

Documents to be presented by

Employees and self-employed workers:

- Identity card, passport, emergency or substitute passport
- for foreigners: passport, emergency or substitute passport, toleration certificate, residence permit

Employers:

The Customs Administration is authorised to inspect payroll and registration records, ledgers and other business documents that contain information on or are evidence of the extent, type and length of employment and/or services rendered.

These documents may include

- evidence of registration with the social security authorities in Germany and abroad,
- payroll records,
- evidence of wages paid (receipts, pay slips),
- employment contracts or equivalent documents that correspond to the type of employment contract customary in the worker's home country,
- evidence of time worked (e.g. timesheets, attendance sheets, employee leave records etc.),
- evidence of tax-exempt bonuses paid,
- account records, accounting vouchers,
- any agreements with subcontractors.

In addition, employers must provide each employee with a written document informing them of their duty to carry and produce an identity card, passport, or emergency or substitute passport, and to keep this document on file for the duration of their employment or service and produce it on request.

Additional documents that help speed up the inspection

Employee:

- EU work permit
- Certificate of incidental income
- Form E 101 (for posted workers)

Employer:

- List of employees
- Duty rosters

Possible violations and their legal consequences

Employment of foreign nationals

- Employment of a foreign national without the required permit (EU work permit/residence permit): **Fine of up to €500,000**

Obligation to register employees with the social security authorities

- Failure to register an employee immediately: **Fine of up to €25,000**
- Non-payment of social security contributions: **Up to five years' imprisonment or a fine**

Provision of hired labour

- Hiring out of labour without the required permit: **Fine of up to €25,000**
- Hiring labour from an individual or agency without the required permit: **Fine of up to €25,000**

Receipt of benefits

- Employee receives benefits yet works without having notified the social security authorities: **Up to five years' imprisonment or a fine**

Other

- Refusal to allow and cooperate in an inspection: **Fine of up to €30,000**
- Failure to carry and produce identification: **Fine of up to €5,000**
- Failure on the part of the employer to inform employees of the duty to carry and produce identification: **Fine of up to €1,000**

**Undeclared work?
No way!**

Acting together against undeclared work and illegal labour



Information on the inspections carried out by the Customs Administration's Tax Enforcement Unit for Undeclared Work in the hotel and restaurant trade

Undeclared work and illegal labour are widespread in several sectors, including the hotel and restaurant trade.

The consequences:

- Distortion of competition, because law-abiding enterprises lose business to low-cost competitors.
- Jobs subject to social security contributions are lost
- Social security funds and the tax authorities suffer billions in lost revenue
- Workers are inadequately insured against illness, unemployment and old-age

In the end, we all pay!

Something must be done.

Inspections by the Customs Administration are important, yet we also need to raise general awareness of the negative implications of undeclared work and illegal labour.

That is why

- the German Hotel and Restaurant Association (DEHOGA)
www.dehoga-bundesverband.de
- the Food, Beverages and Catering Union
www.ngg.net
- and the Federal Ministry of Finance
www.bundesfinanzministerium.de

are committed to the fight against undeclared work and illegal labour in the hotel and restaurant trade.

What do the Customs Administration inspections cover?

The officers of the Tax Enforcement Unit for Undeclared Work verify inter alia whether

- employers have duly registered their employees with the social security authorities,
- benefits such as Unemployment Benefit I or II are being paid to ineligible recipients,
- certificates of employment and of incidental income have been issued correctly,
- foreign nationals are engaged in gainful employment without the required permit,
- foreign employees are employed on less favourable conditions than comparable German employees,
- there is any indication that taxpayers are failing to fulfil their tax obligations arising from services or performance of work (e.g. payment of wage tax and/or VAT).

The Customs Administration conducts these inspections unannounced and without suspicion. The inspections may also cover prior periods.



Support the Customs Administration!

Employers and employees are obliged by law to cooperate during an inspection.

Specifically, they are obliged to

- supply the requested information,
- produce records and documents and
- give Customs Administration officers access to the property and premises of the employer.

Customs Administration officers will make every effort to conduct the inspections swiftly and without disrupting operations more than is necessary. You can help them by cooperating in the investigation and producing the requested documents.

If you have any questions concerning undeclared work and illegal labour, please contact your local Main Customs Office.

Additional information is available from Bundesfinanzdirektion West, Wörthstraße 1-3, 50668 Köln, Tel. (0221) 2 22 55-0 or online at

www.zoll.de

