

GMS Flash Alert



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European Union – European Labour Market Operational from End 2019

Following the announcement that the European Union (EU) Council had adopted a Regulation establishing a European Labour Authority (ELA), it was announced that ELA will be located in Bratislava, Slovakia.¹

ELA will start operating by the end of 2019, reaching its full capacity by 2023. As we reported in a recently-published GMS [Flash Alert](#), ELA's primary tasks include the enforcement of the Posting of Workers Directive², EU Regulations on Coordination of social security systems,³ and initiatives for international road transport, which include working/rest times, etc.⁴

WHY THIS MATTERS

In principle, ELA is a labour inspectorate at the EU level. It is therefore reasonable to expect that from 2020 companies can look forward to an increased focus on and scrutiny of their compliance with respect to labour law and social security.

More Details on ELA

The EU internal market is based on the free movement of workers. An estimated 17 million EU citizens live or work abroad in another EU country.

ELA will seek to:

1. improve access to information by employees and employers on their rights and obligations in cases of cross-border mobility, free movement of services, and social security coordination;
2. support coordination between member states in the enforcement of EU laws, including facilitating concerted and joint inspections;

3. support cooperation between member states in tackling undeclared work;
4. assist authorities in resolving cross-border disputes; and
5. support the coordination of social security systems.

In cases of undeclared work, violations of working conditions, or labour exploitation, ELA will be able to report them and cooperate with the authorities of the member states concerned. ELA will also support national authorities in carrying-out inspections to tackle irregularities. These inspections will take place either at the request of member states or upon ELA's suggestion. Follow-up measures will be taken at national level.

KPMG NOTE

Businesses need to prepare for enhanced scrutiny by authorities in the EU member states in respect of their compliance around mobile employees given existing employment law and social security.

Non-compliance and/or irregularities could lead to significant reputational damage to businesses and other penalties.

One of the objectives of ELA is to make sure that employers comply with all relevant rules, disclose correct information about their activities, and reduce the exploitation of rules to achieve competitive advantage.

FOOTNOTES:

1 To see the 13 June 2019 European Council press release, click [here](#).

2 See "[Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 96/71/EC of The European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services. COM/2016/0128 final - 2016/070 \(COD\)](#)" on the EUR-Lex website.

3 See "[Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2006/22/EC as regards enforcement requirements and laying down specific rules with respect to Directive 96/71/EC and Directive 2014/67/EU for posting drivers in the road transport sector. COM/2017/0278 final - 2017/0121 \(COD\)](#)," on the EUR-Lex website. (Also, see our story on a recent social security development at the EU level, GMS [Flash Alert 2019-088](#) (13 May 2019).)

4 See:

[Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation \(EC\) No 1071/2009 and Regulation \(EC\) No 1072/2009 with a view to adapting them to developments in the sector](#); also, see [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation \(EC\) No 561/2006 as regards on minimum requirements on maximum daily and weekly driving times, minimum breaks and daily and weekly rest periods and Regulation \(EU\) 165/2014 as regards positioning by means of tachographs](#). Also see: [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation \(EC\) No 1071/2009 and Regulation \(EC\) No 1072/2009 with a view to adapting them to developments in the sector](#) .

In addition, see: [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing a single digital gateway to provide information, procedures, assistance and problem solving services and amending Regulation \(EU\) No 1024/2012 COM/2017/0256 final - 2017/086 \(COD\)](#).

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Contact us

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