian society in the same way as in the United Kingdom. Families and service users are not used to respecting workers' professional and personal boundaries within the framework of domestic help. As a result, exploitation of carers is common practice. There is absolutely no quality control or assurance in the system.*

(Milánkovics, 2020a, p. 177)

## Financial unsustainability

Another consequence of undeclared care work is its financial unsustainability, particularly if undeclared work is the person's only source of income. Undeclared care work typically provides low or irregular remuneration. For instance, according to a study carried out in the region of Navarre, **Spain**, 15 % of women who work without declaring it had not received any kind of remuneration during their holidays (Gobierno de Navarra, 2020).

Research conducted in **Hungary** points out that the legal way of providing live-in care is for workers to be self-employed, which carries a monthly tax obligation. However, a live-in carer makes only about EUR 480–1 200 per month, as many families cannot afford more. If the carer decides to become self-employed legally, there is a minimum cost of EUR 150 per month (in taxes, fees and expenses), which must be paid even when the carer does not have a client or income (Milánkovics, 2020a, p. 177).

## Physical and mental health challenges

The health and well-being of care workers is impacted by the demanding work conditions, with long hours of work being a salient factor for many workers. Workers' health and well-being is impaired by the demands of their work, including physical risks, work intensity, long working hours, and emotional and social demands (Eurofound, 2019). The instability of undeclared care workers' situations, with the inherent absence of access to the benefits and assistance provided to regular workers and the financial unsustainability, is obviously an additional source of stress.

Several studies show the work-related health problems faced by care workers in general and those in undeclared situations in particular. For instance, the study carried out by the University of Coruña, **Spain**, shows that more than 80 % of domestic and care workers suffer or have suffered from health problems related to their tasks (Universidade da Coruña, 2024), mainly linked to overexertion, lack of rest, absence of holidays and the need to continue working, which give rise to various physical problems (mainly musculoskeletal). On the one hand, sick leave is not respected when working without a contract; on the other, undeclared care workers work despite being ill because failing to attend work may translate into not being paid or even being dismissed (Barrial Berbén, 2023). At the same time, working without a contract may bring fear and anxiety about the present and future implications, for example, in terms of difficulty accessing decent housing (due to the lack of guarantees and collateral required) or access to a future retirement pension, which may force undeclared workers to extend

their professional life (Barrial Berbén, 2023). Feelings of fear and anxiety were particularly acute during the COVID-19 pandemic, with increased vulnerability in terms of redundancies, virus contagion without access to sick leave, compulsory confinement in the workplace, and the impossibility of accessing emergency public supports. Workers who were not registered with social security were not able to access the allowance for cessation of activity (*Subsidio extraordinario por cese de actividad*) during the crisis (Red Acoge, 2022).

## Lack of opportunities for training and professional development

Like informal carers, individuals involved in undeclared care work have limited opportunities for training, lifelong learning and further professional development. The lack of training and of specific qualifications among undeclared care workers is particularly concerning when caring – without supervision by health professionals – for people with illnesses such as Alzheimer's disease, dementia, amyotrophic lateral sclerosis or Parkinson's disease. The lack of training and qualifications to deal with difficult, complex situations can add to the physical and mental health difficulties mentioned above.

## High risk of exploitation and exposure to adverse social behaviour

Evidence shows that care workers in general but more so if they are undeclared are exposed to a high risk of exploitation. According to research carried out by the Migrant Rights Centre Ireland (MRCI) in 2015, there had been an increase in the numbers of migrants carrying out undeclared work in the care sector in **Ireland**. These workers are particularly vulnerable to exploitation, abuse and discrimination. The research underlined that migrant women were overrepresented in the home care sector and that many were underpaid, overworked and subject to harassment, racism and discrimination (MRCI, 2015).

Research carried out in **Cyprus** found that domestic workers are subjected to exploitation: they often work long hours, clean the houses of the relatives of employers without pay, and work seven days per week. Usually, they do not ask for extra pay because they fear losing their jobs (Hadjigeorgiou and Mertakka, 2020). As workers living and working with their employers in private homes, domestic workers are under the full control of their employers and are vulnerable to violation of their working and human rights, violence, abuse and sexual exploitation. As Hadjigeorgiou and Mertakka (2020, p. 23) report, 'most striking ... is the finding that 75 % ... would not go to the police, if someone had harmed them physically' due to the mistrust of authorities. Additionally, Kouta et al (2021),

analysing sexual violence against domestic workers, reported that the victims choose non-confrontational ways to stop sexual violence such as avoiding being alone with the perpetrator, changing their own behaviour towards them, changing employer or remaining silent. Angeli (2016) also lists the different forms of exploitation that domestic workers are subjected to, including

*confiscation of travel documents, mainly by the employer; no or little payment; hard work and assignment of additional tasks than the ones agreed on without additional reimbursement; long working hours and absence of a fixed working schedule; no rest days; verbal abuse, bad living conditions and in some cases also sexual harassment. Working in different households than the ones mentioned in their employment contract is not uncommon either.*

(Angeli, 2016, p. 2)

## Lack of access to workers' representation

According to Eurofound's European Industrial Relations Dictionary, employee representation is 'the right of employees to seek a union or individual to represent them for the purpose of negotiating with management on such issues as wages, hours, benefits and working conditions'. Such negotiations may cover terms and conditions of employment, work practices, conduct at work, disciplinary and grievance matters, and health and safety. The presence of employee representation in the workplace can be a determining factor in improving working conditions (Eurofound, 2011, 2018). If the formal care sector is poorly unionised, undeclared workers in the sector are certainly even further from having access to representative organisations.

According to the findings of a research project covering central and eastern European countries <sup>(4)</sup>, sectoral collective bargaining and social dialogue in the care sector in these countries are unstructured, weak, limited or even non-existent and very fragmented (with many relatively small actors). Collective bargaining is highly decentralised with a predominance

of company-level collective agreements, in some cases with a very low level of coverage (in Estonia, for example) and low levels of unionisation.

Information regarding other countries shows that the domestic work sector in **Cyprus**, for instance, is not unionised, and domestic workers cannot apply to unions for support and representation. According to information provided by the NEC member for Cyprus, until 2019, the employment contract of domestic workers prohibited their participation in trade unions and the formation of a trade union. Furthermore, the household, as a workplace, is exempted from labour inspections, and audits of the working conditions of domestic workers are performed only following an official complaint. In addition, the sector is mostly composed of small and micro-enterprises and self-employed people, which hinders the association between workers in order to stand up for their labour rights and better working conditions. For instance, in **Hungary**, according to data from the Hungarian Central Statistical Office (KSH), companies with up to four employees make up 98 % of the care sector, meaning that even those employees who are declared workers have no representation in social dialogue or access to collective bargaining.

## Social isolation and exclusion

Given the demanding type of work, sometimes requiring live-in arrangements and very long working hours, it is not a surprise that care workers, especially if their work is undeclared, may feel isolated and socially excluded. The report on the European Economic and Social Committee (EESC) country visits to Germany, Italy, Poland and the United Kingdom, following up on the EESC opinion *The rights of live-in care workers*, underlined that the conditions of live-in carers often lead to their isolation and consequent inability to assert their labour rights. In the visits to Italy, trade union and employer stakeholders agreed that the large amount of informal labour, undeclared hours, isolation and loneliness are among the largest problems of live-in care work (EESC, 2020b).

<sup>(4)</sup> The project Challenges for Organising and Collective Bargaining in Care, Administration and Waste Management sectors in Central Eastern European Countries (CEECAW) looked at the main characteristics of collective bargaining and social dialogue in the care sector in 12 countries: 11 EU Member States – Bulgaria Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia – and one EU candidate country – Serbia. See the CEECAW website for the national reports: <https://www.isp.org.pl/en/projects/ceecaw-challenges-for-organising-and-collective-bargaining-in-care-administration-and-waste-management-sectors-in-central-eastern-european-countries>



### 3 Preventing and formalising undeclared care work

This chapter discusses a variety of policies and initiatives from across all EU Member States, at national or local level, aimed at detecting, formalising or preventing undeclared care work.

While these approaches vary, addressing undeclared care work ultimately requires a comprehensive policy framework built around an environment conducive to the formal declaration of care work. This necessitates implementing long-term structural changes and thoroughly understanding the underlying factors driving undeclared care work arrangements. Article 1 of Decision (EU) 2016/344, which established the European Platform tackling undeclared work, advocates explicitly for this preventative approach, with its definition of ‘tackling’ undeclared work encompassing prevention, deterrence and combating, as well as the promotion of formal declaration of work.

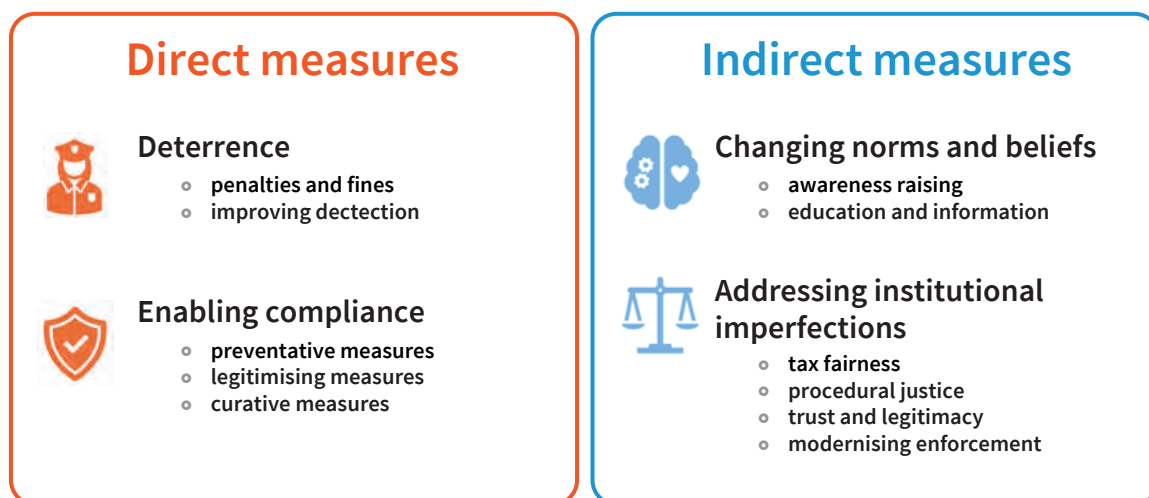
The idea proposed by EU policymakers via the decision was to promote a shift towards strategically addressing undeclared work through two fundamental mechanisms: prioritising prevention of non-compliance over remedial action and emphasising the promotion of declared work rather than punitive enforcement. This approach represents a departure from Member States’ tradition of heavy reliance on deterrence-based approaches, which did not facilitate the transition of

labour from the informal to the formal economy, leaving the underlying structural issues unresolved. While the new preventative approach may address the manifestations of undeclared care work, it still fails to adequately address its drivers and enablers.

Although this paper primarily focuses on enabling compliance, it is worth noting that effective deterrence measures complement this approach. We briefly review some of the most notable examples of deterrence – such as strengthening labour inspections and penalties for non-compliance – to provide context for their role in addressing undeclared work in the care sector. However, our primary analysis centres on actions that enable and encourage compliance, extracting examples from the literature and the contributions of the NEC. This overview does not aim to be exhaustive but instead seeks to highlight innovative solutions, emerging trends and potential gaps in policy approaches across Member States.

To present these findings, we use a simplified classification adapted from Eurofound (2013) and Williams (2019) to the specific characteristics of undeclared care work. This classification categorises measures to tackle undeclared care work into two types, direct and indirect measures, and is summarised in Figure 3 below.

Figure 3: Direct and indirect measures to prevent and formalise undeclared care work



Source: Authors

**Direct measures** focus on altering the cost–benefit balance of undeclared care work by either increasing the costs or decreasing the benefits associated with it – or both simultaneously – ultimately making it less attractive.

The main direct measures are described below.

1. **Deterrence:** The aim is to discourage participation in undeclared work by raising the perceived or actual risks and costs of non-compliance. The two main deterrence measures are:
  - **penalties and fines:** a classic standard deterrent designed to increase the financial burden of undeclared care work
  - **improving detection:** measures to increase the perceived or actual likelihood of being caught, leading to increased perception of the risk of facing penalties and fines, thereby discouraging engagement in undeclared care work; examples include data matching and sharing between government departments, workplace inspections, and worker registration
2. **Enabling compliance:** The goal is to facilitate and support the transition to, and maintenance of, declared care work by making it more accessible, attractive or feasible. Measures aim to remove barriers to compliance and create pathways to declared care work. It consists of three main types of measures:
  - **preventative:** designed to reduce motivation and opportunity for non-compliance; measures include administrative simplification and other structural changes that promote compliance from the outset
  - **legitimising:** encourage the voluntary transition from undeclared to declared work by making formal declaration more attractive, affordable and accessible; measures encompass incentives – either in the form of tax schemes or care allowances – vouchers, flexible arrangements, new legislation and updated legislative frameworks
  - **curative:** remedy a situation of detected or detectable undeclared care work; examples include amnesties and voluntary disclosures

**Indirect measures** target underlying social and institutional factors that contribute to undeclared work. These measures rest upon the assumption that actors are also influenced by social norms, perceptions of

fairness and trust in institutions. Indirect measures aim to shape behaviours and create an environment where declared work becomes the preferred choice because it aligns with societal values and is grounded in institutional trust. These measures have the potential to make declared care work the preferred option.

- **Changing norms and beliefs:** The goal is to promote a culture of compliance by highlighting the negative consequences of undeclared care work for society and individuals and emphasising the benefits of operating within the formal economy. Examples of measures include awareness-raising campaigns that inform the public about the risks, costs and ethical implications of undeclared care work, and education and information initiatives that provide resources and knowledge about the health and psychosocial risk of undeclared care work, tax and labour laws, rights and obligations, and the importance of compliance.
- **Addressing institutional imperfections:** These interventions are grounded in the recognition that institutional factors can contribute to undeclared work. Measures include promoting tax fairness to ensure a system perceived as just and equitable, improving procedural justice in interactions between authorities and citizens, fostering trust and legitimacy, and modernising enforcement authorities. These measures are outside the scope of this paper.

The remainder of this chapter presents a selection of examples from several Member States of both direct measures enabling compliance and indirect measures that aim to change norms and beliefs. It is important to note that many measures serve multiple purposes and can be classified under different types of interventions – for example, a policy might simultaneously enable compliance while shifting social norms. The examples reported have been collected through the NEC and integrated with information from the literature and further desk research. The reporting is not meant to be exhaustive or comprehensive, describing all policies and initiatives in operation, but rather aims to provide a panorama of the options available to policymakers at the national and local levels in a limited number of Member States. The information reported is synthetic, presenting the key elements of policies and initiatives, including, where available, information about their uptake, impact, efficacy and limitations. Where specific citations are not provided in the text, the information has been sourced from the NEC.



## Direct measures to improve detection

Most legal systems limit the powers of labour inspection authorities to enter private households to protect privacy. In some countries, innovative methods have been implemented to inspect domestic workers' conditions while respecting privacy and ensuring regulatory oversight, especially for vulnerable groups like human-trafficking victims.

In **Spain**, labour inspectors need prior consent or a court order to monitor an employer's private household, balancing workplace control with privacy and adhering to ILO Convention 189, which establishes international standards for decent working conditions for domestic workers. In 2021, the Spanish labour ministry sent around 45 000 letters to households who had registered as employers in the social security system (a precondition for legally employing domestic workers). The letters reminded them to complete their employees' registration, to make the correct contributions and to pay at least the minimum wage, as non-compliance is an administrative offence (Sagmeister, 2023).

In **Ireland**, the MRCI identified a lack of labour inspections as a major factor in domestic workers' vulnerability. It launched a pilot project with the national labour inspectorate to implement alternative methods of workplace inspection, to obtain information on working conditions without visiting the private household. The voluntary alternative inspections involved inspectors contacting household employers to review documents such as contracts and pay slips. If employers hesitated to allow home visits, inspections could be held at alternative locations. Most employers agreed to the document revisions. Additionally, third-party interviews, with neighbours for instance, were introduced to gather information on working conditions without home visits to households (Sagmeister, 2023).

An additional and recent example of strengthening detection through the use of administrative data comes from **Italy's** 2024 Budget Law, which introduced enhanced measures to combat undeclared domestic work. The law mandates full interoperability between the tax authority (Agenzia delle Entrate) and the INPS databases, enabling advanced digital analysis of combined fiscal and social security data. This integration consists of an automated monitoring system that cross-references tax and social security data during the initial hiring process, through ongoing contribution payments and via tax declarations. Discrepancies, such as mismatches between declared wages and tax data, unusual payment patterns or inconsistencies in working hours, will be flagged by the system. The system also supports voluntary compliance by making relevant data available to employers and using it for pre-filled tax

declarations while automatically flagging potential irregularities. This approach demonstrates how enhanced data sharing between different government agencies can improve the detection of undeclared work while simultaneously supporting compliance.

## Direct measures to enable compliance

### Preventative measures

#### Simplification measures

Simplification measures are targeted at making it easier for all parties to comply with formal employment regulations by reducing complexity or the bureaucratic burden and encouraging formal declaration of any care work activities. In this context, digitalisation plays a pivotal role, as digital tools and platforms have the potential to streamline processes such as work registration, payments and documentation management.

In **Estonia**, the entrepreneur account (*ettevõtlikuskonto*) was implemented in 2018. This bank account, only available at the LVH bank, provides a simplified and low-tax employment option for individuals offering services, including care. Tax is automatically deducted at a rate of 20 % each month from the income transferred to the bank account, increasing to 40 % for earnings exceeding EUR 25 000 per year. While the measure aims to reduce undeclared work, its impact specifically on the care sector is unclear. According to the Tax and Customs Board, in 2022, 8 474 entrepreneur accounts were in use, mainly for food deliveries and ride-sharing (ETCB, 2024).

In **Romania**, the flexible and simplified nanny profession (*flexibilizarea și simplificarea exercitării profesiei de bonă*) was first implemented in 2012, and revised in 2014, allowing qualified babysitters to work as nannies under individual employment contracts directly with families, while previously hiring a nanny was only possible through specialised agencies. The objectives of this initiative were twofold: to increase access to childcare services and to potentially formalise existing arrangements (Eurofound, 2015).

In the **Netherlands**, under the Home Service Regulation (*Regeling dienstverlening aan huis*), introduced in 2007, household work performed for less than four days per week is not considered a formal employment relationship, freeing employers from compliance obligations. While this appears to simplify the process, it effectively transfers all compliance responsibilities – including income tax, national insurance and health insurance contributions – to the worker. This unbalanced arrangement, which relieves employers while burdening workers, creates a risk of exploitation of domestic workers, especially migrants, and

subjecting them to low wages, volatile and insecure working conditions, and a lack of social protection (de Kort and Bekker, 2024).

## Legitimising measures

### Tax incentives

Measures that use tax incentives aim to encourage the declaration of care work by offering tax deductions or credits to individuals who hire carers legally. While these initiatives can reduce the financial burden on households hiring carers, potentially increasing the demand for formal care work, they may not be sufficient to offset the cost differential between declared and undeclared care work. In addition, they could be regressive if higher-income households benefit disproportionately from them.

In **Denmark**, the Housing Job Scheme (*Boligjobordningen*) was introduced as a temporary experiment in 2011 and made permanent in 2018. This scheme allows citizens over 18 years old to deduct expenses for household services such as cleaning, babysitting and gardening from their taxable income. The deduction limit was DDK 11 900 (EUR 1 595) per person in 2024, with several requirements in place, in particular regarding documentation of the services performed and traceable payments. While the scheme aims to reduce undeclared care work, evaluations suggest a limited impact, as only 6 to 14 % of respondents to an evaluation survey said that they would have had the work done informally if the scheme had not been in place (Skatteministeriet, 2021; Retsinformation, 2022a; Berlingske, 2023; Finansministeriet, 2024).

In **Finland**, the Tax Credit for Household Expenses (*Kotitalousvähennys*) was implemented in its current form in 2001, allowing tax deductions for expenses related to various household services, including cleaning and childcare. In 2021, a study examined the effectiveness of this type of measure using administrative data from the Finnish and Swedish tax authorities, including VAT reports, income tax filings and tax credit usage records, complemented by survey data. It found that the impact of the scheme on service consumption, employment in the sector and tax evasion was minimal (Harju et al, 2021).

In **Portugal**, deduction of expenses (up to EUR 200) from personal income tax was introduced in January 2024 through the state budget, allowing taxpayers to deduct 5 % of the cost of domestic work services, capped at EUR 200 per year. Any impact of this new initiative will be evaluated in the coming years. It should be noted that any effects would be compounded by the amendment to the Labour Code introduced in 2023, establishing that undeclared domestic work as a crime for the employer, punishable with a prison sentence up to three years or a fine of up to EUR 180 000.

In **Sweden**, the Tax Deduction for Cleaning, Maintenance and Laundry (*RUT avdraget*) was introduced in 2007, allowing individuals to deduct up to 50 % of labour costs for household services, including cleaning, laundry, moving services, gardening, child-minding and care services. While the deduction's impact on the formalisation of care work is debated, the Swedish Tax Agency claims it reduced undeclared work in the cleaning sector by about 12 %. The scheme also appears to have changed the public's attitude towards undeclared work. In interviews with the public, the Swedish Tax Agency found that acceptance of purchasing declared services has increased. The scheme, alongside a similar scheme for other frequently purchased household services, such as repairs, conversions and extensions, is estimated to have created around 30 000 jobs (out of which 23 000 people were previously unemployed). It also created employment opportunities for people who face challenges entering the labour market, such as refugees and citizens of other EU Member States (European Platform Undeclared Work, 2019).

### Care allowances

Care allowances are typically financial benefits or payments made to either carers or care recipients. These care allowances can be 'unbound', allowing beneficiaries to spend the resources freely without accountability, or 'bound', which requires beneficiaries to document how funds are spent. While the former approach offers more flexibility and freedom of choice, it also results in limited coordination with public care systems. The latter, on the other hand, ensures coordination but can be more burdensome. These allowances are increasingly used as an instrument to fight undeclared care work, as they serve as an opportunity to formalise care relationships while providing financial incentives to declare care work. They reduce pressures, often merely economic, to keep care arrangements undeclared. Care allowances often include social security benefits for carers to further motivate the formalisation of care work. There are several examples in the EU, which use different strategies based around care allowances. However, for most measures of this kind, data on their effectiveness in formalising undeclared care work is not available, leaving unanswered the question of whether such measures successfully bring undeclared care work arrangements into the formal economy.

In 2007, **Austria** introduced the 24-Hour Care (*24-Stunden-Betreuung*) scheme via the Home Care Act (*Hausbetreuungsgesetz HBeG*), which provides public funding to families employing live-in carers. These carers are mainly from Bulgaria, Czechia, Romania and Slovakia originally. They typically work in two-week shifts, and either are employed directly by the person in need of care or their family or are self-employed, with the latter option being more frequent due to reduced

costs. Public funding for 24-Hour Care of up to EUR 800 for one or EUR 1 600 for two dependently employed carers is available, or EUR 400 and EUR 800 for one or two self-employed carers. Despite this funding, the model remains geared towards middle-income families due to high costs, flagging a potential inadequacy of funding for this measure. In addition, no evaluation studies have been carried out on the efficacy of this measure in regularising undeclared care work (Federal Government of Austria, 2024; Federal Ministry of Social Affairs, 2024).

In **Bulgaria**, the initiative Parents in Employment (Родители в заетост) is set to run from 2021 to 2026. It is a workforce integration initiative and has the two-fold objective of helping parents either to enter or to return to the workforce by providing state-funded childcare support, as well as offering babysitting job opportunities for interested individuals. It is implemented through local labour offices, while parents maintain control over the process by pre-approving their babysitters, who are selected from the unemployed population. With a total budget of BGN 24 million (EUR 12 million approximately), eligible carers receive the national minimum wage of BGN 933 (EUR 477 approximately) per month. Data from 2023 show that 639 tripartite agreements between the employment agency, the parent and the babysitter have been concluded under this scheme. Four hundred and thirty-three parents have returned to work or started a new job, and the remaining 206 parents have started looking for work.

In **Greece**, the Neighbourhood Babysitters (Νταντάδες της Γειτονιάς) was announced in 2022 as a pilot programme offering financial support (EUR 500 per month) to working parents for babysitting services. Similar to the Bulgarian initiative Parents in Employment, this program aims to support parents, mainly mothers, returning to work and to reduce undeclared childcare work by encouraging the unemployed, primarily women, to work as carers upon certification. Registration is also open to grandparents and other relatives who are already caring for or wish to care for the family's children. Initiatives to use this programme to facilitate access to the Greek labour market for refugees and immigrants in collaboration with international organisations such as the United Nations High Commissioner for Refugees (UNHCR) are in place. The programme, financed by the National Strategic Reference Framework 2021–2027, has a budget of EUR 3 069 200. To date, over 1 000 applications have been received, 104 contracts have been signed, and 249 individuals have successfully been added in the register.

In **Italy**, a new measure is set to be implemented from 2024 to 2028, called the bonus for domestic workers and carers (*bonus colf e badanti*). This incentive provides a complete exemption from social security and insurance contributions with an annual cap of EUR 3 000 for

employers who hire carers on permanent contracts or convert existing temporary contracts into permanent ones. The measure specifically targets care for elderly individuals at least 80 years old and certified as severely disabled or unable to walk without a carer's help or perform daily life activities. At the core of this initiative, two main objectives can be identified: improving care and assistance services, including working conditions for carers, and promoting the formalisation of undeclared work in the sector. However, the programme is too new yet to evaluate its efficacy on both objectives. Moreover, its potential impact appears limited by its eligibility criteria – specifically, the requirement for beneficiaries to demonstrate very low economic means. According to estimates, this strict income threshold means that only about 20 000 employers are expected to be eligible (Osservatorio Domina sul Lavoro Domestico, 2024).

In **Malta**, the Carer at Home Scheme, launched in 2015 and targeted at people over the age of 60, provides financial support to those who employ carers (AACC, undated). The benefit in 2024 was EUR 8 000 per year. One of its objectives is to address waiting lists for government care homes and to potentially formalise care work simultaneously. However, data regarding its impact on the formalisation of care work is unavailable (Directorate-General for Employment, Social Affairs and Inclusion, 2021)

Similarly, in **Poland**, a new scheme is set to start from January 2026: the senior citizen voucher (*bon senioralny*) will fund local governments to organise support services for older people (75 years and above) in their homes. This policy aims to help working families balance employment with elder care responsibilities while formalising care arrangements. However, some concerns exist about coverage gaps for seniors without descendants. This measure is one of the many presented in this paper that should be closely watched in order to assess its efficacy in the coming years.

In summary, care allowances represent a distinctive policy instrument able to formalise undeclared work by linking benefits to legal, often simplified, work arrangements. This approach holds significant potential, unique to the care sector, and its effectiveness could be enhanced through careful adjustments based on policy evaluations. Combining care allowances with complementary measures, such as care worker registries and quality standards, presents a promising policy direction that merits further research and experimentation.

### Vouchers

What is referred to as vouchers can, in fact, be two distinct types of instruments commonly used to address undeclared care work: social vouchers and declarative and remuneration systems.

Social vouchers (see below for examples from France and Belgium) are issued under a legal framework that defines which users are entitled to receive them and how they are managed and financed. They carry the right to access specific care services and typically include labour guarantees, such as wage protection and paid leave, and social security rights for care workers, similar to those of regular workers, along with specific social and financial incentives. Service providers must meet certain quality requirements to participate in these programmes, including compliance with labour laws and qualification standards. Another key characteristic of social vouchers is that they allow direct third-party funding: employers can contribute to the financing of social vouchers for the benefit of their employees within the scope of a corporate welfare programme. In addition, public authorities can provide targeted social assistance by full or partial financing of social voucher programmes that support populations in vulnerable situations.

Vouchers intended as declarative and remuneration systems (such as the *Dienstleistungsscheckgesetz* in Austria, the *CESU déclaratif* in France, the *Libretto Famiglia* in Italy or the *Alphacheque* in the Netherlands) serve a different purpose. These schemes are primarily designed to ease the declaration process when households directly employ care workers, helping employers meet their obligations toward social security bodies. While they simplify payment and declaration procedures, they do not necessarily include the additional worker protections or financial incentives associated with social vouchers.

Both instruments aim to facilitate formal employment in the care sector, but their scope and impact differ significantly, depending on their specific design and implementation framework.

**France** stands out as a unique case where an administrative simplification tool and social vouchers share the same name and operate in a complementary manner through the Personal Services Employment Cheque (*chèque emploi-service universel*, CESU). First introduced in 1994 as CES (*chèque emploi service*) and revised in 2006, the CESU operates through two mechanisms. Firstly, the CESU declaration system simplifies employment formalities for household services through an online platform. This tool automatically handles employment contracts (for work under 8 hours weekly or less than four consecutive weeks annually) and generates pay slips, while allowing users to calculate costs and tax benefits. Users simply create a CESU account, submit employment declarations, and pay their workers through standard methods. The system is supported by government-approved issuing companies and includes user-friendly online tools for cost simulation and contract management (ELA, 2021). The second component, the pre-financed CESU, enables access to personal and

household services through third-party funding. Companies provide it to their employees as a work–life balance benefit (known as HR CESU), while local authorities and social agencies distribute it to recipients who need social assistance (called social CESU). In 2020, EUR 400 million was distributed through HR CESU by 20 300 companies for the benefit of 809 000 workers (Fédésap, 2023).

The system has shown a significant impact in reducing undeclared work: estimates suggest that the share of informal employment dropped from approximately 50 % in 1996 to 20 % in 2015, with intermediate measurements showing 28 % in 2005 and 25 % in 2011. The importance of maintaining this progress is highlighted by recent research showing that 77 % of employer families would resort to undeclared work or forgo services entirely without the system's tax incentives (Observatoire de l'emploi à domicile, 2024). While this trend demonstrates the system's effectiveness in formalising domestic work, it is important to note that the benefits have not been equally distributed. Research indicates that while the programme has positively influenced women's labour market participation, its tax advantages have primarily benefited higher-income households, particularly the top 10 % of earners (ELA, 2021). However, more recent data shows a broader reach among HR CESU beneficiaries, who are predominantly women (67 %), aged 35–50 (54 %), living with a spouse (70 %), with children (80 %) and having average net monthly household incomes between EUR 2 000 and EUR 4 000 (38 %). The CESU system is further strengthened by a national sectoral agreement establishing labour standards for household service workers, including minimum pay rates, fringe benefits and mandatory training for new workers in the sector.

In **Austria**, the Household Service Cheque (*Dienstleistungsscheck*, DLS) was implemented in 2006, to pay for the provision of household services such as cleaning, gardening and babysitting. It offers social protection to workers and aims to curb undeclared work. Within the scheme, every employee is insured against accidents at work. If an employee's income is below a certain threshold, they can voluntarily enrol in a health and pension insurance scheme; if their income exceeds the threshold, they are obliged to enrol.

The vouchers are available in both physical and digital formats. Physical vouchers can be purchased at post offices or Trafik shops, while digital vouchers are accessible through a dedicated app. The pricing structure is straightforward: vouchers cost 2 % above their face value, with this surcharge covering accident insurance (1.2 %) and administrative fees (0.8 %). While each employment contract is limited to one month, employers and service providers can renew their working relationship indefinitely through consecutive contracts. This system offers flexibility while



maintaining formal employment arrangements. The maximum monthly income under this scheme was EUR 710.19 in 2024, while the hourly wage is negotiated between the parties. The scheme simplifies tax obligations for employers through an all-inclusive voucher price when monthly payments to all service providers combined stay below the threshold of EUR 1 065.29 (2024 figure). Exceeding this limit triggers additional employer social insurance contributions of 16.4 %. In 2022, almost 9 000 people used the service voucher scheme. The annual sales volume has increased eleven-fold since its introduction, reaching EUR 11.54 million in 2022. This system aims to incentivise the formalisation of domestic work, including care, by simplifying payment procedures and offering tax benefits (ELA, 2023). According to VAEB (Insurance Institution for Railways and Mining of Austria), the household service vouchers led to a formalisation of 1.55 million working hours in the period between 2006 and 2013 (Williams and Horodnic, 2020).

The service vouchers (*titres services*) scheme was implemented in **Belgium** in 2004, allowing users to purchase vouchers at EUR 10 per hour for services such as cleaning, ironing and assisted transport, with annual purchase limits, and with higher limits for specific categories of people, such as people with disabilities or lone parents. Tax reductions vary by region: Flanders offers EUR 1.80 per voucher for up to the first 198 vouchers (first 369 vouchers for families), though it was scheduled to end in January 2025; Wallonia provides EUR 1 per voucher for the first 150 vouchers (300 for families); and Brussels offers EUR 1.50 for the first 172 vouchers (344 for families). Registered service companies receive approximately EUR 21 per voucher, with each region subsidising the difference. The programme has grown remarkably, rising from coverage of 62 000 workers in 2006 to 150 000 by 2014 (3.1 % of Belgian active population), serving approximately one million users (11% of Belgium's adult population or 22 % of Belgian households). In 2024, in the Brussels region alone, over 12 million vouchers were bought.

While the system's gross cost reached EUR 1.9 billion in 2013, tax returns and social security contributions reduced the net cost to EUR 1.1 billion. More detailed analysis in 2016 showed that while each full-time equivalent job cost public authorities EUR 25 354 per year, it generated additional revenue of EUR 24 151, resulting in a net cost of just EUR 797 per year per full-time equivalent job. The cost-benefit ratio varies by region, with Wallonia and Brussels showing positive returns, while Flanders has a net cost of EUR 1 200 per year per full-time equivalent. The average profile of the domestic worker is female, over 40 years old and with a low education level. One in four has a non-Belgian nationality (mainly Polish). Research conducted in 2021 found that service vouchers have halved the use of undeclared work in the activities covered, primarily due to the competitive pricing of the formal market. While

households generally prefer formal employment, even those previously using undeclared workers, the persistence of some undeclared work is attributed to established personal relationships between households and their informal workers. This suggests that formalising employment relationships in personal service contexts with low turnover may require more time than in other sectors (Adriaenssens et al, 2023).

More recent adoption of voucher schemes is found in Italy, Romania and Slovenia. In **Italy**, the Family Booklet (*Libretto Famiglia*) is a digital payment system managed through the INPS online platform. Introduced with a decree-law in 2017, it functions similarly to an electronic wallet covering three categories of occasional services: domestic work, childcare and elderly care; home and garden maintenance; and private tutoring. The system operates through pre-funded vouchers worth EUR 10 each, of which EUR 8 goes to the worker as net compensation, while the remaining EUR 2 covers mandatory contributions: EUR 1.65 for social security, EUR 0.25 for accident insurance and EUR 0.10 for administrative costs. The INPS handles all payments directly to service providers based on reported work hours. To ensure the system remains focused on occasional work, annual limits are in place: workers can earn up to EUR 5 000 through the platform, while users are capped at EUR 10 000 in annual spending. It is worth noting that this is not the first form of service vouchers in Italy, which were first introduced in 2003. Changes implemented over time included a more bureaucratic process for their use, which led to a decline in the use of this system, with an apparent return to undeclared work or a switch to other contractual forms of employment.

In **Romania**, housework vouchers (*tichete de activități casnice*) were established in 2022 to remunerate household services, including care work provided by registered individuals, ensuring that social security contributions are paid. The payment of the vouchers is facilitated by an online platform where vouchers are purchased after the registration of the involved parties. Alternatively, the vouchers can be purchased from any employment agency. Limitations to the number of hours worked in a day are set at 12 hours (or 6 if the service provider is aged between 16 and 18 years). The minimum monthly contribution for insurance eligibility is based on 85 vouchers, at a minimum of 25% of the gross minimum wage.

In **Slovenia**, the personal supplementary work (*osebno dopolnilno delo*, ODD) scheme has been available since the passing of the Prevention of Undeclared Work and Employment Act in 2014. The scheme allows individuals to perform short-term, casual work, including occasional caregiving, using vouchers worth EUR 12.93 (amount as of April 2024). The income generated in six months cannot exceed three average monthly net wages (EUR 4 355 in 2024). As of June 2024, over 800 individuals were registered for the scheme.

This overview illustrates the shared characteristics of voucher schemes and the distinct variations in their implementation. The systems consistently require registration of all involved parties, though some allow intermediary organisations to facilitate the employment relationship. While these schemes primarily operate through online platforms, they maintain offline options or provide support for digital access to help broaden participation. The scope of these systems is deliberately limited to specific sectors, and within care services, certain activities may be excluded to protect vulnerable individuals – for example, babysitting is sometimes excluded from these schemes. Social security contributions are typically integrated into the system, with varying degrees of government subsidy and automated processing. Caps and ceilings are implemented for employers and employees, though higher thresholds are established for service users with greater needs, such as people with disabilities or single-parent families. Experience has shown that these systems tend to fail when they become overly expensive or administratively burdensome for users. Notably, only certain implementations incorporate standardised working conditions, highlighting an area where some systems might benefit from further development.

### Other legitimisation measures

Other measures to promote the legitimisation of work include flexible work arrangements, the creation of new and the updating of existing legislative frameworks. A well-established instrument in **Germany** are minijobs. Introduced in 2003 as part of the Hartz reforms, they offer employment opportunities with a current monthly earning limit of EUR 538. ‘Minijobbers’ are generally entitled to the statutory minimum wage of EUR 12.41 per hour since 1 January 2024, but the wage can be higher if a collective agreement is applicable. The Minijob-Zentrale serves as a centralised agency for managing minijobs. It operates as a one-stop service centre, facilitating administrative procedures for both employers and employees. The organisation handles essential functions, including social insurance registration, contribution collection and accident insurance registration, particularly for domestic work, through its household cheque system. While not specifically targeted at care work, these jobs are available for domestic help, with the aim of creating a pathway to standard employment contracts. In the first quarter of 2024, there were 6.84 million registered minijobbers, with 249 000 working in private households (BMFSFJ, 2012; BMAS, 2024, 2025; Minijob-Zentrale, 2024a, 2024b, 2024c).

Interestingly, several examples of new and updated legislation targeting care work have been proposed or implemented recently. One example is **Denmark’s** 2023 legal proposal to replace the existing au pair scheme (*au-pair ordning*). The proposal seeks to establish a legal

framework for family helpers, ensuring fair pay and working conditions, moving away from the current au pair model, often criticised for exploiting workers, and for not entailing elements of cultural exchange (as originally conceived). The underlying principle is that au pairs perform regular care work such as child minding, cleaning and cooking (Parliament of Denmark, 2023). Another example is **Lithuania’s** Law on Social Services. Amended in July 2024, the law allows individuals to provide home care and respite services legally, something that was not possible prior to the amendment. The amendment aims to increase the availability of care services and to reduce undeclared work by opening the sector to individuals, excluding family members, and not only legal entities. In **Slovenia**, a similar opening up of the care services provider categories has been introduced for self-employed social carers, personal assistants and carers of pre-school children. Introduced in 1999 for social carers, in 2008 for carers of pre-school children and in 2017 for personal assistants through legislation, these measures allow individuals to work independently in the care sector. As of June 2024, over 800 individuals were registered as workers under these schemes.

Broader legislative initiatives have been introduced to formally recognise domestic workers and to improve their working conditions. These initiatives include acknowledging households as employers. Such legislation is crucial for the formalisation of care work, which needs to be properly recognised, defined and protected. In **Spain**, the Royal Decree-Law 16/2022 (Real Decreto-ley 16/2022, de 6 de septiembre, para la mejora de las condiciones de trabajo y de Seguridad Social de las personas trabajadoras al servicio del hogar) aims to improve working conditions and social security for domestic workers. This law equates domestic workers’ rights and protections with those of other employees, ensuring their access to all welfare benefits, including contributory unemployment benefits and coverage by the Wage Guarantee Fund (Fogasa) in case of employer insolvency. The Spanish Occupational Risk Prevention Law now fully applies to domestic workers, protecting their health and safety in the workplace. Employers must provide justifiable reasons for dismissal that align with the Spanish Workers’ Statute. Additionally, dismissed domestic workers are entitled to severance pay, calculated at 12 days per year worked, capped at six monthly payments. Finally, contracts for domestic workers must be in writing. If a written contract is absent, it is assumed to be indefinite and full-time, unless proven otherwise. Both parties can request the contract to be formalised in writing at any time. Finally, workers must be informed about essential contract elements and working conditions, including remuneration, work schedule and overnight stay arrangements.

## Curative measures

### Amnesties and voluntary disclosures

One of the most recent and prominent examples of amnesties is one in **Italy** during the COVID-19 pandemic. According to an estimate by the Italian National Association of Domestic Work Employers (Assindatcolf) in 2019, between 150 000 and 200 000 people were employed illegally as housekeepers, carers and babysitters. In May 2020, Italy introduced a regularisation scheme through the Decreto Rilancio targeting two categories of migrant workers: those without residence permits and those whose permits had expired after 31 October 2019. The measure focused on agricultural and domestic work sectors, requiring proof of presence in Italy before 8 March 2020 (the start of the pandemic). Despite anticipating approximately 300 000 applications from undocumented workers in domestic services, the scheme received 176,848 applications in this sector (85% of total applications). Notably, the applications revealed an unexpected gender distribution: nearly two-thirds of applicants in domestic work were men, contrasting sharply with the sector's usual demographics where 89 % of workers are women, according to Istat. Of these applications, 122 247 were for household work, 52 729 were for personal care assistance and 1 862 were for childcare. This gender disparity suggests potential misuse of the scheme, with male migrants likely declaring domestic work roles while intending to work in non-eligible sectors. This pattern, typical in Italian regularisation programmes (*sanatorie*), also reflects male migrants' greater access to the economic resources needed to complete the regularisation process than their female counterparts (Degani, 2022).

A similar initiative was ratified in late 2023 in **Greece**. Law 5078/2023, officially titled 'Reform of professional insurance, rationalisation of insurance legislation, pension arrangements, appointing and hiring system for public service educators and other provisions', focuses on, amongst other things, the granting of residence permits to third-country nationals working in Greece without legal documentation. This amnesty also applies to the parent, spouse and minor children of the applicant, if certain conditions are met. The broader objectives of this law were to formalise irregular migrants, address labour shortages, combat undeclared work, improve working conditions and increase social security contributions. Estimates suggest that the law could legalise 30 000 workers across a range of sectors, including care. As this law has been effective for a short period of time, the effects on undeclared care work have yet to be recorded.

## Indirect measures to change norms and beliefs

Awareness-raising and information and education campaigns are tools that aim to generate behavioural change. Their effectiveness, when measurable and reported, has been shown to vary. Recent examples of these measures in the EU are outlined below.

Between 2021 and 2022, **Spain** launched the Annual Action Plans to regularise wages and social security contributions of domestic workers of the Labour Inspectorate (Planes de Actuación Anuales para regularizar salarios y cotizaciones a la Seguridad Social de las empleadas del hogar de la Inspección de Trabajo). These action plans were implemented to formalise undeclared work within the domestic sector. The initiative involved sending letters to employers who were suspected of not complying with minimum wage and social security regulations. The letters aimed to inform employers about the proper procedures for regularising wages and contributions by providing them with the necessary technical assistance to do so. The 2021 campaign saw positive results, with 82% of employers regularising their employees' employment status, without reducing their working hours. Furthermore, 93.1% of the regularisations resulted in wage increases for the workers. The campaign also contributed to increased employment stability, as 2,351 temporary contracts were converted into permanent contracts. The campaign's use of direct communication with employers, coupled with technical assistance, proved successful in promoting fair labour practices and formalising employment relationships (MITES, 2022).

Other campaigns were targeted at workers more broadly, both declared and undeclared and in any sector. In **Poland**, the I Work Legally! campaign, implemented since 2017, is an initiative of the Polish State Labour Inspection in partnership with the Social Insurance Institution (ZUS). Its main focus is to promote awareness of legal employment practices in Poland. Both employers and employees are targeted, with a particular emphasis on Ukrainian citizens, given their large numbers in the country. The campaign informs employers about their obligations and employees about their rights in the workplace under Polish labour law. This includes contracts, wages, working hours and social security contributions. It also illustrates the advantages of working legally, such as access to social security benefits, legal protections and a more stable employment relationship. The campaign has been extended to address the rights of young employees specifically.

In **Austria**, the ÖQZ 24 (2022) is a voluntary certification system for agencies that place 24-hour carers in private homes. It aims to attract more families and elderly individuals in need of home-care services and to discourage undeclared work in the healthcare sector by providing a label that signals higher standards of service. The certificate is prominently displayed on agency websites and promotional materials to help potential clients identify reliable providers. Placement agencies providing 24-hour care support are encouraged to obtain this certificate to demonstrate that they meet higher quality standards beyond the legal requirements, a voluntary measure awarded by the Ministry of Social Affairs (ELA, 2022). However, the certificate is criticised for not taking into account working conditions and not addressing the problems of carers (Moment.at, 2023).

In **Slovakia**, the ‘Work legally – work safely’ campaign was a two-year initiative launched by the Slovakian National Labour Inspectorate (NIP). Running from January 2020 to December 2021, the campaign targeted undeclared work. Its goals were to improve occupational health and safety, to reduce work-related accidents and to prevent undeclared work. The campaign targeted employers, employees and professional associations. The scheme employed various methods to disseminate information including press reports and conferences, workshops, online platforms, media engagement and international collaborations. The NIP collaborated with labour inspectorates in other Visegrád Group countries (Czechia, Hungary and Poland) to share best practices and to promote the campaign.



# Conclusion and policy pointers

While the complex and concealed nature of undeclared care work presents significant challenges for a comprehensive analysis, this report has developed a clear, albeit incomplete, picture of its current state in the EU. This assessment draws on multiple authoritative sources, including the academic literature, the European social partner organisations (the European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT), the European Federation for Family Employment and Homecare (EFFE), the European Federation for Services to Individuals (EFSI) and UNI-Europa), ELA and Eurofound's NEC.

The study highlights the **difficulty of measuring the scale of undeclared care work**: it depends on how care work is defined, and the boundaries between different types of care work are often unclear. For example, there are blurred lines between undeclared care work and informal care, as well as between direct and indirect care work when household services are provided alongside care activities. According to estimates calculated for ELA, the share of undeclared work is around one third of the care sector overall, but it approaches 70 % of direct household employment. Estimates of the prevalence of undeclared work drawn from the PHS Employment Monitor are smaller, yet concerning: around 12 % of respondents in the 2024 survey reported performing undeclared work. Estimates from Italy and Portugal indicate that undocumented, undeclared domestic work is prevalent and has increased over time.

**Most workers performing undeclared work are middle-aged, migrant women**, often from countries outside of the EU. Their level of education and qualifications varies: some are qualified workers and have a degree that may not be recognised in the host country, but many have low to medium levels of education. These workers are commonly in an irregular administrative situation: they do not have the legal right to reside – and therefore also no legal right to work – in their host country. There are also cases of regular workers taking on second jobs to increase their income.

The analysis further reveals that there are three main types of **drivers of undeclared care work**: **economic**, **bureaucratic** and **cultural**. One of the main drivers is the dual benefit of cost savings for employer households and greater disposable income for workers, achieved by avoiding taxes and social security contributions. Another driver of undeclared care work is the **lack of accessible and affordable formal care services**. Research shows that all parties involved are keen to avoid the administrative burden that formal employment relationships may create. This is

particularly relevant in care work, where most employers and workers are individuals rather than organisations. It is also important to recognise the **cultural context** in which undeclared care work takes place, where men and women usually working in different roles and undeclared care work is considered normal.

Of increasing importance is the **enabling role of social media and online platforms**. On the one hand, it is suggested that online platforms can be used as a tool to prevent undeclared work. On the other hand, most of the evidence and testimonies currently available suggest that such platforms are not preventing undeclared work in the care sector but rather contributing to it. This relationship becomes complex and difficult to monitor when social media (websites and applications enabling users to network and share content) are used as intermediaries. It is known that some domestic workers advertise their services through social media and are directly employed by households for various tasks, including care work. The extent of such practices is unknown, however. In any case, it is important to ensure that individuals whose care work is brokered online are protected, and that platforms themselves play a role in ensuring such protection and take responsibility for preventing undeclared work.

A central insight of the analysis presented in this paper is that **undeclared care work includes a wide range of tasks** that vary from providing emotional support to gardening and include preparing meals, cleaning, providing help with medication, transportation of people under care and babysitting. The European Working Conditions Telephone Survey of 2021 shows that health and care workers are among the groups of so-called essential workers with the **poorest job quality**: half of these workers are in strained jobs, combining high levels of physical risks and physical demands, exposure to adverse social behaviour, and high work intensity. It is plausible that those in undeclared situations face the same, if not worse, conditions as their counterparts in regular jobs. Data on remuneration, an aspect of working conditions for which there are more data available, indicate that undeclared care workers, in general, are paid less than declared workers in similar jobs. People who declare their work are also entitled to additional forms of compensation, overtime pay, and paid leave provided by labour rights.

Everything considered, the consequence of not declaring work can be severe for care workers. First and foremost, they **lack legal protection**, not benefiting from any labour rights or social protection in case of

unemployment or illness, for example. Secondly, these workers, particularly if the undeclared employment relationship is their main source of income, suffer from **financial unsustainability**, which is usually manifested by difficulty making ends meet or having financial worries. Available data also indicate that these workers experience **fear and anxiety** and several other **physical and mental health problems**. In addition, these workers are at high risk of **exploitation** and **adverse social behaviour**, including bullying, harassment, sexual harassment and violence. It is also important to highlight that these workers have greater difficulty in accessing **formal workers' representation** (such as trade unions or works councils) and benefiting from the outcomes of social dialogue and collective bargaining. Finally, unsurprisingly, these workers are likely to suffer from **social isolation** and perhaps even **social exclusion**, exacerbating the challenges to their health and well-being and trapping them in a vicious cycle that is hard to disrupt.

An examination of **policy solutions** to tackle undeclared care work reveal a diverse range of measures implemented across EU Member States. **Direct measures** can be either preventative (including administrative simplification and legitimising tools such as voucher systems and tax benefits) or curative (such as amnesties). **Indirect measures** primarily focus on awareness campaigns and institutional improvements.

A clear shortfall that emerges from the analysis is the **difficulty in assessing these policies' effectiveness and transferability**, limiting the potential for drawing meaningful lessons for future policy formulation. The hidden nature of undeclared care work makes it inherently difficult to measure outcomes accurately, with available assessments over-relying on self-reported data through surveys. Evidently, more harmonised data collection and better impact assessments should be higher on the priority list of all stakeholders.

EFFE advocates for a direct employment (or home employment) model, characterised by a contractual work relationship between households or individuals and domestic or home care workers, without intermediaries. It considers that some Member States, such as Belgium and France, demonstrate that better organisation of the home care sector combined with the formal declaration of home care workers can be effective and provide sustainable results. This has been achieved through administrative simplifications (digital platforms where work is declared, for instance) and financial incentives such as tax credits and deductions for user-employers. According to EFFE, these measures enable employees to participate in the formal economy, granting them access to social protection and opening pathways to training opportunities, while enhancing the quality of services provided and increasing the sector's appeal. However, such a model is arguably under threat

from the growing role of digital platforms (Pulignano et al, 2023).

Another key finding is that while some measures appear to facilitate the transition to declared work, they may not fully address the other important issues faced by undeclared care workers, such as **low wages, job insecurity and lack of social security coverage**. A prime example is that of voucher systems: while they ensure basic social security coverage, they may inadvertently perpetuate low wages in the sector. Similarly, tax incentives and care allowances can encourage formalisation of employment but might not sufficiently improve working conditions or career development opportunities. Furthermore, some measures (mainly vouchers and tax incentives) may primarily benefit higher-income households while having a limited impact on formalising undeclared care work among lower-income groups.

## Policy pointers

The analysis presented in this paper has highlighted the complexities and challenges of undeclared care work in the EU. Drawing from the experiences of several Member States and new initiatives with innovative tools to tackle the phenomenon, as well as reflections on the current policy systems and the limitations of existing policies and measures, the policy pointers that follow attempt to offer concrete steps toward addressing such challenges.

*Recognise, reduce, and redistribute unpaid care work, and reward and represent paid care work*  
(5R approach to paid and unpaid care work)

(UN Women, 2022)

Both the challenges and the responses to them are framed within the 5R approach developed by UN Women for its *Toolkit on paid and unpaid care work*, which, in a simple and powerful way, summarises the interconnectedness of the elements of the care economy, highlighting that its components cannot be addressed in isolation. Policy solutions should **prioritise preventative over deterrence** measures by addressing the root causes of undeclared care work – this means expanding the availability of subsidised or publicly funded care, and exploring innovative combinations of formal and informal care provision.

First and foremost, legislation to regulate domestic and care work is essential, but in itself, it is not a guarantee that provisions and standards will be applied. Legislation must be appropriately conceptualised and effectively enforced. This has several implications.

- Care work must be defined, recognised, valued and regulated alongside a more detailed framework acknowledging households in their role as employers.

- The regulatory framework should prioritise simplicity and accessibility, following the principles of lean bureaucratic compliance. As described above, administrative demands impose excessive burdens because the employment relationship typically exists between parties that face several other challenges and that lack resources for ensuring compliance.
- Once appropriate regulation is in place, information about care workers' and employers' rights and duties must be widely available and easily accessible. Lack of awareness should not be a reason for undeclared work.
- Labour inspections must follow a process through which they can monitor whether labour and working conditions standards are being met, including when the employer is a household. Since households cannot be inspected in the same way as other workplaces, alternative approaches should be promoted. These include data matching and sharing between government departments, flexible oversight mechanisms for care allowance spending, and training of social workers and healthcare professionals to identify potential cases of undeclared care work during home visits.
- Digital platforms that intermediate care work should be regulated, ensuring transparency in employment relationships, compliance with labour standards and proper declaration of work. For example, digital platforms should be leveraged to monitor and ensure compliance while simplifying administrative procedures for care workers and households.
- Monitoring of the sector's employment and working conditions must continue and improve, with the social partners closely engaged, in order to assess the outcomes of measures implemented.

Of all the essential sectors, the care sector has the worst job quality. Improving working conditions, job quality and work sustainability in this sector through social dialogue, collective bargaining, and the active participation of employers and workers representatives is the first step in combating undeclared care work. Policies and practices to improve the job quality of care workers must:

- halt and reverse the medium- to long-term scarring effects of current working conditions on workers' health and well-being
- ensure adequate remuneration
- deter and prevent situations of exploitation, including adverse social behaviour, while holding perpetrators accountable
- promote work practices that support workers' ability to use and develop their skills
- develop actions to ensure a manageable workload for care workers, safeguard proper rest from work, and promote work-life balance.

Many undeclared care workers are women and migrants, including large shares of individuals from outside the EU. If they are employed, there is demand for their work and services, even if irregularly. It is crucial that these workers are properly integrated into EU labour markets through both employment and self-employment pathways. However, self-employment in the care sector often correlates with weaker access to social and labour protections. Therefore, ensuring that all care workers can benefit from the same labour rights and social protection as other workers is essential for creating a level playing field for all workers and employers alike. This requires:

- policy responses that explicitly address the gendered nature of care work and its inherent links to gender inequality
- integration of care work considerations into migration policy frameworks, recognising the sector's reliance on migrant workers and ensuring migration policies align with labour market needs and worker protections
- simplification and streamlining of the documentation and legalisation processes of migrant workers
- recognition of formal education and qualifications obtained both within and outside the EU
- provision of specific support for migrant workers through different mechanisms and partners during the documentation/legalisation processes, including help connecting with workers' representative structures
- development of comprehensive, intersectional policy approaches that integrate migration, employment, social protection and gender equality objectives to address the complex issues in the care sector

The professionalisation of care work also stands as a pillar to combat undeclared care work. This encompasses not only technical certifications, quality standards, training and professional development pathways but also the recognition of emotional competencies and professional ethos as integral skilled components of care work, establishing care work as a recognised and valued occupation. On the one hand, this recognition would create positive incentives to join the formal workforce, while on the other hand it would deter undeclared care work by creating a clear

demarcation between declared and undeclared care work. To this extent, the following actions should be considered:

- develop common reference frameworks for skill requirements across different care professions while respecting Member States' existing vocational training systems and national qualifications frameworks
- promote the harmonisation of certification recognition between Member States to facilitate worker mobility, building on existing tools such as the European Qualifications Framework
- support the development of flexible training pathways that acknowledge both formal qualifications and prior learning, which is particularly relevant for experienced care workers transitioning to formal employment as well as informal carers whose caring responsibilities have ended and who intend to enter the labour market
- explore the feasibility of an EU Care Pass as a voluntary instrument for professional recognition and mobility, complementing national registration systems
- support the identification and sharing of good practices in career progression frameworks for care workers, respecting national labour market institutions
- promote the recognition and valuation of emotional competences and professional conduct as skilled components of care work, moving beyond traditional gendered assumptions about care capabilities

Effective policy development requires coordinated efforts among various stakeholders, including state entities, the social partners and civil society organisations. This coordination is essential for understanding the sector comprehensively and for developing targeted and innovative interventions, as well as for better data intelligence. A shift from traditional enforcement to innovative approaches is necessary to keep up with many societal transformations, including those brought about by demographic changes, the green and digital transitions, and unpredictable crises such as the COVID-19 pandemic. This requires:

- adopting a comprehensive toolbox approach rather than relying solely on deterrence measures such as fines and inspections
- incorporating behavioural insights into policy design
- strengthening cross-border cooperation and building on successful joint inspection initiatives and mapping, by analysing and monitoring the patterns and flows of care migration for declared and undeclared work and informal care

- conducting regular foresight activities to anticipate sector transformations

Reflections on the influence of broader policy frameworks in the care economy on the fight against undeclared care work should also be included in policy debates. For instance, cash-for-care schemes, while providing important support for families, can inadvertently contribute to informal arrangements when not accompanied by adequate detection measures. Additionally, the current structure of the care market, where price-setting is largely determined by individual clients rather than professional standards, can create pressures towards informality. Indirect measures, such as awareness campaigns and institutional improvements, can help to address these challenges.

From an EU perspective, undeclared care work could be more robustly addressed by ensuring enforcement of existing directives in the care sector, including the Minimum Wage Directive and the Pay Transparency Directive. Additionally, broader gender equality provisions are essential for addressing structural inequalities in care work. Creating mechanisms to assess working conditions in domestic settings could help ensure that appropriate labour protections are in place. Further developing and strengthening social dialogue at EU level on personal and household services would also be a beneficial step in addressing the challenges linked to undeclared care work, particularly by ensuring that care workers' voices are represented in policy discussions.

In conclusion, success in tackling undeclared care work requires a 5R approach: recognising, reducing, redistributing, rewarding and representing the different facets of care work. This entails not only policy changes but also a fundamental shift in societal attitudes and cultural norms, challenging long-standing perceptions that have normalised the systematic undervaluation of care work and perpetuated its gender-based marginalisation. Effective solutions must balance regulatory requirements with practical implementation while considering the unique nature of care relationships. The path forward requires simplifying compliance without compromising protection, improving job quality and working conditions without compromising accessibility, addressing the gender and migration dimensions of care work without compromising opportunities, and fostering innovation in policy approaches. Crucially, these policy developments should be designed and implemented through participative mechanisms that engage all parties – care workers (especially those in undeclared work, migrants and other vulnerable situations), care recipients and their families, and service providers (including online platforms) – to ensure balanced and inclusive solutions.



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# Annexes

## Annex 1: Network of Eurofound Correspondents

Below is a list of the national correspondents who participated in the research.

Member State	Correspondent	Organisation
Austria	Bernadette Allinger	FORBA (Working Life Research Centre)
Belgium	Dries Van Herreweghe and Laurène Thil	HIVA, KU Leuven
Bulgaria	Gabriela Yordanova	IPS-BAS
Croatia	Predrag Bejaković and Irena Klemenčić	Faculty of Economics, Business and Tourism, University of Split and Faculty of Law, University of Zagreb
Cyprus	Loucas Antoniou	Cyprus Labour Institute (INEK-PEO)
Czechia	Aleš Kroupa	Research Institute for Labour and Social Affairs
Denmark	Christoffer Andresen Madsen, Benjamin Rom Viegand Hansen and Juliane Esper Ramstedt	Moos-Bjerre A/S
Estonia	Katre Pall	Praxis
Finland	Mikael Lundqvist	Oxford Research
France	Victória Fonseca and Frédéric Turlan	IR Share
Germany	Sandra Vogel and Lena Holtmeyer	IW (German Economic Institute)
Greece	Elena Kousta	Labour Institute of GSEE (INE GSEE)
Hungary	Nóra Krokavay and Szandra Kramarics	KOPINT-Tárki, HUN-REN Centre for Social Sciences (TK SZI)
Ireland	Rosanna Angel	Industrial Relations News (IRN)
Italy	Roberta Cupertino	Fondazione Giacomo Brodolini SRL SB
Latvia	Krišs Karnītis	EPC Ltd.
Lithuania	Inga Blaziene and Jolita Juneviciene	Lithuanian Centre for Social Sciences
Luxembourg	Franz Clément and Nathalie Lorentz	LISER
Malta	Christine Garzia	Centre for Labour Studies, University of Malta
	Thomas de Winter	Panteia
Poland	Anna Chowaniec	Ecorys
Portugal	Heloísa Perista	CESIS – Centro de Estudos para a Intervenção Social
Romania	Nicoleta Voicu	Association Center for Public Innovation
Slovakia	Daniela Kešelová and Zuzana Turkovič	Institute for Labour and Family Research
Slovenia	Maja Breznik	Faculty of Social Sciences, University of Ljubljana
Spain	Iñigo Isusi and Jessica Durán	IKEI Research and Consultancy, SA
Sweden	Sydney Mc Loughlin Laewen and Nils Brandsma	Oxford Research

## Annex 2: Questionnaire

This annex includes the portion of the questionnaire on unpaid care dedicated specifically to undeclared care work received by the NEC on 3 May 2024, with a deadline for submission of 5 July 2024. The questions were part of a broader survey on informal care.

### Undeclared care work

Please **summarise the main findings** of your country's most recent studies/reports about **undeclared care work**. Of particular interest is evidence on:

- the characteristics of the **carers** (in terms of gender, age, nationality, education, qualifications, etc.)
- the nature of undeclared **care work** (workplaces, types of tasks, working conditions, level of payment, etc.)
- the **challenges faced by carers** who carry out undeclared care work (e.g., physical and mental strain, financial difficulties, difficulties in accessing public services, lack of access to pensions)

(max. 1000 words).

### Policies to formalise or prevent undeclared care work

Please describe (a minimum of 2) policies/initiatives in place in your Country, at the national or local level, aimed at formalising undeclared care work. Examples include simplification of compliance procedures, tax incentives, introducing new categories of work, micro-enterprise development, service vouchers, society-wide amnesties, and voluntary disclosure. Please **do not report** on deterrence measures, such as penalties or labour inspections. Please compile the table below, one for each measure you wish to report. If information on an item in the table is partially or completely unavailable, please indicate it clearly.

MEASURE to FORMALISE UNDECLARED CARE WORK	
The measure (name in original language, and in English, and a brief description) (~50 words)	
Timing (when the measure was implemented or when it will be implemented if this is planned for the immediate future)	
Target carer group (e.g., eligibility criteria, exclusions)	
Take-up (how many undeclared care workers have become formalised thanks to the policy)	
Links to policy and related resources	

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### EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex (<https://eur-lex.europa.eu>).

### Open data from the EU

The portal <https://data.europa.eu> provides access to open datasets from the EU institutions, bodies and agencies. These can be downloaded and reused for free, for both commercial and non-commercial purposes. The portal also provides access to a wealth of datasets from European countries.

The scale of undeclared care work (paid care work that is lawful but not declared to public authorities) in the EU is considerable. Recent estimates suggest that 6.8 million undeclared workers provide care or household services across the EU, with 2.1 million specifically in the care sector. Undeclared care workers are predominantly women and often are migrants. They have poor working conditions and limited social protection and are at a heightened risk of exploitation.

This report examines undeclared care work in the EU, its characteristics and the challenges faced by people working in this sector. It briefly describes the complex drivers of undeclared care work and presents a range of policy responses implemented across the EU to tackle it. The findings underscore the need for a comprehensive policy framework that not only addresses immediate enforcement challenges but also tackles structural barriers to formalisation while ensuring good working conditions and social protection for care workers.

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**The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.**

