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- Mini twinning -

Final event Definition and merge of all conclusions emerged during each of the three sessions





Agenda

- 09.45 Connections
- 10.00 Welcome Speech (Ms Vetere and Ms Ventin)
- 10.15 Evaluation of results
- • **Topic 1** – Define actions implemented on unemployment benefits and social security
- **Topic 2** – Define actions implemented on taxation
- **Topic 3** – Define actions implemented on labor legislation and labor market (particular focus on undeclared work)
- 11.00 OPEN DISCUSSION
- 11.40 CONCLUSIONS



TOPIC

- 20.09.2021 I Topic 1 –
Define actions implemented on unemployment benefits and social security
- 01.10.2021 I Topic 2 –
Define actions implemented on taxation
- 07.10.2021 I Topic 3 –
Define actions implemented on labor legislation and labor market
(particular focus on undeclared work)

TOPIC 1



The meeting was coordinated via web by Alessia Vetere, EURES Adviser for Friuli-Venezia Giulia, who welcomed the participants and gave the floor to Katija Terpin (INAS Slovenia). Katija Terpin, representing the partner requesting the meeting, began her presentation with the help of a power point, communicating the purpose of the meeting: to define the actions to be implemented to minimize the obstacles related to cross-border employment and create a convergence between partners, with the acquisition of a methodology that would improve the various procedures.

She presented the data collected by INAS on the Slovenian territory thanks to the work carried out at the INFO DESKS, which are mainly addressed by men aged between 30 and 50 years old. Their questions mainly concern the following topics: taxation, family allowances, old age pension, survivors' pensions, illness, accidents, allowances, bonuses, unemployment, incapacity, maternity, etc..

The obstacles monitored limit workers in terms of:

- access to employment
- working conditions
- social and fiscal advantages
- access to education

TOPIC 1

ITALY/SLOVENIA



OLD AGE PENSION

There is a different management of the insurance position and a different type of access.

- The most frequently encountered administrative obstacles are the different contribution system, which sometimes entails a difficult management of:

- the management of contributions in the agricultural sector, due to the particular way in which the contributions paid are valued and processed - this problem is currently accentuated with EeSSI
- notional contribution differently certified on E205i or now on P5000 creates a series of disparities between pre and post EESSI pensioners (e.g., contribution from Italian Cassa Integrazione and from Slovenian unemployment fund).

DISABILITY/INVALIDITY PERSON

The administrative obstacles most frequently encountered are:

Minimum contribution requirement wanted by Italian and Slovenian health systems are not compatible (the GP sends the patient to the commission only "at the end of the treatment"), and consequently there are several critical issues:

- the average duration of procedures for settlement, which can exceed 18 months
- the Italian pension is often only recognised or confirmed after the end of the treatment.
- The Italian pro rata in case of ordinary disability allowance is subject to renewal/revision by the
- health system: on the contrary, as far as Slovenia is concerned, once the right to the benefit has been recognised, it does not have to be renewed; the revocation of the Italian right after the first recognition is very frequent, usually linked to the lack of updated data at the date of the revision or to an inadequately filled out Slovenian health report.

SURVIVORS' PENSION AND WIDOW'S PENSION

The administrative obstacles most frequently encountered with respect to the renewal of the Italian pension for adult student children were:

- Recognition of survivor's pension in favour of children who at the date of the parent's death were under 18 years of age regardless of their student status
- The above-mentioned legislation provides that 'for surviving children who are dependent on the parent at the time of death and are not in paid employment, the age limit is raised to 21 if they are attending a secondary school and for the duration of their studies, but not beyond the age of 26 if they are attending university'.
- For this purpose, with reference to the school or academic year of interest, information is required on the name and duration of the course, the qualification awarded on completion of the course, and the legal nature of the institution at which the survivor is enrolled; since 2019, pension renewals have been halted due to discrepancies between INPS and MIUR.

TOPIC 1

ITALY/SLOVENIA



FAMILY ALLOWANCES

The administrative obstacles most frequently noted are:

- Italy - well-established obstacles and new obstacles on the horizon - NEW LAW called "ASSEGNO UNICO" (single allowance):
 - the programme does not allow to enter the actual foreign residence, but obliges to enter an Italian address (a problem that is accentuated especially for direct payments of family benefits)
 - unwelcome foreign iban (there is an INPS circular for crediting benefits abroad, but the offices insist on Italian iban)
 - Absolute delays in the settlement of applications, which sometimes exceed 24 months.
 - Recent start of the use of exchanges through the EESS system
- Slovenia - all benefits can be assimilated as family allowances (e.g., attendance certificate for invalid children is assimilated as a family benefit and therefore certified on the Italian European form and deducted from any difference)

MATERNITY AND PARENTAL LEAVE

The administrative obstacles most frequently encountered are:

- Italy - compulsory, early or flexible maternity certificate not valid if issued by a Slovenian doctor (not registered with the SSN - Asugi), despite the existence of an agreement between the San Giovanni di Dio hospital (Gorizia) and the Sempeter hospital (Nova Gorica). Italian women resident in the municipalities of Farra d'Isonzo, Gorizia, Mossa, San Floriano del Collio, San Lorenzo Isontino and Savogna d'Isonzo can use the Slovenian birth centre if they are followed during their pregnancy by the outpatient clinics of Gorizia or the Alto Isontino health district. Women who give birth in Slovenia but are employed in Italy must request a further medical examination in an Italian hospital in order to apply for maternity leave.
- Slovenia - very long maternity direct payment procedures in cases of mothers living with a person working in Italy. Slovenia requires an E411 form to prove that nothing has been paid to the family.

SICK LEAVE

The administrative obstacles most frequently encountered are:

- Issuance and validation of medical certification proving temporary inability to work for those employed in Italy who go to the general practitioner in Slovenia:
- No indication of the diagnosis and certificate issued with date at the end of the prognosis (following the normative indications valid according to Slovenian legislation);
 - A problem that the Covid pandemic has certainly accentuated with a different organisation of replacement benefits in the event of infection or exposure to the Covid virus: e.g. according to Italian legislation, in the case of isolation due to contracted disease, compensation is paid, whereas quarantine due to exposure to the virus is not paid

TOPIC 1

ITALY/SLOVENIA



ACCIDENTS AND OCCUPATIONAL DISEASES

The administrative obstacles most frequently noted are:

- A worker resident in Italy and employed in Slovenia is granted a temporary allowance for the period of absence due to an accident but cannot be fairly compensated for the after-effects of the accident due to the different procedure laid down by the State of employment (invalidity pension). The worker can only apply for civil invalidity (and therefore work-related illness will not be recognised).
- Workers residing in Slovenia to whom the Slovenian general practitioner has not issued a medical certificate for temporary incapacity due to an accident are managed as cases of common illness (INPS) and therefore the workers cannot enjoy the protection provided by Italian legislation in cases of accident
- Workers residing in Slovenia who were unaware of the protection provided by Italian legislation for recognition of work-related illnesses and who approached our offices to apply for invalidity in Italy have often already lost their jobs in Italy due to the fact that they have exceeded the compulsory period for prolonged treatment.

DISABILITY

Access to social benefits is conditioned by requirements that can only be met by nationals of the respective countries because of the residence condition necessary to ascertain the disability status of the worker or the disabled family member that the worker assists.

Therefore, there is

- impossibility of accessing social and welfare benefits in Italy ("leave and permits ex l.104/92 following recognition of serious disability for oneself or for family members assisted by the worker; facilitated access to retirement for caregivers")
- impossibility of finding employment suited to one's health conditions and failure to grant disability-related benefits (inclusion of unemployment lists as a protected category in cases of recognition of disability by the other State)
- limitation of the right to study of disabled family members (e.g., provision of a support teacher for those whose disability has been recognised by another State, failure to grant attendance allowances to disabled
- minor children attending school in Italy but residing with their parents outside Italian territory)
- inability to take advantage of higher tax deductions for the maintenance of a dependent disabled family member if not recognised by the country of use
- work-life balance - issuing of the disabled person's European Card in Italy not yet defined

SICK LEAVE

The administrative obstacles most frequently encountered are:

- Problems related to unemployment mainly concern the timing of issue and the correct quantification of the periods covered by contributions to be indicated unequivocally and clearly by the respective social security institutions in the European U1 form - Declaration certifying the useful insurance periods to be taken into account for the calculation of unemployment benefits.
- From March 2020 and until 30/06/2021 (extended in some cases to 10/2021) the Italian government has decided to block individual and collective redundancies and in parallel to use the instrument of the redundancy fund for coronavirus, as a measure to support the income of companies and workers, able to cope with the economic emergency from Covid.

TOPIC 2



The second mini conference of the project was held on 1st October by videoconference and was supported by simultaneous translation into Italian, Slovenian, Spanish and Portuguese.

Michele Berti (EURES Adviser - UIL Friuli - Venezia Giulia) greets and thanks the participants. It announces that the topic of the meeting will be the delicate issue of Direct Taxation, not covered by the Treaty of Operation of the European Union and not present in the European Regulations between the two countries: Italy and Slovenia.

Berti begins his presentation with a summary slide of the topics he will cover, and which will be divided into 4 parts:

Part 1. – Relevant tax rules coming from international agreements' source and problematic applications

Part 2. – Relevant tax rules coming from EU or ECJ sources and problematic applications

Part 3. – Relevant tax rules coming from domestic source and problematic applications

Part 4. – Elements for a comparison between the Italo/Slovenian bordering context and the Spanish/Portuguese one

TOPIC 2

ITALY/SLOVENIA



TAXATION OF RESIDENT EMPLOYEES' INCOME IN ITALY AND IN SLOVENIA

Same method in both countries

- The employer acts as withholding agent, paying tax in advance to the national tax authority on resident employees' salaries
- The resident employees receive monthly by the employer a net salary
- In addition, the resident employees pay taxes in their country of residence on every other source of income (earned in every part of the world), that is taxable according to the tax domestic law

So even if Italy and Slovenia are both countries of the European Union, since Direct Taxation is not a matter included in the Treaty of Operation of the European Union, to define which of the two countries can have the power of taxation there is an agreement signed by Italy and Slovenia: the OECD Model.

TAXATION OF NOT-RESIDENT EMPLOYEES' INCOME IN ITALY AND IN SLOVENIA

Same method in both countries

- The employer acts as withholding agent, paying tax in advance to the national tax authority on not-resident workers' salaries
- The not-resident employees receive monthly by the employer a net salary
- Nevertheless, according to the tax domestic legislation of both countries, in the country of work the notresident employees pay taxes only for the incomes produced in its territory

HOW TO MANAGE THE RISK OF TAX CONFLICT

According to the tax domestic legislation of both countries, the same employees' income is taxable in both countries (risk of tax conflict)

For workers whose registered residence does not match with the tax residency there is a risk of conflict for double taxation according to the national taxation of both countries, the worker pays taxes in relation to the income he produces in that territory, but then must also pay taxes in the country of residence.

- The risk of tax conflict is managed through the Double Taxation Convention (DTC), signed in 2001 by Italy and Slovenia, adopting an OECD model
- According to Article 24 of DTC signed by Italy and Slovenia, the dependent workers declare to the country of residence Tax Agency all kind of their incomes earned in the country of work, avoiding the double taxation through a deduction (with some limitations) of the income tax already paid in the other country (exemption method).
- In this way, workers employed in a country and resident in the other are forced to deal (indirectly, in the country of work, directly, in the country of their residency) with both Tax Agencies of Italy and Slovenia

TOPIC 2

ITALY/SLOVENIA



TAXATION OF THE FRONTIER EMPLOYEES INCOME IN ITALY AND IN SLOVENIA

Despite both, the «OECD Commentaries on the articles tax convention» (see point 10. of commentary on article 15) and the EC Communication «Removing cross-border tax obstacles for EU citizens» (see point 5.), warmly suggest to the relevant countries to adopt them, no special rules to taxation of frontier employees income are provided in DTC between Italy and Slovenia

- So, frontier workers don't exist as a specific group in the only international treaty binding for Italy and Slovenia in tax field and there isn't a definition of them (that would be, in any case, different from the Regulation 883/2004 one) binding for both countries, in a so sensitive area mainly not ruled by EU legislation
- Frontier workers' income that move between Italy and Slovenia is so taxed in both countries with the above mentioned rules, specific for other categories of cross-border workers

DEFINITION OF FRONTIER AND CROSS-BORDER WORKERS:

The frontier worker is a person who works in another country than the country of residence and works near the border, returning home daily.
The cross-border worker is the one who can reside for days in the country where he works, while leaving his registered residence in the other country. Therefore, given that the Bilateral Convention signed by Italy and Slovenia does not specify who the frontier worker is, it becomes essential that the worker relates to the authorities of both countries. Instead in other countries the regulation allows him to relate only with the country of residence and this is a great advantage because it avoids the misunderstandings we talked about in our previous meeting of 20 September 2021.

TOPIC 2

ITALY/SLOVENIA



PROBLEMATIC AND/OR UNCORRECT APPLICATIONS OF THE DTC BETWEEN ITALY AND SLOVENIA – 1.

As in the DTC between Italy and Slovenia they are not defined and the taxation of their incomes are not specifically ruled, the frontier workers are forced to deal (indirectly, in the country of work, directly, in the country of their residency) with both Tax Agencies

- In other bordering contexts (where they are recognized and defined in the relevant DTCs), frontier workers benefit from a more advantageous situation, as they can deal for their incomes with only one Tax Agency (very often the residence country one)
- But between Italy and Slovenia there is a risky situation, as the Tax Agency of country of residence doesn't always know and very often don't fully understand the rationale and the meaning (also for linguistic and legislative reasons and for an historical lack of collaboration) of the domestic tax legislation and of the documents and certifications released by the Tax Agency of country of work, in order to correctly calculate the deduction from the frontier workers' income
- So, phenomena of partial double imposition of the same dependent frontier workers income are possible

PROBLEMATIC AND/OR UNCORRECT APPLICATIONS OF THE DTC BETWEEN ITALY AND SLOVENIA – 2.

In addition, some frontier workers employed in Italy and resident in Slovenia - forced during 2020 by the pandemic COVID-19 to work as teleworker from their home for a certain number of days in a month -, have been requested by the Slovenian Tax Agency to pay taxes on their income for the days spent working at home

- But their Italian employer had already fully paid in advance the amount of taxes to the Tax Agency of Italy
- So, their incomes are doubled taxed for the days spent to work as teleworkers in Slovenia

PROBLEMATIC AND/OR UNCORRECT APPLICATIONS OF THE DTC BETWEEN ITALY AND SLOVENIA – 3.

Predicting this kind of problems, during the summer of 2020 Italy has bilaterally signed three additional protocols to the relevant DTCs, respectively with France, with Austria and Switzerland

- In these additional protocols the interested countries carefully agreed that days spent by the frontier workers in the country of residence (till the end of the emergency) by the pandemic COVID-19 must be considered by the relevant Tax Agencies as spent in the country of work. In this way, no double taxation of their incomes is possible
- It is interesting to note that all the 3 DTCs signed by Italy, respectively with France, Austria and Switzerland, contain a rule to define and tax the income of frontier workers

HOWEVER, THIS HAS NOT BEEN DEFINED IN THE BILATERAL CONVENTION BETWEEN ITALY AND SLOVENIA BECAUSE THERE IS NO CATEGORY OF FRONTIER WORKER.

TOPIC 2

ITALY/SLOVENIA



HOW THE ENTITLED WORKERS CAN OBTAIN THE SO-CALLED «NOT-RESIDENT SCHUMACHER» TREATMENT IN ITALY AND IN SLOVENIA

In Italy the not-resident workers self-declare this condition, when they annually declare their incomes to the Italian Tax Agency

In Slovenia it's necessary for the not-resident workers to fill-in a form, in which also the country of residence's Tax Agency have to declare the correctness of the income information provided by the not-resident workers in Slovenia

PROBLEMATIC APPLICATIONS OF THE SO-CALLED «NOT-RESIDENT SCHUMACHER» TREATMENT:

The request of Slovenia Tax Agency that the Italian one fill-in a part the relevant form (also putting its stamp and the signature of its official...) about the correctness of the income information provided by the not-resident workers in Slovenia application is not realistic

- The Italian Tax Agency cannot do it, as it would signify that it certifies that every information related to their incomes released by the resident workers in Italy is definitive and correct
- So, at the current time, in a practical way it's impossible for a worker resident in Italy to obtain the so-called «notresident Schumacher» treatment in Slovenia

TOPIC 2

ITALY/SLOVENIA



SPECIFIC TAX ADVANTAGES, PROVIDED BY THE DOMESTIC TAX LEGISLATIONS OF ITALY AND SLOVENIA DEDICATED TO FRONTIER WORKERS

The Italian domestic tax legislation provides a specific tax advantage dedicated to the resident frontier workers, employed abroad in border areas of bordering and neighbouring countries of Italy (so-called «frontier workers deduction»). If they have the only and continuative job abroad, when they annually declare to the Italian Tax Agency all the incomes earned, they are entitled to deduct € 7.500,00 from the total amount of their annual income

A similar advantage existed also in Slovenia till 2013, but it has been declared unconstitutional by the Constitutional Court of Slovenia, because it is considered an unjustified advantage in respect of other residents.

PROBLEMATIC AND/OR INCORRECT APPLICATIONS OF THE SO-CALLED «FRONTIER WORKERS DEDUCTION»:

As in the Italian domestic tax legislation the «border areas of bordering and neighbouring countries» isn't clearly defined, in some cases the Italian Tax Agency refuses to recognize the so-called «frontier workers deduction» to the applicant

Similar refuses happen for the uncertain definition of «the only and continuative job» of resident frontier workers

TOPIC 2

SPAIN/PORTUGAL



Regarding TAXATION Teresa Ventin states that the Spanish and Portuguese tax systems are similar because they are both based on the tax system on the income of work, both for the self-employed and subordinate but the cross-border worker must therefore respond to the 2 tax systems. To avoid double taxation, it has been established that the payment of taxes takes place only in the country of residence and to establish where you are resident are not important the km traveled to go to work, but the movement you make to go there (daily). So, to define a cross-border worker it is important to know his movements and establish where you have a fixed base.

For the self-employed frontier worker (freelancers, electricians, etc. who do not have a fixed place of work) who does not reside in the country where he works, he will pay taxes only where he resides, but if he also has a fixed base in the country where he works, then he will have to pay taxes in both countries.

Another difficulty is to establish the TAX RESIDENCE for those who constantly change residence. It was then established that the tax return is submitted after 6 months of residence in a country.

Often the worker discovers these problems only when he has to pay taxes and then encounters many difficulties in remedying the irregularities. The ideal would be to carry out the right procedure from the beginning because then it is very complicated to get back by the tax authorities taxes to pay incorrectly.

TOPIC 3

ITALY/SLOVENIA



The work of the meeting was coordinated via the web by Alessia Vetere, who welcomed the participants and gave the floor to Diana Pelozza who began her presentation by talking about the Legal Sources in the field of work in Slovenia:
ZDR (Law on employment relationships: turning point compared to the previous legal legislation because it regulated in a comprehensive way the system of individual employment relationships); Decree on the tax treatment of reimbursement of expenses and other compensation of employees, various laws of the sector, collective agreements, collective business agreements or general acts of the employer, employment contract; Law on market regulation (ZUTD whose purpose is to establish the relationship between adequate safety of workers and the possibility of effective adaptation to market conditions), Law on pension and disability insurance (ZPIZ-2), Law on safety and health at work (ZVZD-1 which provides for workers healthy and safe work), Rules on medical examinations of employees, Health Care and Health Insurance Act (ZZVZZ, Parental Care and Family Allowances Act (ZSVDP-1)

TOPIC 3

ITALY/SLOVENIA



The rights more favorable to the employee than those from ZDR-1 can be determined, in no case lower rights.

In Italy there is no single labor law, but we refer to the Constitution of the Republic: "the salary must be proportionate to the quality and quantity of the work and must be such that the worker can ensure himself and his family a free and dignified life". The Italian Civil Code provides non-discrimination, equality, equity, equal pay for men and women and the right to trade union activity.

As a rule, the employment relationship is established by means of a written employment contract, but in the event that someone performs a job as if he were employed, despite not having an employment contract, it is assumed that between the worker and the employer there is an employment relationship with all the rights and obligations of both. The Civil Code divides employees into 3 categories: Managers (not covered by labor law, but by other regulations), employees and workers (workers).

Usually, employment contracts are open-ended except for seasonal work, replacement for health or maternity reasons, overtime and occasional work and there is no legal minimum wage, the salary range is therefore wide.

The obligations of the employer: implement measures to protect the physical and mental integrity of the worker.

TOPIC 3

ITALY/SLOVENIA



EMPLOYMENT CONTRACT: If not in accordance with the Employment Relationship Act and the Collective Agreement, legal provisions or general acts of the employer apply, both in Italy and in Slovenia. In Slovenia, the employment contract also indicates the weekly or daily working hours and whether it is full-time with the possibility of overtime.

In Italy, on the other hand, the daily duration is not specified, there is a mandatory rest, paid 10-minute breaks for a job that exceeds 6 hours, the lunch break is not included in the timetable, the 2 employer can give a meal voucher, travel expenses are not paid and above all there is no minimum wage.

The average salary in Italy is Euro 1550.00 net in 2021 (less than in 2019 due to covid) and falls within the European mid-range, considering that in France it is Euro 2300.00 and in Slovenia Euro 1190.00 Gross.

TOPIC 3

ITALY/SLOVENIA



FORMS OF WORK:

Usually, the employment contract is open-ended and fixed-term work is an exception (in Slovenia after 2 years of fixed-term contract for the same employer, it becomes open-ended: CHAIN CONTRACTS).

- temporary work
- works for public goods
- smart working at home remotely
- self-employment
- temporary/occasional work (work of the author who must create a work and undertakes to deliver it to a client within a certain period and the client undertakes to pay it without employment relationship)
- service contracts, governed by the Code of Obligations
- internship (can last a maximum of one year, in some cases it can be extended by agreement), other than the apprentice who does not need an internship because he is included in a training program

TOPIC 3

ITALY/SLOVENIA



FLEXIBLE SHAPES:

Flexible forms of employment and work make the employer more competitive because it can adapt employment to work needs and production changes, legally and economically.

They are therefore more beneficial to the employer than to the worker because it reduces job security. Since there are no international definitions in this regard, it is difficult to name these forms of work in a common way.

STUDENT WORK (an exception):

it is the temporary and occasional work of high school and university students; one of the forms of flexible work, intended for young people who are involved in the educational process and want to be included in the labor market, both for economic reasons and to acquire experience and work skills

FRONTIER OR CROSS-BORDER WORK:

Concept: "employed or self-employed person pursuing a professional or trade activity in the territory of a Member State and residing in the territory of another Member State to which, in principle, he returns every day or at least once a week".

It is essential that the worker maintains his normal residence outside the State of employment, because if he transferred it to the latter, he would become a migrant worker.

It is defined in bilateral conventions between States to avoid double taxation on non-national income, but the reference to a kilometer-long band away from the border is missing...

TOPIC 3

ITALY/SLOVENIA



LOCAL LABOUR LAW:

According to the rules on the coordination of national social security legislation, frontier workers pay social security contributions and other insurance benefits to the social security

institution of the Member State in which they work.

Research was carried out on this and on the basis of about 300 anonymous questionnaires divided between the sexes, it emerged that the majority of frontier workers are under the age of 50, almost 80% have secondary education / middle education, almost half have declared regular work and the other half irregular (65% by their own choice and of this 65% 56% were not interested in adjusting), the majority of respondents (77%) do not know about EU labor law/labor law and regulations, and more than half know how to report irregularities.

The sectors where irregularity is most present are:

- building
- domestic work
- agriculture
- Entertainment
- services

It explores the theme of domestic work because 3/4 of domestic workers (domestic workers and caregivers) do not have a contract and the growing number of elderly people makes this sector grow exponentially.

However, there are no certain numbers regarding employment in this sector and precisely this lack is the perception of irregularity.

This is due to several reasons:

- the economic difficulties of households (increase in labor costs if regularized)
- the willingness to test the worker before making a contract
- the need for short times for immediate care needs and instead long waits for the contract
- often women workers already enjoy a pension in Slovenia (where they cannot work if they are retired)

In addition, there are recruitment/placement networks of an informal/irregular nature, often based on word of mouth between families and the workers themselves, networks that have remained in place even after the entry of Slovenia and Croatia into the European Union and that feed phenomena, such as, for example, the management "in tandem" (every other week, or with similar alternation methods) of work performance (in particular when it involves the necessary cohabitation with the elderly and / or disabled person), or, also, that of "flying" replacements (and of course, very often, in the black) where the worker / the "owner" needs to temporarily suspend the services rendered at the home of the assisted. This undeclared work makes it difficult to intervene vigilantly and therefore the only safe work is regular work!

TOPIC 3

SPAIN/PORTUGAL



Regarding labor inspections in Spain are managed by the central government, even though the government is divided into autonomous regions and the same happens in Portugal. There is a timetable for joint inspections and the sectors in which to carry them out and are usually the sectors in which the presence of cross-border commuters is greater, because the greater the irregularities (construction, shipbuilding, trade). The principle that must be respected is that the law of the country where the work is carried out must be applied and, in any case, always the most favorable rule. Inspections are carried out by surprise and last 2.3 days. Inspectors ask for documents, check salaries, etc. and often during these checks difficulties arise due to the different language and different documents for cross-border commuters. Inspectors from both countries are then planned and the Portuguese ones are supporting the Spaniards for advice. There are difficulties in applying sanctions because, for example, a Portuguese company that works in Spain and that is not in good standing and takes a fine, if it returns to Portugal, it is very difficult to make it pay the fine since

it is not possible to carry out an inspection in one country for work done in another country. Inspections are also important because they are an opportunity for legal advice for cross-border workers, who can clarify doubts with the help of inspectors and then workers have an address to turn to for support even in the event of reports of irregularities.

Undeclared work in Spain and Portugal concerns the naval and telework sector (risk that worker has 2 simultaneous jobs in both countries, with different procedures and therefore with great complications).