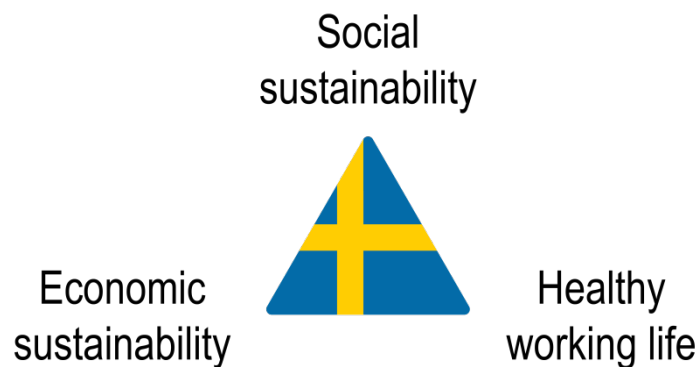


Status Report 2019

For the cross-agency work against
fraud, violations and other crime in
working life



A report prepared in cooperation between:



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1. Conclusions and recommendations

- Foreign workers feature in all risk environments, where the State's possibilities of inspecting and managing any undocumented workers are limited. Obstacles to the enforcement of entry refusal and deportation, and the challenges concerning lack of border controls, mean that workplace inspections as a method of keeping undocumented labour in check in some cases are ineffective.
- The police authority's resources and need for priorities are challenges for the participating in cross-agency workplace inspections.
- The construction industry will need to continue to be prioritised for a long time to come.
- More parts of the transport industry must be controlled.
- To-date, the cleaning industry has had hardly any inspections; this industry must be prioritised. This industry has a number of problem areas of concern for multiple agencies.
- Benefit crimes must receive significantly more attention among disbursing agencies, where collaboration must be developed to exchange information and intelligence regarding suspected errors.
- Procedures for follow-up checks and desk inspections must become more efficient.
- Above all, these overarching problems stem from current secrecy regulations and legislation. These need to be reviewed if the agency collaboration is to have the intended effect.
- Participating agencies and ministries must coordinate the various on-going agency cooperation efforts in this area in order to achieve the desired effects and to minimize the risk of conflicting objectives.

2. Introduction

On 18 December 2017, the Government of Sweden commissioned the Swedish Public Employment Service, Swedish Work Environment Authority, the Swedish Economic Crime Authority, the Swedish Social Insurance Agency (Försäkringskassan), the Swedish Gender Equality Agency, the Swedish Migration Agency, the Swedish Police Authority and the Swedish Tax Agency to develop suitable and effective methods in 2018-2020 for cross-agency checks to combat fraud, violations and crime in working life (reference number at the Government Offices of Sweden A2017/02422/ARM and A2017/00678/ARM). One task of the agency collaboration is to develop an annual status report. This is the second report that was approved by the cross-agency coordination group for the methodology development task on 5 December 2019.

2.1 Criteria for agency collaboration

The stipulated criteria for agency collaboration against fraud, violations and other crime in working life are:

- *Companies in risk environments*
- *Serious and identified phenomena*
- *Where there are suspicions of on-going errors that directly or indirectly, concern the workforce*
- *Inspection and supervision through collaboration provide substantial added value at one or more agencies*

Phenomena in the risk environments identified in the status report shall be prioritised. There may, however, be reason to also prioritise other geographically important environments and industries. Both the geography and seasonally related environments may need to be prioritised within certain of the groups for regional agency collaboration (so-called RAC groups). All phenomena shall directly or indirectly concern the workforce and shall lead to inspection and supervision through collaboration. The inspections shall provide substantial added value among some of the participating authorities. This is the focus that shall apply from the status report through the cross-agency methodology support to the operational activities. The report is also a guideline for what shall be followed up on and used as feedback from the operational activities.

2.2 First operating year

Methods for agency collaboration against fraud, violations and other crime in working life are under development. During the first operating year, challenges emerged that rather tie into the actual mission itself than a specific risk environment. The challenges concern the drawing of boundaries in relation to other agency collaboration, resources and secrecy between agencies. During the year, consultations were also held with the labour market parties. Some attempts were also made to develop cross-agency forms and procedures for reporting feedback. The report provides a description of the first year's experiences of the methodology development task and the challenges identified in individual chapters.

2.3 Prioritised risk environments

A joint endeavour for the participating agencies is to combat fraud, violations and other criminality occurring in working life. The objective is for companies in the Swedish labour market to feel that they compete on equal terms. This objective encompasses several sub-targets linked to the participating authorities' operations, such as ending incorrect disbursements, avoiding misuse of labour market policy programmes, ending the use of undocumented

workers and human exploitation and so on. However, these sub-targets contribute to the overall objective and can also be seen as indicators of whether unhealthy competition is decreasing.

A natural starting point is to set the sights on target groups or environments. It is there that the objective shall be fulfilled, and the agency collaboration shall focus on the environments that have the highest risk of labour-related fraud and errors. In the report such environments are called risk environments.

In this year's report, various phenomena are also described that are closer to what has come to be called welfare crime. This can involve fraud in different labour market policy programmes and employment support, benefit compensation fraud, social insurance compensation fraud and the like. These are phenomena that also lead to unhealthy competition as it can reduce human resource costs for companies. In order to address this kind of fraud, violations and other crime in working life, a functioning control operation is needed for the disbursing authorities, as well as well-functioning procedures at other agencies to share relevant information and send tips and intelligence.

In the long run, the cross-agency work shall lead to the results described in the table below.

Types of measures	Short-term effects		Long-term effects		Goals
Preventive measures	Understanding of joint benefit of the operations	Reduced conditions for fraud, rule violations and crime in working life	Greater competition neutrality	Understanding of joint benefit of the operations	Well-functioning society
Information exchange					
Deregistration	Improved security for staff	More perceived discovery risk for unreliable in support of reliable	Inter-agency proposal on rule changes for more effective collaboration	Perceived healthy competition	
Suitability assessment	Improved consensus and collaboration with the industries				
Take the money	Synergies thanks to agency collaboration	Incorrect disbursements decrease	Assistance fraud decreases	Reliability in agencies' ability to counter unhealthy competition	
Register care					

Figure 1. Results chain over the agency cooperation.

In order for a risk environment to be prioritised within the agency collaboration, fraud, violations and/or other crime must exist that seriously affect the companies' competitive conditions or otherwise gives rise to incorrect use of public resources. As mentioned, this agency collaboration encompasses a number of agency-specific measures and objectives, all of which cannot be described. The relationship can generally be described according to the following results chain (see table above):

1. Participating agencies have a mission to identify and in various ways take measures against labour-related fraud and errors.
2. Crime, fraud and errors occur to a particularly high degree in certain industries. Within these industries, competition has been affected and made ineffective in certain cases.
3. If the participating agencies concentrate and coordinate their efforts in relation to these industries, criminal and fraudulent companies will be disrupted and stopped to a greater extent than before.
4. Companies that follow the rules will experience healthier competition than before.

The risk environments that the work has focused on to-date can be divided into five different sectors. The risk environments and their risk assessment are presented by the diagram below.

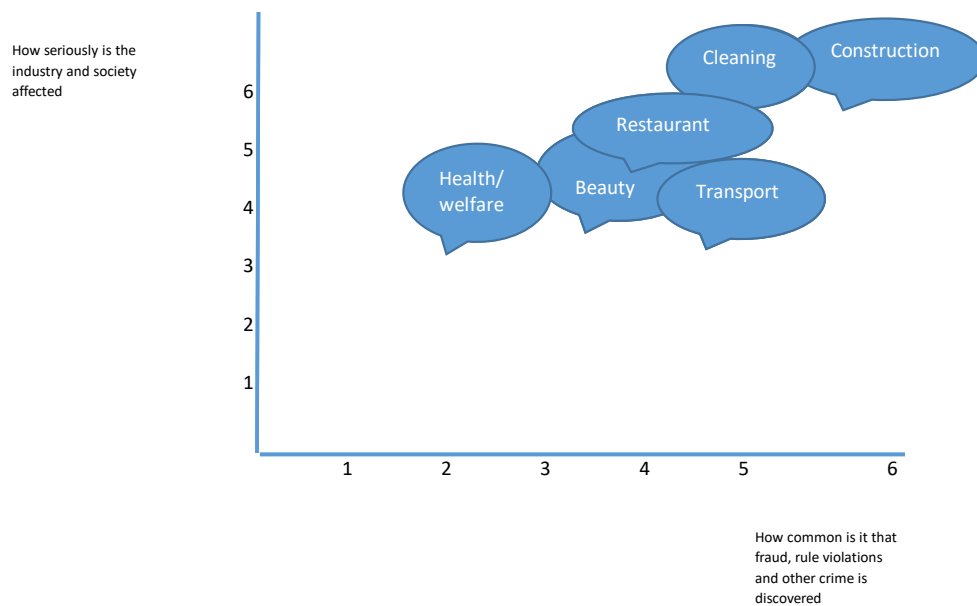


Diagram 1. The various risk environments' relationship to each other.

As presented above, the construction and cleaning industries are at the top. Below is a brief description of each risk environment. More information about the industries included and their current situation is presented in the section on risk environments later in the report.

Labour-intensive industries

Examples of labour-intensive industries are construction, cleaning, Green industry and restaurants. These industries contain a relatively high element of unskilled jobs that must be carried out on site and cannot be relocated to low-wage countries. Parts of the workforce are instead brought into Sweden, which means that the risk of error and fraud increases. In some contexts, it can be said that the companies must cheat to remain competitive. Today, we find most companies represented here that were the focus of the cross-agency efforts.

For example, a targeted cross-agency inspection effort of the construction industry was conducted during one week in the autumn. During the inspection week, the agencies visited nearly 75 construction sites, both new construction and renovation properties, and more than 100 companies were inspected. Common shortcomings were missing or deficient fall-protection equipment, scaffolding that did not meet safety regulations, missing scaffold boards and training certificates, inaccurate employee ledgers and foreign construction workers who were not registered in the posting register or were working illegally. Many of the companies have subcontractors in several different stages, which contributes to the responsibility at the construction site sometimes falling between two stools.

Transport industry

Within the transport industry, there is both freight and passenger transportation; both long- and short-distance. The problems are the same as in labour-intensive industries, but the transport services are performed by a mobile workforce that is partly international. The workers by definition have no fixed workplaces. It is thereby harder for authorities to conduct inspections of the transport industry.

Cash industries

A large element of cash is found, for example, in such businesses as restaurants, beauty salons and vehicle workshops. Cash handling offers greater opportunities for deliberate fraud. Here the driving forces for fraud increase if many competing companies commit fraud. This means that inspection agencies must address the problems systematically. A broad and visible inspection system is important in relation to these industries.

Health and welfare

Some industries are financed by public funding, and fraud in these industries then becomes especially serious. New inspections reveal that fraud and errors occur, for example, at dentists, doctors and in personal assistance. The fraud is not directly labour-related, but it negatively affects the companies in these industries that have employees and follow the rules. In these areas, several cases

of organised crime have been identified. The checks are impeded by legal restrictions on sharing information between agencies.

Gig economy

Newer phenomena that can affect competition show up in e-commerce and the so-called gig economy. The basic structure of the report is to take up and describe such phenomena under the respective risk environment, but for this year, we have chosen to lift out and describe the growth of the gig economy separately.

3. First year's experiences of the methodology development task

3.1 Boundary problems

Over the years, a very well-functioning collaboration has been developed between different authorities that lies outside the effort against organised crime (the so-called OC initiative). Noteworthy examples are targeted inspections/supervision in the restaurant industry, inspections of massage and nail salons and collaboration in connection with internal border controls. In addition, further agency collaboration initiatives were established under the scope of a number of county administrative boards' crime prevention work "together against crime". A collaboration that by design is largely focused on the same target group/industries as the Government assignment to combat fraud, violations and other crime in working life (known as the RAC initiative).

The collaboration that mainly takes place under the scope of the effort against organised crime can sometimes be difficult to distinguish from the Government assignment to combat fraud, violations and other crime in working life. As mentioned, there is also an established cooperation between agencies throughout Sweden that is not affected by the effort against organised crime. Better coordination is required between the latter assignments and the Government assignment to combat fraud, violations and other crime in working life.

The Government assignment to combat fraud, violations and other crime in working life must be made visible internally at all participating agencies. It is also of the greatest importance that guidelines/assignments that are decided centrally by the respective agency's ministry are coordinated and aligned with the aim of avoiding duplication of work and conflicting objectives both within and between collaborating ministries and agencies. Here, a clarification from the Government would make it easier for concerned agencies to make necessary priorities and to find possible synergies.

There are also problems defining boundaries in relation to the Government assignment that concerns organised crime and where decisions on measures are made in the Operational Council and in the regional intelligence centres (RIC). One of the differences between the methodology development task (the RAC initiative) and the effort against organised crime (the OC initiative) is that the RAC initiative shall be based on applicable secrecy regulations. Within RIC there is legislation, namely the Act regarding Reporting Duty for Cooperation Against Certain Organised Crime (2016:774), that means that information can be shared that would have otherwise been secret. This cannot be done in the RAC initiative, which is important to keep in mind based on the problems described in this status report.

The boundary between the two major Government assignments RAC and OC can be seen as two major tasks whose inspections sometimes coincide in terms of individuals and companies that are inspected or investigated, but the objectives of which differ. At the collaborating agencies that are in both of the Government assignments, RAC and OC, it is also often the same staff that participate in both the work on various kinds of inspections and in the continued work on case management and investigation.

It is therefore important that both the decision-makers and the agencies are aware of the prerequisites for the inspections within the respective assignments and that similar assignments are kept together under an umbrella at the same time that on-going dialogue and alignment are conducted with the assignment under “the other umbrella” (see figure below).

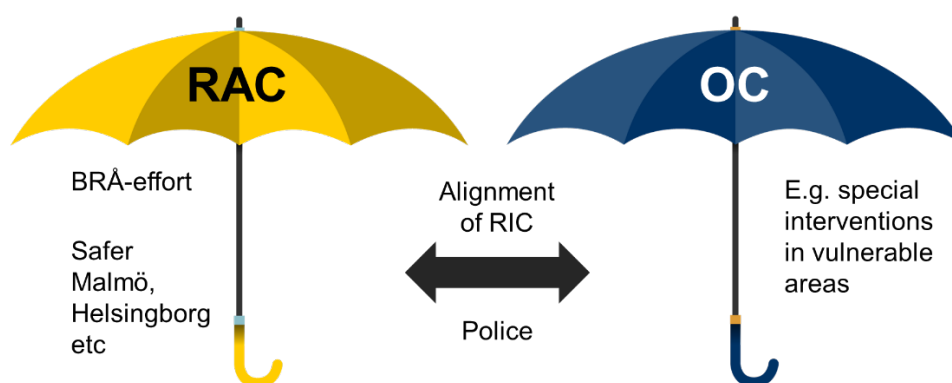


Figure 2. Boundary between different agency collaborations.

The recommendation from the analysis function in the cross-agency efforts is that the cross-agency activities should be divided up under three “umbrellas”.

1. The OC initiative towards specially appointed actors and areas.

2. The RAC initiative against fraud, violations and other crime in working life where the collaboration provides substantial added value to one or more of the agencies included in this effort but is separate from the OC initiative.
3. Other agency collaboration that instead takes place within the scope of the respective authority's line organisation.

The advantage would, *inter alia*, be simplified resource management, administration and follow-up in addition to greater clarity in the assignments.

3.2 Resources

At the beginning of the year, it was reported that the agencies considered it a challenge to secure adequate resources for the assignment and ensure prioritisation at the respective agencies. This was to enable the operational work across the entire country. The resource shortage led to representatives from some agencies missing meetings where operational efforts were to be decided on and/or evaluated, or unavailable for work on the preparation of working materials for the efforts. Part of these problems were due to several agencies having been restructured, reorganised, geographically relocated, closed down and resurrected or receiving different more highly prioritised duties, which is why there was sub-standard continuity in the on-going work.

For example, at the beginning of 2018, the Government decided that the Swedish Work Environment Authority would move another part of the operations from the head office in Stockholm to Mölndal. The operation covered by the decision was the authority's work against unhealthy competition. The relocation to Mölndal was to be completed by 31 May 2019. No special funding was provided for this relocation; instead it was to be covered by the existing means.

The Swedish Work Environment Authority created a new department in Mölndal, opening on 1 January 2019. The relocation meant that none of the people who worked on the previous assignment on agency collaboration followed the move to Mölndal. The new department is essentially fully staffed, where the majority of the people recruited come from other positions within the Swedish Work Environment Authority.

Participation by the Police Authority is often a prerequisite at the cross-agency inspections, which take place out at the workplaces. This is because the Police Authority may be needed for the purpose of assistance to provide access to the inspection location and checking of people, but also to provide order and security for the participating agencies. In cases of vehicles, only the Police Authority is empowered to stop vehicles, even if other agencies can then carry out their own inspections. The inspections are often made with support of the

collaborating agencies' legislation, but also on the right to their own initiative since new legislation was implemented on 1 July 2018 (Chapter 9, Sections 14-16 of the Swedish Aliens Act). The Police Authority's possibility of participating or not in workplace inspections consequently often has a direct impact on what kinds of workplaces are possible for the other agencies to inspect.

In addition to this, the Police Authority also conducts its own investigative measures at inspections, such as preliminary investigations, vehicle inspections, checks for lawful presence in the country, and so on. A common measure is to focus on the employees who either may not be permitted to be in Sweden or are working without a permit. The employers who have staff that work without permits risk being fined or the issuance of a so-called surcharge fee according to Chapter 20, Sections 12-12a of the Swedish Aliens Act.

The Police Authority's resources are limited and are constantly subject to priorities. Expertise that is needed for inspections is primarily in units that conduct border controls and traffic. The resources needed not only relate to the inspections themselves, but also to handling their results. Resources are needed to investigate the crimes and there are often also a large number of incarcerations mainly in Aliens Act matters, which must of course be handled immediately. All of this can result in the Police Authority's participation in the cross-agency inspections being limited. The obstacles that exist to enforcing entry refusal or deportation decisions to certain countries can mean that individuals from these countries who are in Sweden illegally are repeatedly encountered in workplace inspections. The challenges linked to border controls entail a constant influx of illegal workers

As already mentioned, efforts within different assignments often coincide with the initiative against organised crime. The various assignments differ based on how the assignments have described a focus on, for example, combating fraud in different industries in the labour market or purely crime fighting efforts directed at identified criminal networks or individuals. The police participate in most of these assignments and in practice, it is essentially the same agencies and individuals who carry out the inspections and they are largely targeted at the same kinds of workplaces. This makes clear boundaries between the various assignments even more important. At the same time, it is important that knowledge transfer and coordination take place between the assignments in order to achieve the intended effect and to avoid duplication of work and conflicting objectives.

The Swedish Economic Crime Authority has employed police officers, but since these kinds of inspections are not part of the authority's mission, they do not participate in workplace inspections out at the workplaces.

Participation by the Swedish Gender Equality Agency and the regional coordinators in the cross-agency inspections is important in the inspections where there is a suspicion that people have been exploited in a way that violates Swedish legislation in the area, meaning human trafficking or the new law from June 2018 on human exploitation. The resources in the form of staff are limited to one or two regional coordinators per region. To have a possibility of planning the operations, it is important that information on upcoming cross-agency inspections is communicated early on.

3.3 Secrecy

The work on collaboration against fraud, violations and other crime in working life shall, as mentioned earlier, be conducted under applicable legislation. Applicable secrecy rules entail major challenges to this work as they mean, for example, that:

- The Swedish Tax Agency cannot present any tips or cases.
- Only a few of the agencies can divulge information that is discovered in inspections/checks to other agencies.
- Interpretation of rules differs, such as the Act (2008:206) regarding Required Reporting of Incorrect Disbursements from Welfare Systems.

Several other situations have been noted where current secrecy rules entail problems in implementing the intended assignment. The cross-agency assessment is that current regulations obstruct adequate cooperation, which means that the collaboration cannot achieve the desired and intended effects. A request for a supplementary directive to describe the problems that arise with current legislation and to point out solutions has been submitted to the Ministry of Employment. Such a directive has not yet been received at the time of writing.

3.4 Experiences from consultations with the labour market parties

The Government assignment that forms the basis of the development of cross-agency inspections includes the Swedish Work Environment Authority consulting with the labour market parties with the aim of developing formats for utilising their knowledge and experiences. A pilot project was therefore started at the Swedish Work Environment Authority's western region to begin consultation with the labour market parties.

In August 2019, an initial party consultation was held at which the Swedish Work Environment Authority and the parties participated, and the Swedish Work Environment Authority kept notes (the reference number at the Swedish Work Environment Authority is 2019/046394). Participating parties are presented below:

Employer-representative organisation	Employee-representative organisation
Swedish Federation of Green industry Employers Swedish Construction Federation Swedish Confederation of Transport Enterprises Visita	Byggnads, Western region Swedish union of forestry, wood and graphical workers (GS) Swedish Hotel and Restaurant Workers' Union, div. 1 west Swedish Municipal Workers' Union Swedish Trade Union Confederation (LO) Western District Swedish Transport Worker's Union div. 3

Table 1. Participants in labour market party consultations in August 2019.

At the meeting, discussion concerned the parties' views on the phenomenon and its spread, possible indicators of fraud, violations and crime in working life, as well as how the parties can work together against this phenomenon and what situations the Swedish Work Environment Authority needs to be included in. The participants agreed that fraud, violations and crime are widespread in the labour market in their own region.

According to the parties, this can be expressed in multiple ways and not just as violations of the work environment regulations. It was discussed that people on welfare and subsidised workers are exploited in all of the represented industries. According to the parties, these kinds of welfare crime can also lead to unhealthy competition in connection with lower payroll costs, which are instead covered by various grants.

Several of the participants emphasised that the degree of union membership has decreased, and that the 'Swedish Model' requires a high degree of membership on both the employer- and employee-representative side. Within unskilled professions, where there are often foreign workers, the risk of unhealthy competition is higher and the degree of union membership is often lower, which also increases the risk of wage dumping and human exploitation.

The participating representatives from the trade associations and employer-representative organisations said, however, that they feel that the degree of organisation is increasing among business operators. The trade associations and employer-representative organisations work in different ways to get the member companies to increase their knowledge and expertise in work environment matters, including by offering courses, access to work environment developers, etc.

It happens that unreliable companies want to join employer-representative organisations and/or sign collective agreements or local agreements solely with the aim of being able to submit tenders in public procurements. In addition, it was said that there is a need to review independent training providers that often play an important role in providing knowledge, but where fraud may also be committed to create a legitimate façade for unreliable companies. There are rarely validations or other inspections and training certificate fraud occurs, concerning forklift certificates, scaffolding builder training and training for building work environment coordinators (so-called BAS-U courses), among others.

Altogether, the labour party consultation showed that there is a consensus between the employee and employer organisations in much of what concerns the problems with fraud and violations in working life. The parties would like more cross-agency inspections, a more effective agency collaboration as well as expanded cooperation with the parties.

3.5 Cross-agency follow-up and reporting of measures

During the year, procedures for cross-agency follow-up were developed. The operational work began in March 2019 in connection with a cross-agency conference. The support out in the regions is slowly beginning to improve. During the year, a cross-agency workshop was also held for the agencies' representatives in the regional RAC groups and analysts linked to the assignment. At this meeting, several industry representatives also presented their expectations of the cross-agency efforts. During the first part of the year, the Police Authority, despite extensive attendance and having taken many measures, was unable to report their measures.

Three major coordinated national inspection efforts were carried out during the year. They were targeted at beauty salons, construction sites and restaurants.

Inspections of beauty salons

During the spring, the agencies participated in the Europol-led work that meant that the agencies inspected and checked beauty salons, mainly with a focus on nail salons. One report of pimping and one of human exploitation were made. Three out of four nail salons violated the Swedish Work Environment Authority's regulations and one third were prohibited from continuing their health-hazardous activities. The Swedish Tax Agency checked the employee ledger and the cash registers and in almost half of the visits, it led to considerations of a control surcharge.

Inspections of construction sites

A targeted cross-agency inspection effort of the construction sites was conducted over one week in the autumn. During the inspection week, the agencies visited nearly 75 construction sites, both new construction and renovation properties, and more than 100 companies were inspected. Considering the size and scope of the industry, these inspections can only be viewed as spot checks.

Common shortcomings were missing or deficient fall-protection equipment, scaffolding that did not meet safety regulations, missing scaffold boards and training certificates, inaccurate employee ledgers and foreign construction workers who were not registered in the posting register or were working illegally. Many of the companies have subcontractors in several different stages, which contributes to the responsibility at the construction site sometimes falling between two stools. The inspections were conducted throughout Sweden and the main results were:

- More than four out of ten companies will receive notices to rectify work environment shortcomings.
- Nearly four out of ten companies are at risk of having to pay sanction fees.
- One fourth of the companies received an immediate stop-work prohibition due to serious work environment shortcomings.
- Around half of the companies are at risk of being issued control surcharges for shortcomings in employee ledgers, among others.

The Police Authority participated in eight inspection days and in connection with this, 160 people were inspected and of them 24 did not have the right to work in Sweden. A number of preliminary investigations were initiated mainly against the employers who had employed these people, as well as measures under the Aliens Act against those working illegally.

Of the inspected construction sites, the Swedish Tax Agency considered issuing control surcharges at 16 building developers/construction sites. The Swedish Tax Agency also considered issuing control surcharges at 47 of the inspected contractors, who were active at the construction sites.

Another recurring problem that received attention in inspections of construction sites, not only during this initiative, is a high occurrence of illegal foreign workers. The occurrence of housing and sleeping places is not uncommon, which may indicate human trafficking or human exploitation. It is also common that employees try to hide and abscond to avoid being checked. Language difficulties both with employees and supervisors/managers are also common when few of them know Swedish or English.

The cross-agency assessment is that the construction industry must continue to be a highly prioritised risk environment, which is very resource-intensive to inspect. Participation by the Police Authority is essentially a prerequisite for effective and secure construction inspections. Various digital solutions and registers must also be reviewed to increase the effectiveness of the supervision of the industry, such as the Swedish Work Environment Authority's handling of building registration so that it becomes easier to share information that is not covered by secrecy.

Inspections of restaurants

In late autumn, a cross-agency inspection effort targeted at the restaurant industry was carried out. Many of the inspections were done in collaboration with the municipalities' alcohol licensing officers. More than 200 restaurants were visited in more than 20 cities from north to south. The inspections led to multiple cases being initiated under the alcohol legislation and these will potentially lead to future revocation of licences to serve alcohol. The police inspected more than 470 people and of them, 21 did not have the right to work in Sweden. Control and sanction fees were issued to the tune of more than SEK 1 million and more investigations will be initiated based on observations in the field. The Swedish Work Environment Authority found shortcomings at virtually all inspected workplaces and decided on an immediate work-stop prohibition in 47 cases. Two people, who were arrested as they did not have the right to work in Sweden, said that their salary was SEK 6 per hour.

Collaboration between participating agencies worked well and even if the results of the inspections can be seen as discouraging, considering all of the shortcomings discovered, it can be noted that it worked well based on the objective. The results also illustrate the scope and complexity of the problems that exist.

Cross-agency reporting system

One challenge was finding a well-functioning reporting system that indicates the various measures that the respective agencies carry out. The reporting with regard to the number of inspections and measures included in this cross-agency collaboration could not be followed up in the first half of the year, but by late autumn 2019, follow-up was working for most of the agencies. The results that could be measured in the first nine months indicate the following:

No. of companies inspected:	More than 2,000
Control & sanction fees under consideration:	More than SEK 10,000,000
Immediate work-stop prohibition due to shortcomings in the work environment:	Around 250 immediate stop notices
Tips turned over to other agencies:	Around 100 tips

Table 2. Results of the agency collaboration in the first ten months.

Possibilities of conducting follow-up inspections after concluded efforts

The Swedish Migration Agency has the possibility of making follow-up inspections under valid work permits. So far in 2019, the Swedish Migration Agency has made 66 follow-up inspections and none of them were tied to the work in RAC. However, work is under way internally to clarify how the agency will be able to work. In this context, it is important to point out that several of the employers reported for serious crime in the labour market, such as human trafficking and human exploitation, were subject to follow-up inspections and cleared them without objection.

The Swedish Public Employment Service can conduct follow-up inspections on the employer in cases where there are employees on financial support, such as payroll subsidies or start-up jobs. Follow-up inspections can be done to ensure that agreed wages were paid out, employer’s contributions reported and that the employer does not have any tax debts that went to collection.

Benefit crime must receive significantly more attention among disbursing agencies. In the next section, several cases are described concerning how organised schemes can exploit one or more agencies to obtain money from public funding. A major challenge lies in developing effective collaboration within current secrecy rules to exchange information and intelligence regarding suspected assistance crime. Procedures for follow-up inspections and desk checks, which are often dependent on workplace inspections, such as identifying those who work outdoors at the workplaces, must become more effective. As previously mentioned, the obstacles identified to make more efficient the information exchange are mainly linked to the restrictions that current secrecy rules entail.

4. Risk environments

The prioritised risk environments described in last year’s status report remain valid. Some new risk areas are also brought up in this report. For the

operational work, it is important to point out that risk environments that are not taken up in the report can also become relevant for inspection as they may have a major regional impact. Some agencies report that forms of organisations can be exploited as tools for fraud, violations and crime in working life. Non-profit associations are one example since they are an form of organisation that is difficult to check; limited partnerships can also be difficult to check especially when a foreign company is a general partner.

In several of the risk environments, an improper use of identities is also noted. These identities are called false identities in this report. This refers to everything from incorrectly used national coordination numbers to third-country citizens, who through alleged double citizenship can improperly use the EU's freedom of mobility scheme.

Particular risks also exist in unskilled seasonal jobs, such as strawberry picking in southern Sweden and other berry-picking activities in the northern part of the country.

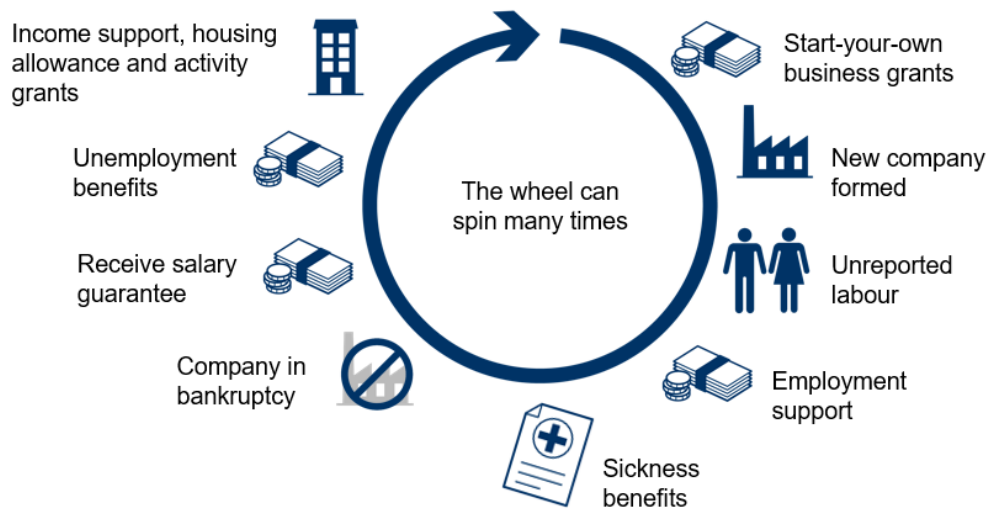
4.1 Benefit crime is a common element of unhealthy competition

The agencies see that the grants, labour market measures and various forms of employment support that shall lead to legal and safe jobs are sometimes misused in a way that affects the companies' opportunities for healthy competition. This has come to be called benefit crime, benefit fraud, welfare crime and the like.

The Swedish Public Employment Service sees, for example, problems regarding employers' overuse of trainee positions that are instead used as cheap labour. Instead of the traineeship leading to permanent employment, the traineeship is extended or ended so that the employer then brings in new trainees. These kinds of exploitation are found in several industries and risk environments and, besides exploiting people, can distort the competition.

In an investigation of suspected benefit crime, other agencies are also affected. How a scheme for organised exploitation of various benefit systems can look is described in the example below. The secrecy legislation that exists today prevents, for example, that the schemes below in part or whole can be stopped in an effective and quick way. More examples of organised forms of welfare crime are provided later in the report.

Examples of how various grants and subsidies from various agencies can be exploited



Start-your-own business grants: If the business operator belongs to the target group, such as being unemployed, the Swedish Public Employment Service may have granted a start-your-own business grant. The identity used may be an actual person or a false identity. Regardless, this person may be acting as a “front man” instead of the actual “actor”. The “actor” for the scheme may be one person, or several people.

Employment support: The company hires and gradually expands. It mainly hires people who are entitled to various subsidies/support through the Swedish Public Employment Service. Several of the employees on paper are in reality not in the country but are only false identities. Here, there is a risk that some of the “employees” are people who, for various reasons, believe they are in need of a fake job and a false income.

Undeclared work: The company can have both actual and fictitious assignments. In the actual assignments, some individuals must have professional expertise. In addition, there are several individuals employed with “undeclared wages”. These may be people who do not have the right to work in Sweden, but it may also be people who work for undeclared wages and at the same time draw compensation from the transfer system. Part of the money taken out through fake jobs and the false identities is used to pay the undeclared wages.

Household and building service deductions: In this example, certain tasks are done for private individuals. There is a possibility to use deductions for household or building services. The actors behind the company build up a

network where the jobs are fictitious. The payment of household and building deduction reimbursements from the Swedish Tax Agency are then shared between the “buyers” and the “sellers” of the services.

Credits: If the business operator is in need of quickly obtaining capital, he or she can use some of the false identities to take out loans, such as unsecured loans online. As the false identities through the fabricated jobs have a fixed income, it means that they also have a creditworthiness ranking.

Debts: After a while, the scheme is exhausted. The company has now become insolvent. Among other things, the company does not pay its supplier invoices, taxes, VAT and so on. In the example, the company has at the same time taken a number of loans, which it also has not repaid. The company now declares bankruptcy. The front man, which is a false identity, bears the consequences. The false identities that were alleged to be employed by the company may also have taken on various debts through unpaid loans, rents and invoices.

Sickness benefits: There is continuously a risk that the false identity may be reported sick for an extended period of time and receive compensation from the Swedish Social Insurance Agency (Försäkringskassan). This may become a basis for the false identity to be used for payroll subsidies or other compensation for future corporate schemes. Doctor’s certificates, etc. can be arranged with false ID cards or unscrupulous physicians.

Housing allowance: The false identity may already have a housing allowance linked to its identity. Even if the identity now has an income and has also obtained a sickness benefit qualifying income (SGI) at Försäkringskassan, the income may be so low in relation to the cost of rent that it grants the right to housing benefits. The apartment may also be sublet by the actor.

Wage guarantee: When the bankruptcy has become a reality, the disbursements continue, but now by the “employees” receiving wage guarantee funds paid out by the County Administrative Board.

Unemployment benefits: When the subsidy for the employment runs out, the employer terminates the employment. The actual persons regardless of whether they did work or not can now apply for unemployment benefits and exploit the entire social insurance system as they feel necessary. The false identities can now be used for disbursements from the unemployment benefit society, from Försäkringskassan or for other criminal schemes; for example, the identity can be used as a “front man” as a representative for a company.

Activity grant: When the unemployment benefits run out, participation begins in the labour market policy programme, the Job and Development

Guarantee. Participation entails payment of benefits with activity grants.

This is how the schemes can continue to run. To stop them, the agencies must together be able to piece the puzzle together and share relevant intelligence with each other about both companies and employees.

4.2 Labour-intensive industries

Exploitation of foreign workers in labour-intensive industries

Wages earned form the basis of decisions at many of the agencies, which becomes especially important in respect of foreign workers. The Swedish Migration Agency has a procedure that means that certain work permit cases are checked more thoroughly than others. This procedure concerns newly established businesses and industries where the agency has seen that the employers commit fraud and improprieties to a higher extent than in other industries. Municipalities, county councils, the State and employers with more than 50 employees are exempt from this procedure. Industries and businesses covered by special checks are:

- The cleaning industry
- The hotel and restaurant industry
- The service industry
- The construction industry
- The staffing industry
- Retail trade
- The agricultural and forestry industries
- Automobile repair
- Personal assistance
- Newly started businesses in all industries

Common to these industries is that they are labour-intensive and that the requirements concerning training and professional experience for the employees is generally lower than in other industries. People with little education and a lack of experience are as a rule more vulnerable to employers who cheat. A lack in knowledge of the Swedish language and a limited contact network in Sweden contribute to this vulnerability, which most of the employers use to achieve financial gain.

The situations in the cleaning, construction, hotel and restaurant industries are described in further detail in the specific sections concerning these industries. The service sector is described in further detail in the section on the Beauty sector. The problems regarding personal assistance are described further under the Health and Welfare section. The industries and operations that the Swedish

Migration Agency points out are also the same ones that the other agencies view as risk environments in terms of fraud with taxes and social security contributions, a risk of a bad working environment and a risk that improper disbursements are made.

The purpose of the Swedish Migration Agency's procedure for checks is to combat so-called fake employment and abuse of the rules. The procedure includes a check of the employer's payment ability. The Swedish Migration Agency shall ensure that the employer can pay wages to the employees according to applicable regulations. If other applications have been denied due to the employer, the employer has an unregistered phone number/PO Box address, is not registered as an employer or if the employment offer has not been signed by an authorised representative, the agency conducts a more in-depth check, regardless of industry. The same applies if the employer's corporate tax certificate (F-skatt) is revoked or if a large amount of money is deposited into the company before the application date. In such a case, the Swedish Migration Agency investigates if the amount was deposited so that the employer will be able to meet the conditions for a work permit. When the agency handles extension applications, a check is always made to determine if the employer followed the conditions set when the employment began.

These checks apply to work permits in Sweden. Employments for individuals whose residence permit is not dependent on employment, such as asylum seekers, people in Sweden on the basis of family ties and studies, etc. are not checked by the Swedish Migration Agency since their employment circumstances have no bearing on their residence permit case. The same applies in part to EU citizens and people with the status of being a long-term resident of another EU country since they are not covered by the same regulatory system as others when they work in Sweden. Through oral investigations in other matters, tips received and collaboration with external actors, the Swedish Migration Agency knows that these individuals are exploited on the labour market to a relatively high degree. This usually concerns long working weeks with excessively low wages and insecure employment conditions. It is not uncommon that asylum seekers say that they are paid cash in hand, which indicates both tax-related and work environment-related fraud.

In light of the persons' residence permit not being dependent on the employment, the Swedish Migration Agency has no possibility to investigate the working conditions further. The cross-agency checks therefore constitute a very good tool for checking these employers, since they make it possible for the Swedish Migration Agency to provide intelligence about various employers where further and in-depth inspections are needed.

At present, the Swedish Migration Agency does not have the possibility in the system to identify employers who employ people outside the work permit

process. In a check of a specific employer during the handling of a work permit case, the agency can inspect other work permit cases linked to that employer. Other employments and work permits that have been handled more than 18 months ago are not automatically visible in the system.

In order to address the problems concerning what information is linked to an individual employer, the Swedish Migration Agency began working with a registration procedure that means that even the employment of people who have the status of long-term residents in another EU country are visible in the system. Continued implementation of the procedure will facilitate case handling.

On 1 January 2019, companies' reporting of wages and tax deductions changed and these are made on an individual level from that date. Reporting is made to the Swedish Tax Agency, but several other agencies have been given the possibility of accessing this information, however, not for all of their inspection activities. For example, the Swedish Migration Agency may only access information on individual wages when concerning assessing disbursed daily allowances. As is apparent above, that information is also needed to be able to investigate and assess the right to a work permit and a residence permit.

The Swedish Migration Agency has developed indicator lists to make it easier for the case workers in all processes to identify human trafficking and human exploitation in the labour market. This way, the agency can more quickly identify employers who do not follow the rules and reject potential applications linked to them. The indicator lists will be published in autumn/winter 2019.

An indicator list to address other labour-market-related crime has also been compiled during the year and was published on the agency's internal website. The Swedish Migration Agency's objective is for all case workers to work using the indicator lists so that the agency will be able to effectively identify fraud and improprieties even when it does not involve a work permit matter.

In 2020, the Swedish Migration Agency will work more actively with the internal method for tips and information. The agency needs to be able to gather information on various industries in a resource-efficient way to be able to contribute to an up-to-date status view. This way of working shall be formalised and implemented in the operational activities to ensure that the information in the status view is correct. The Swedish Migration Agency depends on information on crack-downs and inspections carried out by other agencies, especially if the employers feature in cases at the authority. This again points towards the secrecy problems.

If people are found in cross-agency inspections under circumstances that indicate that they are victims or potential victims of human trafficking, it is

important that the regional coordinators are informed as soon as possible in cases where they did not have the possibility to attend the inspection. A victim or potential victim of human trafficking or human exploitation has a possibility of and shall be offered so-called 'reflection time' (regulated in the Aliens Act, Chapter 5, Section 15). This means that people have a right to protection, support and secure housing during 30 days to be able to reflect under safe conditions about whether he or she wants to contribute to a legal process or have help to return to his or her home country through the International Organization for Migration's (IOM) returnee programme. The reflection time is applied for by the preliminary investigation leader at the Police or the Swedish Prosecution Authority and decisions are made by the Swedish Migration Agency.

The process as such is otherwise administered by the regional coordinators together with the social services and in some cases civil society (housing). In connection with this, other agencies are provided relief concerning the actual care of victims and can devote energy and resources where they have their respective specialist expertise.

In terms of indicators of human trafficking and human exploitation in working life, the Swedish Gender Equality Agency uses a two-part indicator list: "Labour exploitation of children" and "Labour exploitation of adults". This is available upon request at the Swedish Gender Equality Agency.

In 2019, better conditions and simpler agency channels were created to inform the other agencies of fraud, violations and other crime in working life based on the possibilities that exist according to current legislation. In 2020, the channels need to be formalised in a clear way so that the work can continue after the government assignment ends.

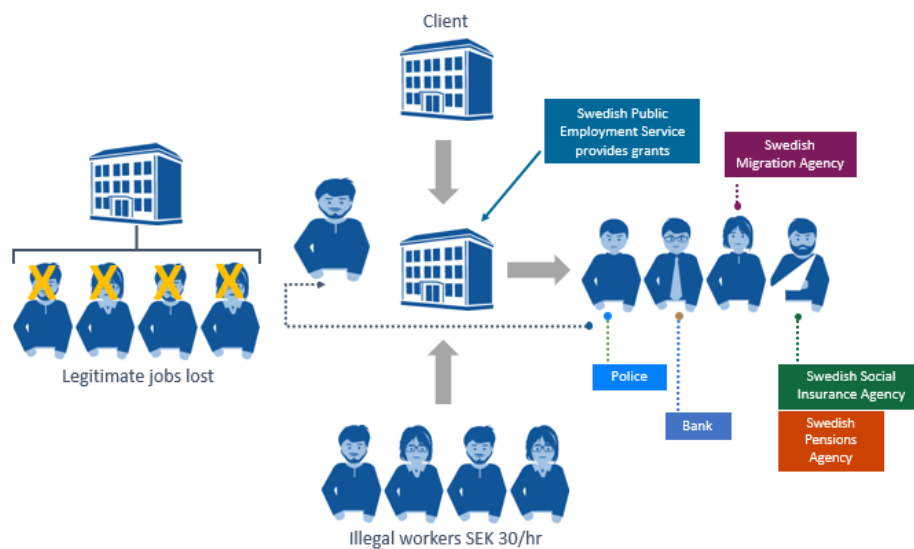
Benefit crime in labour-intensive industries

Like the other agencies, Försäkringskassan assesses that there are major problems with benefit crime in labour-intensive industries. The most common problems are that people work and receive compensation at the same time. There are also problems with fake employers and income information that form the basis of the amount of the compensation that Försäkringskassan pays out. These problems are deemed to be the greatest within the benefits of sickness allowance, sick pay, activity grants, parental benefits and temporary parental benefits. Försäkringskassan has also highlighted benefit fraud that is linked to false identities in labour-intensive sectors.

The agencies of the welfare system are closely interconnected. A crime against one agency often has ripple effects in other agencies. Depending on the circumstances, different parts of the welfare system are used. Income from work

and disbursements from the welfare system then form the basis of disbursements from the Swedish Pensions Agency. To prevent and combat benefit crime, a systematic view is needed. Below is an example of how crime against several agencies can be committed and what consequences this can have.

Examples of how crime against several agencies may be committed at the same time



This scheme begins with a company, or a public actor, called “Company A” having to have services done. The service requires a resource of four people in this example. After having accepted offers/tenders, a decision is made that the company in our example shall receive the assignment, called “Company B”. This is because Company B has offered the lowest price, compared with for example Company C, and at the same time certified that they will fulfil all other set requirements. Company B does the latter in the knowledge that no check will take place that the requirements are fulfilled. One reason that they can offer a low price is that they have been able to receive payroll subsidies for all employees, thereby cutting the payroll at least in half.

Company B has hired four people who today are somewhat distanced from the labour market or who were reported sick for a long time or belong to another group for which the Swedish Public Employment Service pays out support.

The four employees receive their salary deposited into their accounts every month. Company B reports the wages to the Swedish Tax Agency and pays

correct employer's social security contributions and taxes. But here is where the similarity with other companies ends. This company's employees withdraw the salary directly when it enters the account and pay it back to the person who in reality, is actually behind the company. There is a front man on the Board of Directors for the company from a nearby country. This person no longer lives in Sweden and is not aware of the company's activities.

What is the reason for the "employees" to receive a salary, but then directly pay it back? Firstly, none of the four do any work in the company. Instead, these are the reasons:

"Employee" 1 is an individual who recently got out of prison, but has not been rehabilitated, but has continued his criminal lifestyle. But this lifestyle has become harder. The Police Authority, which now works more asset focused, is constantly stopping him and wondering how he can buy the cars and jewellery he is seen driving and wearing. He needs an "above board" income as a façade for his criminal lifestyle. It is a cheap price to pay for the money he receives in his account, as the fake salary payment, is immediately withdrawn and paid back to the person who prepared his false employment certificate and paid out the fake salary. He actually has several friends who have had to pay extra and not just had to pay back the salary. Since the salary is taxed, there are also no additional bills from the Swedish Tax Agency either, at least none he counts on today.

"Employee" 2 has been involved in various kinds of fraud for a long time. But he has learned two things:

1. One should not use one's own name. He therefore convinced a Latvian construction worker to accompany him to Sweden where the Latvian received a coordination number based on the false employment and then opened a bank account into which the salary could be deposited. After he had to hand over his Bank-ID to the fraudster, he received a bottle of vodka and a boat ticket home to Latvia. The job he was promised never materialised.
2. For fraud, one also needs a credit rating that gets the banks to lend money and e-commerce to agree to credit purchases; the fake salary now provides this.

Both of these things are now arranged through the false salary that is paid out to an account he has taken out in the Latvian's name and managed via his Bank-ID. In the first month alone, he managed to buy and sell-on goods for hundreds of thousands of Swedish kronor and both SMS loans and other loans have put him in the money. It may be that this scheme will not last longer than just over half a year, but this is enough because there are more "employers" and more identities out there that he can use in the future.

“Employee” 3 came to Sweden and applied for asylum, but the asylum grounds were insufficient and she is now awaiting deportation. But if one has a fixed income that is high enough, one can nonetheless get a work permit and in the long term a permanent residence permit. To date, this person has not been fortunate and although she would have gladly worked, she has not found a job. Suddenly this chance turned up. For a compensation, in this case SEK 10,000 per month, she receives a false employment certificate with an adequately high salary. It must indeed be paid back, but she is at the same time offered an unreported job for a significantly lower wage, SEK 30 per hour, than what she will now have officially. She can use the false employment and the salary to apply for a work permit and eventually get a permanent residence permit.

“Employee” 4 was virtually made for assistance from the Swedish Public Employment Service. He has been off sick for a long time with vague problems. The certificates from a doctor that many would call suspicious sufficed for a while, but now his benefits have been revoked by Försäkringskassan. He needs an employment on paper from which he can begin reporting sick again and to secure his future pension with. It feels a bit disappointing that the salary must be paid back, but on the other hand, no work is to be done so it is beneficial, nonetheless.

Company B now has four “employees” for which his company pays a salary and receives grants. The problem is now that he also promised Company A to do a job. A job for four people who are to work full time. Company A will not pay any compensation if the job is not done.

It is now that the illegal workers, or workers who in some other way are very far removed from the labour market, come in. What we see in our investigations and from intelligence received by the authorities is that the real salary that is paid out is around SEK 30 per hour and even lower amounts have been observed.

The police are defrauded, banks and companies are defrauded, agencies are defrauded. More or less the entire society is defrauded and some of the people who are affected somewhat immediately are the people who work at Company C as described in this case. This is the company that also submitted a tender for the cleaning job. Company C has real and permanent employees who receive their salary, pay their taxes, are trained, but who are now at risk of losing their jobs since they are being driven out of business by unreliable actors. People who now potentially need to be saved with salary guarantees and unemployment benefits.

4.3 Cleaning industry

The cleaning industry is another labour-intensive risk environment, where there are problems with unreported workers. The cleaning industry may also serve as a means of living for people who have been refused entry or handed deportation decisions, but have not left the country, so-called undocumented immigrants, or other forms of illegal labour. With regard to undocumented immigrants, they run a significant risk of being exploited and ending up in a position of dependence.

There are also breaches of the working hour rules and work environment rules when it comes to ergonomics and the handling of chemicals, for example. There are also extensive cleaning services linked to construction operations, but that take place outside other regulation by the construction industry, such as the ID 06 system, and outside the time that construction operations are under way. Various kinds of construction cleaning can entail significant work environment risks, such as exposure to dust and chemicals.

In 2017, the cleaning industry had a turnover of around SEK 42 million¹. Costs for unreported labour are often hidden using false invoices from invoicing companies. Companies are also used for fraud through the household services deduction compensation² (compare with the case description above). The Swedish cleaning companies have a large element of foreign workers. This has proven to increase the risk of errors regarding taxes, work permits and the working environment.

Procedures, such as the issuance of incorrect and/or false salary information, occur within the cleaning industry, as well as the use of false salary recipients³. There are many different driving forces behind this, such as attacks on the State wage guarantee, the possibility of taking out insufficiently taxed funds, employing illegal, poorly paid workers, applying for assistance from various agencies or committing credit fraud. Checks of the cleaning industry are therefore a matter for several cooperating agencies, which is illustrated by the case description above.

The risk structures identified by both the industry and the agencies are mainly cleaning that takes place at night or over the weekends in the premises of other companies or state and municipal operations. These premises are normally

¹ Based on annual reports of Swedish limited companies.

² The household services deduction goes under the Swedish abbreviation RUT, which stands for "Rengöring [cleaning], Underhåll [maintenance] and Tvätt [laundry]". Private individuals who purchase such services have a possibility of a tax deduction of 50% of the labour cost.

³ This means that the person who receives the salary has a fake or unclear identity, called a false identity in the report.

locked and not easily accessible for the agencies. Tools for inspections that exist in other industries, such as the Swedish Tax Agency's possibility of inspecting employee ledgers, do not exist for the cleaning industry; it is currently only the Police and the Swedish Work Environment Authority that have the possibility of workplace inspections in real time.

When the Swedish Tax Agency has risk assessed companies based on paid and reported salaries, it emanates that there are more than 150 companies with more than 10 employees where the average salary is below SEK 15,000 per month. Of them, just over 40% have an average salary of below SEK 13,000 per month. This amount, SEK 13,000, is the monthly salary that the Swedish Migration Agency requires in respect of a work permit for part-time work; however, the salary may not be lower than collective working agreements or what is customary within the particular occupation or industry⁴. Of these companies with an average salary less than this amount, nearly 60% have staff with coordination numbers, meaning people that are not permanently registered in Sweden. At companies with around 180 employees, more than one quarter were people with coordination numbers and where the average salary was just over SEK 10,000 per month. These companies conduct operations directed at other companies.

The agencies need to intensify the examination of the cleaning industry to restrain the occurrence of unreported labour, assistance crime and schemes where there is a major risk of human exploitation. In order for this to be done optimally, this agency collaboration should prioritise the cleaning industry. The problems in the industry are complex, which is why agency collaboration is a prerequisite for resolving the problems identified.

4.4 Cash industries

The hotel and restaurant industry

Restaurants are an industry with extensive staffing needs, but the industry is also one of the industries where cash-based business is still relatively large. The cash transactions in retailing and restaurants have decreased markedly thanks to other simple and secure forms of payment and not least since the cash register legislation was introduced. Checks of the restaurant industry have long been the focus of various kinds of agency collaboration. This is particularly true concerning inspections of serving licences for the sale of alcohol.

⁴ The employee must receive a salary that is at least on the same level as collective working agreements or what is customary in the industry, but for part-time work the scope of the work may not be so little that the person receives a salary of less than SEK 13,000 per month.

The restaurant industry is also one of the industries that are subjected to special checks by the Swedish Migration Agency. In 2019, the Swedish Migration Agency saw several cases where people from the same area in their home country were represented by the same counsel in the work permit process although they have different employers in Sweden. It is not uncommon to involve educated individuals from poor areas and areas affected by conflict, who are offered employment as restaurant help in Sweden, which may indicate that the need to leave the home country is urgent. The approach with the same counsel may indicate an organised form of labour exploitation. Several employers exploit the fact that the residence permit is dependent on the employment and pay out a significantly lower salary than the one reported to the Swedish Migration Agency. The agency has also seen cases where a correct salary is paid out, but then paid back by the employee.

Employees who have contacted the Swedish Migration Agency tell about the position of dependence to the employer and the vulnerable situation in their home country means that they avoid making legal representations. High unemployment and social/financial disadvantage in the home country may also mean that it is more advantageous for the employee to work under unacceptable conditions in Sweden than to be in their home country. This group is generally not inclined to tell the Swedish Migration Agency about their working conditions. Cross-agency inspections where the responsibility of reporting the employer has been taken away from the employee is an effective way of getting at employers who exploit employees in the manner described.

The Swedish Migration Agency knows that asylum seekers, students and individuals whose stay in Sweden is illegal are exploited in the restaurant industry. The information mainly comes from civil society, but also from the Swedish Gender Equality Agency's regional coordinators against human trafficking and from the asylum seekers themselves. It involves unacceptable working conditions, unreported work and in some cases, even threats, violence and sexual harassment by the employer. The Swedish Migration Agency reports these kinds of disparities to the Police Authority and in some cases also to the social services.

Based on information from the regional coordinators, the Police Authority, the Swedish Migration Agency, other agencies and civil society, the Swedish Gender Equality Agency can confirm that undocumented immigrants, asylum seekers and students, as well as those in Sweden illegally, are potential victims of human trafficking and human exploitation. Their vulnerable position means that they are easy to persuade and are attracted to employment under conditions that are not normally accepted in the labour market. This combined with, in some cases, threats and blackmail means that in the cross-agency inspections, one should be aware of and attentive to details that mean that one may be dealing with exploitation of workers. It is not common for the victims to

themselves approach a person in authority to inform or ask for help. In talks with potential victims, the regional coordinators can be of assistance.

The Swedish Economic Crime Authority has noted that besides the sale and import of hookah tobacco or ingredients for its production leading to fraud with the excise duties and in turn to unhealthy competition, the hookah tobacco activities in the restaurant industry may also contribute to unhealthy working conditions (for example there are indications that staff must stand and get the hookah tobacco going by starting to smoke it time and again). People who previously produced cigarettes are shifting to producing hookah tobacco. Border shopping stores are used for the smuggling of hookah tobacco. The smuggling at sea of goods such as tobacco continues unobstructed.

The Swedish Work Environment Authority's checks have indicated various shortcomings in the work environment efforts within the industry, such as unsafe machinery, deficient ventilation, high workloads and stress, the occurrence of sleeping places adjacent to the restaurant kitchens, etc. Violations of working hour rules also occur as the work in many cases entails evening and weekend jobs.

The Beauty sector

This group refers to companies in hair care, beauty care and nail salons, body care and other consumer services (such as tattooing). The industry is subject to the Employee Ledger Act and the background to this is significant problems with undeclared work.

The beauty industry, mainly massage institutes and nail salons, are a part of the service sector and thereby belong to one of the industries that the Swedish Migration Agency conducts special checks on. The Swedish Migration Agency pays particular attention to entirely newly established nail salons that employ a large number of third-country citizens, at the same time that the payment capacity of these employers can be called into question. In the nail industry, the Swedish Migration Agency highlights fraud and violations with regard to the employees' right to holiday, supplements for inconvenient working hours, overtime pay, etc. Only a few of the employees at the nail salons have told the Swedish Migration Agency about the working conditions.

Those who the Swedish Migration Agency has had contact with tell about long working weeks with very low wages, which indicates financial crime that probably affects the competition in the industry in an unacceptable manner. Among the more serious crimes are threats and violence by the employer, human exploitation and human trafficking. In certain cases, the employees were forced to pay large sums of money for their work permits, which are to be worked off upon arrival to Sweden. It also occurs that the position is labelled a

traineeship, but that it lasts more than one year with the implication that the employee works without pay.

The majority of the employees at the nail salons that the Swedish Migration Agency handles have a status as long-term residents in another EU country. When the Swedish Migration Agency asks the employers about salary specifications and other documents, it is not uncommon that the employer responds that the employee has left the country and that the case at the Swedish Migration Agency shall be closed. In such situations, cross-agency inspections constitute a good method to inspect the workplace more closely.

The Swedish Migration Agency receives regular tips and intelligence on the purchase of sexual services in massage parlours, mainly those that offer Thai massage. A large part of the workers in the massage parlours are in Sweden due to family ties, which means that the Swedish Migration Agency therefore does not have a possibility of inspecting their working conditions. Another part is comprised of people who are in Sweden illegally. The agency has also noted that people who are in Sweden on a visitor's visa work in the parlours. In order for the Swedish Migration Agency to be able to work effectively against crime in the labour market, it is crucial that the Police Authority informs the Swedish Migration Agency following operations at salons and parlours where illegal workers are found.

Through the so-called NMT network, the Swedish Gender Equality Agency has been involved in a Malmö-based project that aims to "clean up" the massage industry. An as-yet unpublished research report shows that sexual services are sold at the majority of Thai massage parlours. The report also shows that human trafficking, human exploitation and pimping are commonplace in these contexts. Of the discussions the researcher had with the women who work at the parlours, it emerges that the women are unfamiliar with the Swedish legal system and with Swedish agencies in general. The women do not dare tell about potential improprieties and nor do they dare contact people in authority.

In the cross-agency inspections in the beauty industry, especially massage parlours, the people who perform the inspections should talk with the potential victims in private in the event of the suspicion of improprieties. The regional coordinators have the expertise and should if possible be there on-site to assist with knowledge and resources to help any crime victims based on established procedures.

In the aforementioned national inspection effort towards nail salons, upon both concentrated inspections and in continuous inspections, suspected cases of human exploitation, suspected cases of pimping and several shortcomings concerning the work environment and reporting of the workforce in the employee ledgers were discovered. The work environment risks that were

noted in the inspection effort on nail salons are shortcomings in ventilation, which leads to exposure to chemicals, inadequate handling of or use of directly illicit chemicals, and that the staff had not undergone the medical checks required to handle the chemicals used. The deficiencies in ventilation and chemical handling may also mean that the customers are subjected to harmful substances.

The Construction industry

Construction is incomparably the largest among the labour-intensive industries. There are many companies here, large companies, a large workforce and a lot of money. Construction operations also entail several work environmental risks and requirements for special training or permits, such as in scaffold-building or asbestos removal. Construction is prioritised by the participating agencies as the most important risk environment by far when it concerns labour-related fraud and discrepancies.

During the period 2006-2016, the construction industry doubled in size in Sweden, both in terms of sales and the number of companies. Employers' reported social security contributions have not increased at the same pace, however, and since 2013 there has been a gap that has grown to around SEK 1 billion on an annual basis. According to the trade associations, this gap has been covered by foreign companies that are active in the construction industry in Sweden. The domestic workforce has not covered the need at the same time that foreign companies independently or as subcontractors have become part of the Swedish market. At the same time, the industry's perception of unhealthy competition has increased.

Collaborating agencies assume that these two tendencies are related.

The industry has itself taken several initiatives to forestall and prevent crime out at the workplaces and in the reporting of the transactions that are made and salaries that are reported. But the fraud and discrepancies and the crime that takes place out at the workplaces is complex so that the industry needs support from the agencies in the same way that the agencies need support from the industry in the prevention work. To turn around the construction industry's perception of unhealthy competition, the inspections of the industry need to increase.

The Swedish Tax Agency has carried out inspection visits with support of the Employee Ledgers Act. The three subsectors with the highest risk in construction and that should be especially prioritised are scaffolding, demolition and construction cleaning.

The construction industry is also one of the industries that are subjected to special checks by the Swedish Migration Agency. Employees that can work

without a work permit, such as long-term residents, certain asylum seekers and third-country citizens who work in companies in other EU countries are rarely or never checked, however. Indications of unreported, fake employment and other crimes are reported to the Police Authority regardless of whether the Swedish Migration Agency has a possibility to inspect working conditions more closely or not. The Swedish Migration Agency knows that employees that work in other EU countries are exploited in the construction industry by the employer paying wages at the same level as the other EU country instead of Swedish collective working agreements. In some cases, the employee was never resident in the other EU country, but has a work permit there.

The perception in the Swedish Migration Agency is that the violations regarding the employees' holiday improved during the year. It is not possible to determine if this is an actual improvement in the industry or if the employers became better at concealing the crimes and improprieties committed. Through a newly issued judgment from the Superior Migration Court (MIG 2019:15), the Swedish Migration Agency no longer has the possibility of investigating the issue of holiday in connection with the review of work permit matters.

In 2019, the Swedish Migration Agency noted that several employees in the construction industry did not receive the wages promised. The employers explained this by indicating that the employees did not have the professional certificate required for the promised wages, which should have been checked when the employment began. It is important to note that the extensive improprieties reported by other agencies in the construction industry are rarely or never discovered by the Swedish Migration Agency since it concerns workers who are not handled by the agency, or are entirely illegal workers.

In workplace inspections, the Swedish Work Environment Authority mainly observes multiple safety risks, both with regard to the actual working environment and the handling of certain hazardous materials, such as asbestos. Altogether, the risks are both extensive in number and are covered by several different regulatory frameworks at different agencies, which is why inspections of the construction industry need to continue at an unabated pace.

The Swedish Tax Agency has good opportunities to develop relevant objects for the cross-agency inspections. The Swedish Tax Agency's selection can build on both internal and external intelligence and the possibility of risk assessment of submitted information from the industry in VAT, employer's contributions and income tax returns. Due to secrecy problems, the Swedish Tax Agency has no possibility, however, to provide suggestions concerning companies that should be inspected, not even if a reason for this is submitted. This has entailed major practical problems in the regional RAC groups to find relevant inspection objects.

In the cross-agency inspections, the Police Authority mainly focuses on the individuals who work without valid work or residence permits and the employers who have hired them. Focus is largely on preliminary investigation, to prosecute and have special surcharges issued against the employers. In parallel with this, case management is conducted according to the Aliens Act. It is common that those who work illegally either already have a deportation ruling or that an entry refusal becomes relevant.

The scope of illegal labour in the industry is high. At the inspection occasions together with affected agencies, it is common that there are a number of incarcerations under the Aliens Act already in the first instance. The Police Authority consequently cannot continue to participate in other planned inspections as resources are simply inadequate. This was something that became clear in the national inspection effort on the industry and a problem that all five regional RAC groups reported on.

The objective is to turn around the construction industry's perception of unhealthy competition. For the Swedish Tax Agency, new selections with the support of individual monthly data are a part of this. The inspection of the construction industry must continue with undiminished strength, and the results must be communicated on a continual basis with the construction industry. The cross-agency efforts will therefore play a key role to obtain a full effect in the construction industry. Selections that, for example, are focused on low wage levels cross to some extent phenomena handled at other agencies. The individual monthly data are accessible from several agencies, but not always for the inspections that the agency needs to conduct. This is a major challenge considering the secrecy legislation.

There is also a hope that the Employee Ledgers Act will in the future be changed so that the purpose of the law at least includes checks of salaries. Today, the law is formulated so that it entails checks of the documentation obligation in the actual employee ledger.

The Transport industry

Transport is another large industry in Sweden. In 2017, companies with permits for freight traffic had a turnover of around SEK 250 billion and companies with permits for taxis had a turnover of SEK 19 billion⁵. There are also major risks concerning safety and the working environment within the transport industry.

The transport services largely follow the growth of GDP. A larger construction industry requires, for example, a larger transport industry. In the latest economic expansion, the Swedish transport industry did not grow to the same

⁵ The figures are taken from annual reports in Swedish limited companies.

extent as the rest of society. One explanation may be an increased presence of foreign transport companies in Sweden that carry out so-called cabotage⁶. Another explanation may be that Swedish hauliers try to avoid taxation through arrangements with foreign companies.

The transport industry has long perceived disloyal competition from companies that commit tax evasion or violate driving and rest times and speed limits. In a survey that the policy group for a healthy transport industry conducted of its members in spring 2019, it emerged that the fraud that the companies believed led to unfair competition was due to:

	0-9 employees	10 or more employees
Total share of companies that felt that other companies cheated	73%	27%
Of which, perceived cheating concerns:		
Unreported wages/benefits	41%	50%
Driving and resting times	72%	93%
Measurements and weight	69%	78%
Cabotage	48%	78%
Speeding	95%	71%

Table 3. Perceived unhealthy competition in the transport industry.

Focus on the Swedish Tax Agency's investigations was on investigations regarding cross-border problems, where Swedish hauliers purchase services from foreign staffing agencies. The investigations show that it is often a matter of illegal schemes used by Swedish hauliers to avoid taxation. Insufficient safety of loads and speeding are, as shown in the table above, also major problems for the industry. There are several articles in industry publications that describe how drivers eat and sleep in their trucks, as well as other improprieties, such as impermissible vehicle combinations.

A part of the transport industry that has been identified in agency collaboration is a special risk environment that has shorter freight transports. The vehicles that are most often used for freight transports are light trucks with a maximum of 3.5 tonnes total weight that only require a Class B driving licence. This entails a lower salary for the drivers, a good supply of drivers and less expensive

⁶ Cabotage is the transport of goods within a country's borders, performed by companies registered outside this country's borders.

vehicles. Tachographs are also not required in these vehicles and a professional competence certificate is also not required for the drivers. There is also an increased risk here for the exploitation of asylum seekers or illegal foreign workers.

The cross-agency inspection efforts that have been made have shown over the years that there are extensive and complex problems linked to the risk environment of freight transports. Recurring inspections of freight transports show that overloading seems to be the norm and that there are many questions about the drivers' working and employment conditions. The efforts against freight transports are, however, both resource and time intensive for the agencies concerned and are entirely dependent on resources from the traffic police. Within Sweden's metropolitan areas, several hundreds of freight transports of this kind operate. In connection with freight transports, there are also the wholesale warehouses throughout the country, where extensive problems have also been noted.

In 2019, the Swedish Migration Agency noted several cases linked to the messenger industry, as mainly the parts of the industry that deliver prepared food from restaurants to private persons. The Swedish Migration Agency has handled several applications within the industry where the employer could not present the documents that the agency needs to be able to make decisions in the matter about residence permits. At the time of this report, it is not clear if it concerns entirely false employment contracts or real employments. The people behind the applications usually have a position as long-term residents in other EU countries. The Swedish Migration Agency has also received information that many who are in Sweden for studies work in the food delivery industry. There are indications regarding the working environment in the industry that mean that it should possibly be subject to a cross-agency inspection.

The checks of the transport industry must be broadened to sub-areas other than long-distance freight traffic. The risk environment also comprises the removal industry and local transportation of food, for example. According to observations by several agencies, the latter has problems with labour-related fraud. In the so-called gig economy, many transports take place from different establishments, such as stores, restaurants, etc. to private individuals. These transports, which are called "the last mile", are not currently controlled by the industry or agencies (the gig economy is presented below). Likewise, there is an extensive awareness among private consumers regarding "fair trade" in terms of goods, but no major awareness about how the products ended up in the store where they are bought.

4.5 Health and Welfare

Previous assessments remain firm for Försäkringskassan in that the largest risk environments in the welfare area are assistance compensation and dental care.

The industry that has been of current interest at Försäkringskassan and the Swedish Tax Agency in 2019 is dentists with private practices. The revenues in their practices come from several places. They partly receive compensation from public funding based on self-reporting. There is a risk here for incorrectly filed and unreported income. The Swedish Tax Agency receives intelligence from Försäkringskassan on underreporting operations. A part of the intelligence is processed and sent on for investigation. The welfare crimes in the dental support sector are often due to a more extensive measure than the one being reported or that the measure is reported without it having been carried out at all. There have also been cases that personal ID numbers are exploited and used to report care that was never provided. Some of the investigations received media coverage in 2019.

On 1 July 2019, a new practice began to be applied regarding VAT in staffing services in the healthcare field. This has its background in a ruling from the Supreme Administrative Court that came in 2018. The ruling means that the staffing agencies must add full VAT. The healthcare industry's parties have expressed their dissatisfaction with this and there is a risk of tax schemes that entail VAT evasion and unhealthy competition in relation to those who fully follow the new rules.

In the event of crime in assistance compensation, it is often people around the user, personal assistance companies, law firms and relatives who are drivers and exploit the system by over-exaggerating an often pre-existing care need. In some extreme cases, it has occurred that there has not been any care need at all. In these cases, it is generally the case that a provider of personal assistance does not provide assistance to the extent stated in the report to Försäkringskassan, and that they consequently get paid for work that is not done. In some cases, no assistance is provided at all, but rather only on paper, so called paper assistants. This means that people lend out their identity to the company. The paper assistants in turn receive an above-board income that means that they can receive other compensation from Försäkringskassan that is income-based. For example, temporary parental benefit, parental benefits and sickness benefits.

Recently, problems linked to false IDs and migration have also been noted. Personal assistance is one of the industries that are inspected in particular in connection with the application for work permits at the Swedish Migration Agency.

Försäkringskassan has identified several systematic schemes where companies exploit the possibility of tying foreign workers to them, who often have a family

member who has a serious disability. This is one possible way to enter Sweden. In these cases, it is common for families and assistants to have to pay back money to the company by working many hours without the time being registered or working in other industries. When assistants are interviewed by police about why they pay back a large part of their salary, they often say that they have a “debt” to the company⁷.

The Swedish Tax Agency’s checks of the dental industry will provide knowledge about what kinds of tax evasion occur and how they affect competition. These experiences must be communicated with the industry and shared with Försäkringskassan and other agencies that may be relevant.

Since 1 May 2019, Försäkringskassan has the right to de-affiliate care providers that seriously neglect the regulations for the dental support, employ a person who neglects the regulations or otherwise provides him or her with influence over the activities. Incorrect disbursements within the dental support sector are essentially countered in two different ways: through automatic checks of reported dental care from the care providers and through follow-up inspections where it is checked that the reporting matches the actual care provided. Accuracy in the targeted checks has improved in recent years and will lead to Försäkringskassan de-affiliating care providers. Experiences from Försäkringskassan’s checks must be communicated and shared with the Swedish Tax Agency and other agencies affected.

Försäkringskassan continues to prioritise checks within personal assistance compensation. In order for this work to be made more effective, the collaboration between Försäkringskassan, the Swedish Migration Agency, the Police and the Health and Social Care Inspectorate (IVO) must be further developed. The Swedish Migration Agency is important since they rule on permits for labour immigration and residence permits. IVO grants permits to conduct personal assistance for compensation and has authority to revoke permits. The police also play a central role since in certain cases police measures are necessary to be able to identify assistance crime and secure evidence.

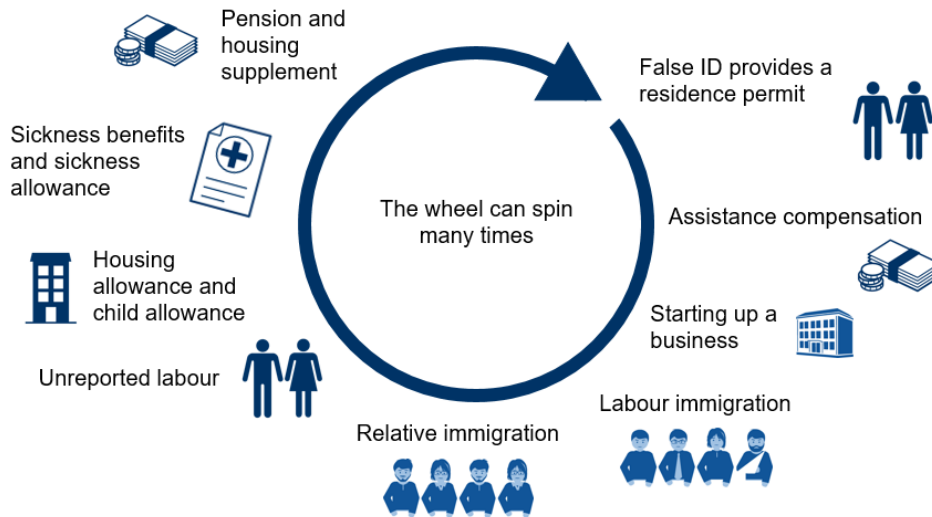
Assistance crime in health and welfare

Below is a description of a case in point at the Swedish Migration Agency where a false identity was established and a residence permit was issued on incorrect grounds. The case clarifies how various agencies are affected in several stages. It occurs that individuals appear with false identities in a manner that means that the Swedish Migration Agency cannot discover the incorrect information. When

⁷ Police Authority, “Myndighetsgemensam lägesbild om organiserad brottslighet 2019” [Cross-agency status regarding organised crime 2019], pages 7-8.

the decision on a residence permit is made, the individual can start a company, work, study, be reported sick or unemployed.

Examples of cross-agency problems in the assistance industry



False ID documents as a basis of residence permits: A person with a residence permit applies for family reunification for a person with a grave disability from another country. This person is provided with false identity papers and is said to be a family member. This way, the person with a disability can be granted a residence permit even though they are actually not relatives.

Assistance compensation: The person with a disability is granted personal assistance by Försäkringskassan. The average cost per user per year is SEK 1.8 million. In cases where the user has multiple disabilities, a decision is made for around-the-clock assistance. In these cases, the cost may amount to SEK 4.5 million per user per year.

Assistance companies: A company is started to care for this person. The cost of the assistance is paid to the company.

Labour immigration: Staff, totalling eight people, are hired from a third country. On paper, everything looks to be in order since:

- They have valid passports.
- They have been offered work with working conditions at least on the same level as the Swedish collective working agreements or which is customary within the particular occupation or industry.
- They have been offered a salary that is at least on the same level as the Swedish collective working agreements or which is customary in the particular occupation or industry.

- They have been offered employment enabling them to support themselves. In order to achieve the support requirement, they must work to the extent that the salary amounts to at least SEK 13,000 per month before tax.
- The employer has the intention of taking out medical insurance, life insurance, industrial injury insurance and occupational pension insurance before the employment begins.

Undeclared work: In reality, assistance is not provided at all or to a significantly lesser extent than is covered by the decision. The people who are employed by the assistance company and receive salary paid by the company instead work with undeclared income in, for example, the construction and cleaning industries.

Relative immigration: Family members of employees who have a work permit in Sweden can receive a residence permit. There is no requirement that the employee is able to support the family members.

Permanent residence permits are granted: When a person who has a residence permit due to work has had a residence permit for two years, the person can apply for a permit extension. If the conditions for the work permit have been met for this entire first period, another two years can be granted. After four years, a permanent residence permit can be granted if the conditions were met during the entire period and the remaining requirements for permanent residence permits are met. In general, people who have a residence permit as family members to an employee are granted residence permits with the same length as the employee.

Housing allowance, child allowance and maintenance support: Thereafter, all individuals meet the residency requirement for social insurance and can receive compensation that is residency based. The family is granted a housing allowance, child allowance and maintenance support.

Sickness benefits and sickness allowance: Those who have an income are also insured for income-based benefits since they meet the requirements for SGI. After some time, five of those employed in the company apply and are granted sickness benefits. There may be a declared income or false income information is submitted. The doctor's certificate is issued by the same doctor. After some more time, they are granted sickness allowance.

Pension and housing supplement for pensioners: Income from the assistance company, sickness benefits and sickness allowance then form the basis of pension payment at 65 years of age. Those who have not declared an employment income are entitled to the guaranteed pension level. Since the income is low, housing supplement for pensioners is also granted.

4.6 Gig economy

Gig economy is a collective name for the growing kind of labour market that consists of short assignments. There is no definition of a gig economy that everyone agrees on. Sometimes it is called a freelance economy, sharing economy or on-demand economy.

In the gig economy, the workers are not employed by one employer for whom work is done, instead one obtains assignments on one's own or finds out or performs assignments for an employer. The gig economy has been named after these assignments often being short, like a music "gig". The gig economy is closely related to the platform economy, where various digital platforms convey goods and services between two parties. Well-known examples are Uber and Amazon Mechanical Turk.

In some countries, the gig economy is widespread, such as in the USA. In Sweden and the Nordic countries, the gig or platform economy is still small, but it has expanded quickly in recent years. A Swedish study shows that around 12% of all people aged 16-65 in Sweden have performed an assignment through a digital mediation platform. Most do not have this as their main occupation⁸.

Those who work in the gig economy belong to the growing group in the labour market who are usually called "atypical employees" and have "non-standard forms of employment", as the OECD expresses it. It is a significantly broader group which also usually includes fixed-term employees, staffing employees and the self-employed. If the group that works within the gig economy is small, the entire group that works in "non-standard forms of employment" is all the larger, at least on an international level. By and large, they share the same kind of problems in terms of the working environment.

A major problem for the gig workers is that the division of responsibility when it concerns the working environment and taxes is, or can be perceived as, being unclear. The foundation of the labour law legislation is based on a person being employed (or a business operator). When it is unclear who is an employer and who is an employee, it also becomes difficult to indicate who is responsible for the working environment, the physical, organisational and social working environment. The risk is therefore great that the responsibility for the working environment and safety is "passed over" to the gig worker. The gig worker may entirely lack knowledge, experience and opportunity to take on this responsibility.

⁸ Swedish Labour Policy Council, "Arbetsmarknadsekonomska rapport 2018" [Labour market economic report 2018], pages 36-37.

That it is unclear who is responsible for the working environment may become extra clear when a workplace accident occurs. If the division of responsibilities is unclear, it may be necessary to make a comprehensive assessment in each individual case if a person is an employee or not. It is a time-consuming process that may need to be taken in court. It is far from certain that the gig worker, who has fared poorly, has the possibility of funding court processes.

The gig economy can create confusion in terms of who is an employer or legal provider of compensation. In many cases, it is the private individuals, who pay for having a job done over a digital platform, who are considered to be the tax law client and depending on the amount limits that apply according to the Social Security Charges Act are obliged to provide statements of earnings and pay social security contributions on the compensation.

Depending on how large the compensation is, it may also be the private individual performing the work that is obliged to pay self-employment social security contributions. Depending on the circumstances that apply to each individual private individual who sells services in the gig economy, it may also be hard to determine what income type the income shall be reported under. It may be income that belongs to employment, but under certain circumstances shall be reported as business activity. This difficulty was also noted in inspections in the sharing economy where it usually concerns income that is attributable to capital as it is private individuals who let out their home or other assets, but under certain circumstances shall instead be reported as a business activity. It may also be that private individuals may be obliged to pay value added tax without registering a company.

The taxation of income within the platform economy is based on self-reporting. There is either a lack of requirements that statements of earnings and tax withholdings shall be submitted in the subletting case, or that there is ambiguity about the relationships and who the payer is of an amount of compensation and who consequently shall provide information. Lastly, many of the large platform companies are not Swedish, which in practice means that we cannot require that they submit statements of earnings and tax deductions.

It is becoming more commonplace for there to be many different forms of engagement at a single workplace, such as a construction site. Some may be employees, others business operators, others self-employed and still others employed by subcontractors. In this undergrowth, it may be hard to get a full overview of the work environment regulations and the requirements involved, both for the employer and supervisory agencies. From whom shall work environment responsibility be demanded?

A ruling from the Administrative Court of Appeal that came in autumn 2019 states that the employer concept and employer responsibility in terms of the work environment for so-called self-employment companies may be difficult to apply to the Swedish Work Environment Authority.

During a market intelligence workshop with the department for Inspections within the Swedish Work Environment Authority in spring 2019, the inspectors confirmed that digitisation in working life is increasing at a fast pace. Accepting work through platforms and apps is becoming increasingly common. New forms of employment are being established and becoming increasingly common, such as the self-employed. For the inspectors, it becomes harder to discern who the employer is and who the employee is at the workplaces, and where the responsibility for the working environment lies. The subcontractor chains become longer, which further complicates the responsibility issue for the inspectors.

In 2018, the Swedish Work Environment Authority was commissioned by the Government in a pilot project to conduct a supervision effort of new forms of work. The supervisory effort shall “provide new knowledge whether the working environment is satisfactory in situations where work is organised with new forms of work” as it is put in the assignment. The work on this is under way and shall be reported in connection with the annual report 2019⁹.

Too little is known when it comes to the gig workers’ working environment and working conditions, but a lot of research is under way. One example is a large research project, financed by the Nordic Council of Ministers, about looking more closely at how the work environment is affected by digitisation, atypical forms of employment and platform-based companies. This work will be presented in 2020.

One of the conclusions in the Swedish Tax Agency’s analysis of the gig economy is that the rules function for taxing transactions within the sharing economy, and the application of the rules is perceived to be complicated. In the Government's assignment to the Swedish Tax Agency to evaluate how the sharing economy affects the tax system, there was no assignment to propose new rules. To-date, no special political governance has been announced in the tax area within the sharing economy. But in the so-called January Agreement 2019, a desire was announced in the upcoming budget period to fulfil tax exemptions for certain sharing services with so-called “hyber deductions”, meaning deductions for parts of the labour cost for repairs and maintenance of a certain kind, and tax exemption for the subletting of certain private assets up to a certain amount.

⁹ Ministry of Employment, A2018/01348/ARM.

The Swedish Tax Agency's experience after the analysis is that all questions within the sharing economy have been able to be answered to date based on existing rules, but the agency notes that the application of the rules leads to difficulties in understanding and being able to follow the rules, which is not a desirable situation for regulatory compliance. There are also actors who consider that the regulatory system in particular, including the tax rules, make it harder for these business models, and the sharing economy must be able to grow and become established, which means that the rules end up in the new business models.

At the same time, the shortage of rules adapted to the new business models means that it becomes unclear as to what applies. The Swedish Tax Agency will experience more difficulty in checking the transactions and there is a risk that control-free zones arise, and that the agency can only tax those who we can identify. Some established industries perceive an increase in unhealthy competition within parts of the sharing economy since private individuals are not covered by the same requirements as a business operator, such as an hotel. The unhealthy competition is not only due to the tax rules or difficulties checking the operations but is often due to low standards for market access, security terms and requirements on training or permits.

In some other countries, the sharing economy is explicitly promoted via the tax system by having lower terms for taxation compared to other business models. The Swedish Tax Agency's assignment to establish the right tax and to counter crime based on current legislation applies regardless of the intended business model. The Swedish Tax Agency's checks show that there is a high percentage of error. In the checks done, the results are that around 80% report errors or nothing at all of the operations. The errors indicate both a lack of knowledge and fraud, but the requirement on self-reporting and inadequate control information contributes to the so-called 'error margin' being high.

In summary, it is evident that there are problems in the gig economy that concern fraud, violations and other crimes in working life. The working conditions may in some cases touch on human exploitation and the risk of incorrectly disbursed compensation combined with unrecognised income is probably high. The cross-agency assignment therefore needs to look closer at how a common strategy and joint efforts against this fraud could be promoted in the future and combined with the respective agency's line organisation.