

# Undeclared care work in the EU

Policy approaches to a complex socio-economic challenge

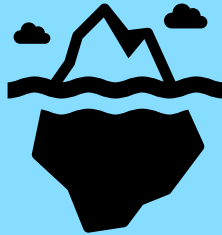
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Spotlight on Tackling Undeclared Work  
in Personal and Household Services  
18 February 2025 (10h-12h30 CET) | Online

# Research Paper Structure



Scope and  
characterisation



Critical issues



Solutions  
framework

# A framework – Undeclared care work within the care economy



**Paid**



**Unpaid**



**Regulated**

**Professional carers**

*A qualified physiotherapist working in a registered care home who provides rehabilitation services to stroke patients*

*A licensed nurse who provides weekend home care services "off the books" to supplement their income*

**Declared**

**Undeclared**

**Non-professional carers**

*A self-employed driver who declares income from transporting a person with a disability*

*A cleaner going to a person's home, being paid cash in hand*

**Volunteers in care**

*A "meals on wheels" volunteer delivering food through an organised charity program*

**Unpaid informal carers**

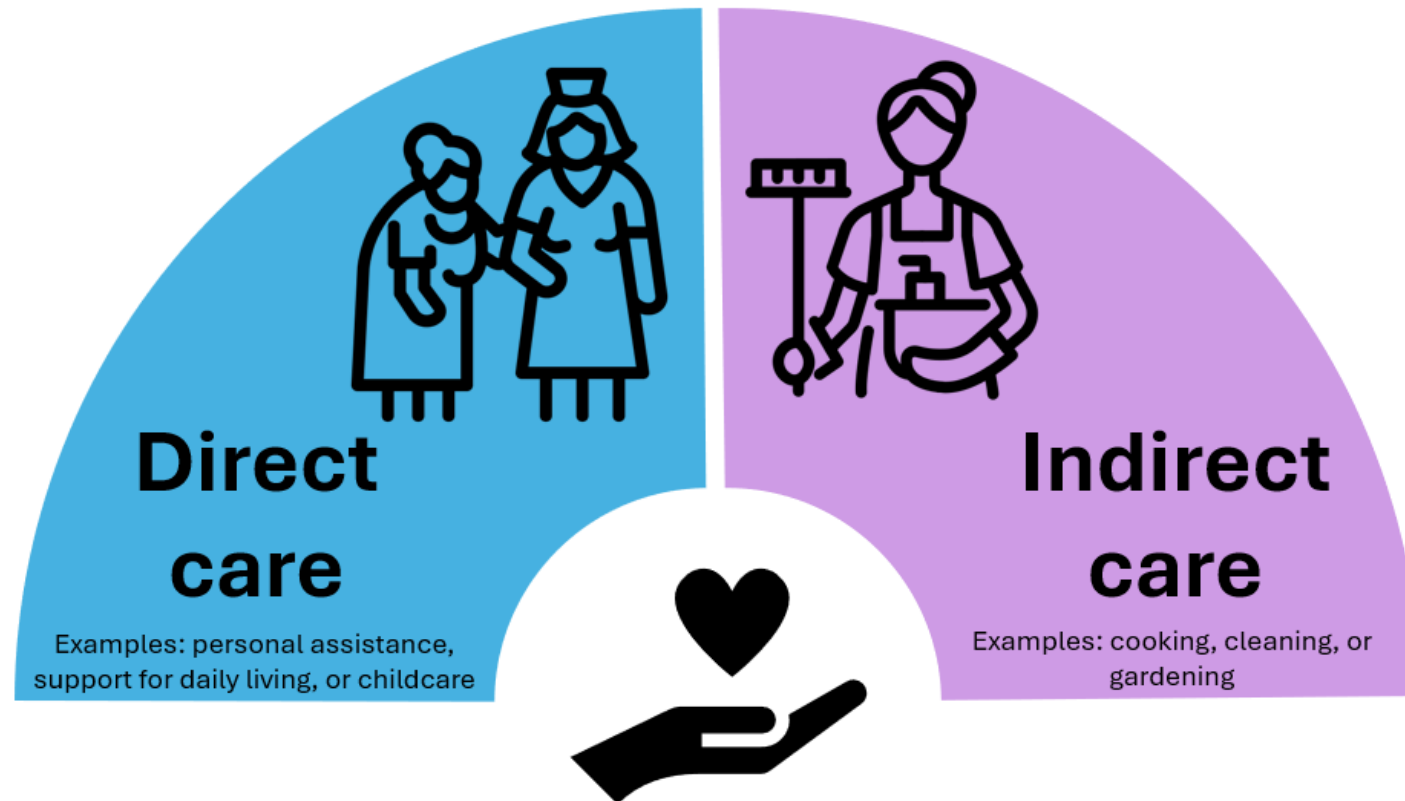
*A daughter taking care of her elderly mother at home*



**Unregulated**

# A definition – Undeclared care work

Paid care work that is lawful in its nature but not declared to public authorities, taking into account differences in the regulatory systems of EU Member States.



**Undeclared care work**

# Policy challenges

## Defining and measuring undeclared care work

Definitions that are too broad hinder the identification of undeclared care workers, while those that are too narrow exclude many workers from scope. Furthermore, the lack of comprehensive data collection methods for 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.

## General challenges of undeclared work

Distorting market competition, exposing workers to poor conditions and lack of social protection, enabling tax evasion, undermining compliant providers, putting care recipients at risk due to lack of quality standards, and further complications by platform work

## Specific challenges of care work

Undervaluation of care work resulting in low wages and poor working conditions; unequal gender distribution, with women, particularly those from migrant and low socio-economic backgrounds, being overrepresented in the sector; psychosocial risks related to the demands of caring; and insufficient training for caring activities, posing risks to both carers and care recipients



 **Scope and characterisation**

 **Critical issues**

# The scale of undeclared care work

Within the sector of Personal and Household Services (PHS):

6.8 million undeclared workers in the EU-27, including 2.1 million in the care sector and 4.7 million in direct household employment (ELA)

National data and estimates point towards close to half of care workers  
(32-36% ES; 47% IT; 48% PT; 10%SE)\*

# Undeclared care workers profile

- Women (95% CY; 98%ES; 89% IT)
- Middle-aged
- Migrant (98% CY; 68% ES; 69%IT) – origin varies by country (many third country)
- +- Educated
- Friends, family members or acquaintances



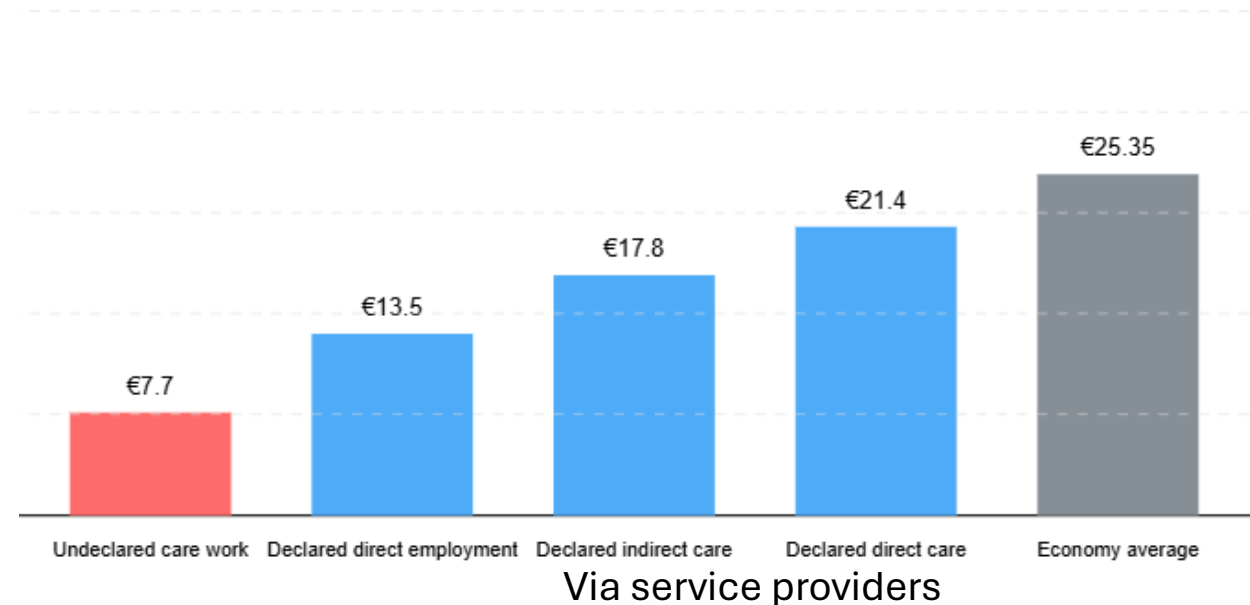
**Spotlight: The case of Italian Badanti**



# Main drivers of undeclared care work

- Lack of accessible and affordable formal care services
- Cost savings for households/greater workers' disposable income + failure to recognise true value of care
- Weak legal framework regulating the provision of care and domestic services
- Administrative burden for employers and workers
- Lack of integration of migrant workers (availability, complexity of legal migration procedures)
- Prevailing social norms and acceptance of undeclared work
- Enabling role of social media and online platforms (see text box The enabling role of social media and online platforms).

Cost Comparison: Care Work Hourly Rates (€/hour)



# The nature of undeclared care work



- Wide range of tasks
- Poor job quality
  - physical risks,
  - physical demands,
  - exposure to adverse social behaviour
  - high work intensity
- Relatively lower pay (lack of additional forms of compensation provided by labour regulations)
  - Domestic workers CY €460 vs €940 (excluded from minimum wage law)

# Main consequences of undeclared care work



- Lack of legal protection (labour standards and rights, social protection)
- Financial unsustainability
- Physical and mental health challenges
- High risk of exploitation
- Constrained access to workers' representation and collective bargaining
- Social isolation and exclusion

# Enabling role of social media and online platforms

## Opportunities:

- ✓ Quick connection between carers and clients
- ✓ Schedule flexibility for workers
- ✓ Increased work accessibility
- ✓ Potential for formalisation through registration

## Risks:

- ✗ May drive further undeclared care work
- ✗ Costs shifted to workers (marketing, commuting, client seeking)
- ✗ No guaranteed income or social protection
- ✗ Can undermine existing formalisation policies
- ✗ Information asymmetries favour platforms
- ✗ May exacerbate inequalities (particularly affecting migrant women)





 **Scope and characterisation**

 **Critical issues**

# Preventing and formalizing undeclared care work

## DIRECT MEASURES



### Deterrence:

- Penalties and fines
- Improving detection



### Enabling compliance:

- Preventative measures
- Legitimising measures
- Curative measures

## INDIRECT MEASURES



### Changing norms and beliefs:

- Awareness raising
- Education and information



### Addressing institutional imperfections:

- Tax fairness
- Procedural justice
- Trust and legitimacy
- Modernising enforcement

# Direct - Preventative and legitimizing measures

- **Deterrence**
  - **Penalties and fines**
  - **Improving detection:** finding new ways to uncover UCW – Examples in ES, IE, IT
- **Preventative:**
  - **Simplification:** making it easier to comply by reducing complexity or bureaucratic burden and encouraging formal declaration of any care work activities – Examples in EE, RO, NL
- **Legitimizing**
  - **Tax incentives:** encourage declaration of care work by offering tax deductions or credits to individuals who hire carers legally. – Examples in DK, FI, PT, SE
    - Benefits: Reduces household financial burden + Increases formal care demand
    - Limitations: May not offset formal vs informal cost gap + Higher-income households benefit more + Limited impact on low-income groups
  - **Care allowances:** Financial benefits to support care arrangements. Provides funds to caregivers/recipients, may include social security benefits, aims to formalise relationships – Examples in AT, BG, GR, IT, MT, PL
    - Increasingly used across EU BUT Effectiveness data largely missing and unclear impact on formalisation
  - **Vouchers:** social vouchers and declarative/remuneration tools; – Examples in AT, BE, FR, IT, RO, SI
    - Limitations: Risk of employer abuse + May reinforce low wages + Highly dependent on subsidies to work well + Needs robust monitoring
  - **Other measures** (flexible work arrangements, new legislation) – Examples in DE, DK, LT, ES

# Direct - Curative measures

- Amnesties and voluntary disclosures
  - Linked to residence permits
  - Risk of exploitation (false declarations)
  - Not yet established the impact on UCW

Examples in IT and GR

# Indirect measures to change norms and beliefs

- Awareness-raising campaigns, information and education campaigns
  - Aim: generate behavioural change
  - Effectiveness: challenging to measure, impact has varying degrees

Examples in ES, PL, SK



# Policy pointers

*Recognise, reduce, and redistribute unpaid care work, and reward and represent paid care work.*

(UN Women, 2022 – 5R approach to paid and unpaid care work)



## Regulatory Framework

- ✓ Define and regulate care work
- ✓ Simplify administrative compliance
- ✓ Ensure accessible information on rights/duties
- ✓ Implement effective labour inspections
- ✓ Regulate digital platform as intermediaries
- ✓ Monitor sector conditions



## Worker Integration

- ✓ Address gender inequalities
- ✓ Streamline migrant documentation
- ✓ Recognize foreign qualifications
- ✓ Provide migrant support services



## Job Quality Improvements

- ✓ Address health impacts
- ✓ Ensure fair pay + evaluation of care
- ✓ Prevent exploitation
- ✓ Support skill development
- ✓ Manage work intensity



## Implementation Strategy

- ✓ Coordinate among stakeholders
- ✓ Use a comprehensive toolbox approach
- ✓ Apply behavioural insights
- ✓ Strengthen cross-border cooperation
- ✓ Conduct regular foresight activities

# Take-home message

## Who are UCWers?

- Middle-aged migrant women, often non-EU

## What are the main drivers of UCW?

- Economic: Cost savings for households, higher disposable income for workers, lack of affordable formal care
- Bureaucratic: Complex administrative burdens
- Cultural: Traditional gender roles, normalization of irregular care

## What are the implications of UCW?

- Lack of legal protection
- Financial unsustainability
- Physical and mental health challenges
- High risk of exploitation
- No representation
- Social isolation and exclusion

## What are the policy challenges?

- Limits in assessment of magnitude of UCW, effectiveness and transferability of policies
- Transition alone is insufficient – must address working conditions and protection



Living conditions and quality of life

## Undeclared care work in the EU: Policy approaches to a complex socio-economic challenge

Planned publication date: March 2025

Eurofound research paper

Forthcoming

Care

Undeclared work

Living conditions and quality of life

# Thank you!

