

Chapter 8

Analysis of the Administrative Capacity of the Institutions in Charge of Overseeing the Operations of Business Entities

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8.1 Introduction

According to the results of the survey, the respondents' negative views of inspection bodies were caused predominantly by corruption (32 %), inconsistency in implementing regulations (20 %), strictness in implementing regulations (12 %) and lack of regulation implementation (9 %). Nearly one-half of all respondents (46 %) felt that bribery of inspectors was common or very common; 30 % believed it took place sporadically, and only 6 % believed it never happened. The lack of a consistent, predictable relationship with taxpayers is a common feature of these findings.

About two-thirds of all business entities visited by oversight bodies stated that visits had happened only once, while about another one-fifth stated that they had received two visits. Visits generally took one day (in about 70 % of all cases).

Figure 8.1 shows the frequency of inspection visits tasked with oversight of corporate operations by sector of activity. Half or less of all respondents stated that they had been visited by these inspectors: 53 % cited Labour Inspection, 43 % mentioned Market Inspection, while 38 cited the Tax Authority. Audits by government bodies were much more rare for business entities in sectors most affected by the shadow economy such as construction, agriculture, and transportation. The only exception to this rule was catering, where inspection audits were more frequent than the average.

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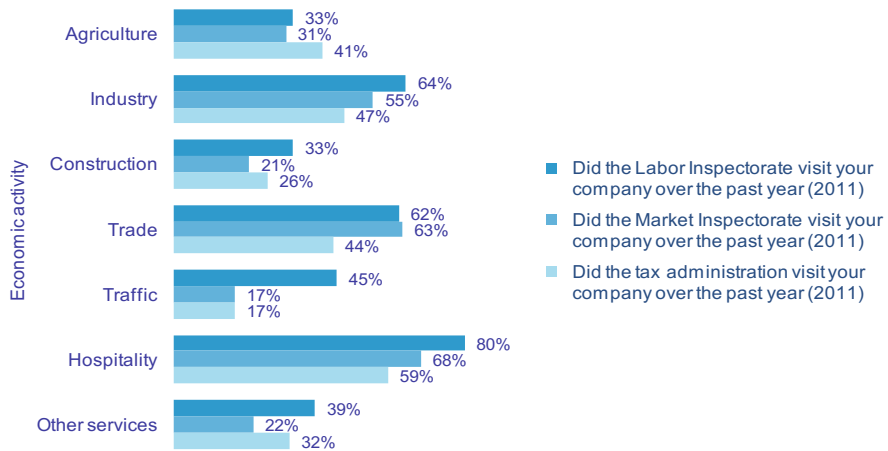


Fig. 8.1 Frequency of audit by sector of activity. *Source:* Own calculations. Survey on Conditions for Doing Business in Serbia, FREN, 2012

8.2 Tax Administration

According to 2011 data the Republic of Serbia Tax Administration employed 6,165 staff, which is less than optimal given the number of taxpayers and international standards. This problem is compounded by the inadequate structure of current staff by age, education, and organisation. Thus, of the total number, only 55 % have university degrees and the average age of employees is 49. In addition, many staff are tasked with receiving and technically processing tax filings, while the number of people effectively carrying out tax audits is lower than necessary.

The relatively low degree of efficiency in uncovering tax evasion is the consequence of the lack of human and financial resources available to the Tax Administration, the inadequate structure of Tax Administration staff, the lack of systemic exchange of information with other government bodies that could be used to discover tax evasion, etc. The total budget of the Tax Administration is lower than is required; as a result, employee salaries are rather low, which incentivises younger staff to leave after gaining experience in tax audits, which in turn has an adverse impact on the quality of audits and the overall efficiency of the Tax Administration. In addition, rigid public sector remuneration rules mean that the Tax Administration is unable to adequately pay professionals that are most in demand (e.g., IT experts or auditors). Many of its current employees are not sufficiently trained to do their jobs as those jobs are defined at present.

Lack of automation of business processes, lack of an organised cross-checking system to compare data from other government bodies (e.g., Real Estate Cadastre, Pension and Disability Insurance Fund, local Public Revenue Administrations, the police, etc.), and sub-optimal mechanisms used to select taxpayers for audit, together with inadequate staff structure have all resulted in the relatively low

likelihood of uncovering tax evasion, which has served as an incentive for operating in the informal sector. The current IT platform used by the Tax Administration does not satisfy the needs of a modern public revenue authority. It needs replacing, and transitional solutions must be found in the meantime. Too many tax administration processes, including debt collection, rely on manual intervention. This substantially decreases the efficiency of the Tax Administration. There is a major gap between hardware and software: although multiple independent applications have been developed to solve various issues they do not function as a whole, with some posing their own problems. There are no business analysts in the Tax Administration who can appropriately define its business needs. An entire new system is necessary, which requires a great deal of financial resources and time.

Changes to the Law on Tax Procedure and Tax Administration have meant that the Tax Administration has become responsible for auditing entities engaged in unregistered activity. Placing these powers within the remit of the Tax Administration is justified, but, to achieve an appropriate level of efficiency, this broadening of authority should be accompanied by major reforms to how the Tax Administration operates. Given the current number of tax inspectors (some 600 covering all of Serbia), any new powers can be exercised only formally, since capacities to do so are constrained. To resolve this issue the structure of Tax Administration staff must be substantially changed: the number of employees tasked with administrative work (receipt, certification, and registration of tax returns) should be reduced and the staff effectively engaged in oversight increased. A switch to mandatory e-filing of tax returns would reduce the need for the several hundred Tax Administration staff estimated to be employed in administrative jobs, which would in turn enable part of them (particularly the younger, better-educated staff) to be shifted to oversight tasks after undergoing intensive training. Since many of these employees will nevertheless prove to be under-qualified for oversight tasks, the option of hiring well-educated employees to deal exclusively with oversight should be considered. Continuing improvements to the Tax Administration's remuneration system is a necessary precondition for retaining staff that already have the appropriate skills and knowledge of tax audit procedures and for attracting young high-quality employees.

Statutory, Institutional, and Organisational Framework The current framework imposed by tax legislation poses numerous obstacles to efficient revenue administration. The Tax Administration has no influence on how penalties are defined in statute, nor can it get involved with actual sanctions practice, as this is the domain of the courts. In addition, the threshold amount for tax fraud is much lower than in most other countries, which shifts the focus away from major tax offenders and means that tackling larger forms of evasion is less efficient.

The Tax Administration is formally a division of the Ministry of Finance, but communication between the two does not flow both ways. The Tax Administration is not sufficiently involved in providing support to the Ministry in its efforts to design taxation policy, which is partly due to the weakness of the Tax Administration. Interpreting legislation and decision-making are currently within the remit of

the Ministry of Finance rather than the Tax Administration, while in international practice the reverse is often true. The current system in Serbia leads to substantial delays in advice on the treatment of taxpayers, even by the Tax Administration, which increases uncertainty among taxpayers.

The current organisational structure of the Serbian Tax Administration does not reflect current organisational approaches in modern public revenue administration. A strong central core is needed to design business processes, oversee their implementation, set operational goals, and oversee their realisation. At present the High Taxpayer Unit does not have sufficient resources at its disposal to manage its client base. The Education and Communication Division is in charge of training, rather than the Human Resources Division, which would be more appropriate. Human resources are under-utilised. For instance, more staff than necessary deal with desk review and processing of tax filings while other more important tasks are neglected. The number of branch offices is too large for an organisation the size of the Serbian Tax Authority.

Since findings of empirical research (Alm et al. 1992) show that an increase in the likelihood of tax evasion detection is a more efficient deterrent than other mechanisms (such as reducing the tax burden or increasing penalties), there is much room for tackling the shadow economy in Serbia by improving the efficiency of the Tax Administration.

The Tax Administration should strive to ensure that its activities are aimed at areas most at risk, that taxpayers who wish to comply with the law are able to do so quickly and easily, and that enforcement is directed at repeated non-compliers. To improve compliance the Tax Administration should particularly improve the validation of taxpayers and maintenance of taxpayer records by developing strategies and programmes for a taxpayer service and increasing the standards of services provided. In order to maintain compliance levels a greater focus on self-assessment is needed and an overhaul of basic business procedures: development of a collection strategy and a filing strategy (with various requirements for different types of filing, and an emphasis on electronic filing and the removal of unnecessary forms); improvement of oversight and collection of mandatory social security contributions and payroll taxes; review of rules on handling requests for refunds/exemptions; improvement of tax accounting; and review of penalties and their administration.

The relatively low efficiency of the Serbian Tax Administration in collecting taxes has been borne out by the views of taxpayers voiced in the Survey on Conditions for Doing Business in Serbia, where equal portion of respondents (46 % each) believed that the Tax Administration was either mainly unsuccessful in tackling tax evasion or mainly successful, which can hardly be considered a good result.

8.3 Labour Inspection

Tackling informal employment (colloquially known as ‘working in the shadow’) is the primary task of the Labour Inspectorate, a separate division of the Ministry of Labour, Employment, and Social Policy. The Labour Inspectorate is also charged with carrying out other activities related to the implementation of the Labour Law, the Health and Safety Law, and other labour legislation. The strategic aims of the Labour Inspectorate are to minimise risks employees face at work, tackle undeclared work, and combat breaches of rights arising from employment or collective agreements. The Inspectorate is entitled to audit registered companies: where it detects breaches of law—including work without a written employment contract—it can require any deficiencies to be eliminated within a short period of time. The Inspectorate employs some 260 inspectors, mainly lawyers, with a number of engineers specialising in various fields, and operates in each of the 25 administrative districts and in Belgrade.

Labour inspectors are authorised to inspect a business’s internal bylaws and individual contracts, as well as any and all other documents. They may take statements from corporate officers and other interested parties, and may also inspect offices, production plants, and other premises. The inspectors are also entitled to launch audits based on reports made by members of the public, workers, or any other interested parties. An integrated inspection oversight concept has been in place in Serbia since early 2010, meaning that all labour inspectors undertake comprehensive inspection actions: employment issues are not kept separate from those related to health and safety.

A priority task of the Inspectorate has always been to verify whether workers have formal employment contracts. People in informal employment are not protected by workers’ rights, face greater risk of injury, are not entitled to healthcare, and are denied unemployment benefits and old age pensions due to the fact they are not registered for mandatory social security when in work. From the point of view of safeguarding public interest, non-declaration of employees entails tax evasion and a number of safety hazards, as well as other issues. Due to all of the above, labour inspectors’ main task is to oversee the implementation of statutory provisions governing “entering into labour relations”: i.e., uncovering informally employed workers and formalising their status.

When workers without employment contracts are discovered at a business the employer is given a deadline for either signing contracts with those employees or letting them go. The employer must notify the Inspectorate of the steps taken within 8 days; inspectors will then visit the employer again to verify that the issue has been resolved. Although this procedure is clearly aimed at protecting workers without contracts its preventive role can be disputed, since there is no credible threat of sanctions to prevent future non-compliance (Arandarenko 2012).

The effective power of labour inspectors is further constrained by two factors. Firstly, although the law stipulates harsh fines, only courts can impose them. To impose mass penalties in order to discourage the widespread non-compliance the

Labour Inspectorate would have to become involved in a large number of individual court cases, which is unrealistic as the procedure for proving allegations of this type is demanding.

In performing oversight, labour inspectors establish whether people found on the premises of a business entity have employment contracts. Inspectors can base their official accounts of inspection visits on workers' statements and conclude those workers are employed informally (i.e., without a written employment contract, or not declared for social insurance purposes), but employers can circumvent sanctions by subsequently presenting employment contracts antedated to seem as if they were entered into a day or two previous to the audit, and claim that the workers will be declared for social insurance purposes by the statutory deadline—which, as a rule, does take place.

In cases where an audit establishes that an employer is not paying taxes, mandatory pension and disability insurance contributions, healthcare contributions, and unemployment insurance contributions (payable for every month by the 30th day of the next month, as required under Article 51 of the Law on Contributions for Mandatory Social Insurance), labour inspectors cannot act independently but have to report to the Tax Administration, the body in charge of implementing this particular law. This procedure illustrates the shortcomings of the current fragmented inspection system compared to the integrated inspection approach used by most European countries.

Secondly, wholly unregistered 'phantom firms', typically located in private homes and with all workers employed informally, are allowed by law to deny labour inspectors access to their premises, since the Labour Inspectorate does not have jurisdiction over them (unlike Market and Tourism Inspectorates). Audits have detected many cases where employers have organised production in basements, garages, and private homes, even though this is not easy to detect. The buildings are unmarked and entrances are guarded by dogs and secured by cameras and intercoms. Inspectors have found that these premises are most often venues for sewing, shoemaking, carpentry, or other small-scale production, and the workers are employed informally. Services, such as hairdressers or beauty parlours, may also operate in this way. In these cases inspectors are expected to call in the police, who generally lack enthusiasm for assisting since breaches of the Labour Law are, from their perspective, relatively minor offences. Thus the worst infringements of labour legislation remain almost completely beyond the reach of statutory sanction.

Articles 273 and 274 of the Labour Law envisage fines of RSD 1 million (about €9,000 at the current exchange rate) for businesses employing workers without appropriate contracts, not paying social security contributions, not paying wages, paying wages below the statutory minimum, or paying wages partly 'cash in hand'. Fines for entrepreneurs are also high and amount to half the amount applicable to businesses. Yet, in order for these fines actually to be imposed, inspectors must bring and argue each case in court, which happens only rarely—until recently, in only some 2 % of all cases. Of late there has been an increased number of employment contracts entered into and workers registered for social insurance after inspection visits. In addition to a stricter penal policy the way inspectors

operate has changed, with visits now also being made outside of regular working hours.

Misdemeanour judges often claim that the amounts of fines for infringement of labour laws and health and safety regulations are unrealistic, given the current state of the Serbian economy, which is why they have trouble handing down fines. Nonetheless, penal policy applied by misdemeanour courts has become much stricter over the past several years, with judges now, as a rule, handing down fines that lie within the statutory range, rather than below the statutory minimum. The Labour Inspectorate has contributed to this trend: inspectors have been appealing judgments that only impose reprimands instead of fines or hand down fines below the statutory minimum; they have also been contesting rulings suspending proceedings for lack of evidence. In addition, court cases are still liable to lapse due to statutes of limitation. Labour inspectors have also been complaining that they must testify in nearly every misdemeanour proceeding and face defendants on multiple occasions, which is a large burden on their time.

Labour inspectors generally find that employers justify informal employment by citing ‘trial employment periods’, claiming they need to assess the performance of prospective employees before entering into employment contracts and registering workers for social insurance. They also attempt to justify shadow employment by claiming employees are reluctant to enter into formal contracts and wish to receive higher wages resulting from employers not paying taxes.

Inspectors also cite instances where informally employed workers refuse to enter into formal employment after inspectors intervene, instead leaving the employer in order to be able to retain other statutory rights or benefits. This particularly important consideration points to an often-overlooked cause of informal employment: the interests of the workers themselves, who might, when formally employed, lose the right to social benefits, child support, unemployment benefits, or other payments that are either de jure or de facto conditioned by the lack of any registered income.

The Labour Inspectorate (Annual Report 2011) has found that informal employment is most common in trade, construction, industry, tourism and catering, crafts and home repair, and personal services. Some activities record an increase in informal workers over the same periods of each year, which is a particular hallmark of catering and construction. Catering sees this trend in the summer, while in construction it is evident towards the end of the building season as employers strive to meet deadlines. However, enhanced inspection oversight is employed in the construction sector throughout the year due to the possible health and safety risk. Shadow employment in the construction sector is fostered by high employee turnover, frequent shifts from one construction site to another, and brief periods of employment, as workers remain on site only until a particular job is finished.

Inspectors have also discovered that unregistered employers in the shadow economy mainly hire young unskilled labourers, with at most secondary school diplomas; they also employ workers without permanent incomes, the unemployed over 40 years of age, beneficiaries of various types of assistance or social security,

etc. In most cases there is agreement between these employees and their employers and no direct coercion.

The status of workers found on the premises of a business is also controlled through integrated inspection oversight. There were a total of 40,757 Labour Inspectorate audits in 2011 (including integrated audits), which found a total of 171,264 people at places of work, among them 6,230 people without employment contracts (that is, in shadow employment). After inspectors intervened, employers entered into contracts with a total of 4,622 people (or 74.2 %). The sectors of activity with the most frequent incidence of undeclared work were wholesale and retail trade, catering, construction, and food production. Of the total number of people found not to have employment contracts, 23 % were engaged in trade, 16 % in catering, 15.5 % in construction, and 8.7 % in food production.

Table 8.1 provides an overview of the overall results of inspection oversight of shadow employment in Serbia between 2007 and 2011.

As can be seen from Table 8.1, the Inspectorate carried out some 40,000 audits per year; this figure followed a downward trend, with 2011 seeing one-third fewer audits than 2007. At the same time, however, the total number of employees covered by these audits nearly doubled, which means that the focus of oversight shifted onto larger businesses with more employees: the average number of workers at a business or with an entrepreneur increased from six to more than 15 over the observed period. At the same time the number of people found to be working in the shadow economy nearly halved (from 10,448 to 5,744), as did the number of those employed following audits (from 7,517 to 4,314). Nonetheless, the efficiency of oversight remained high or even increased, given that nearly three-quarters of all workers found to be employed informally were admitted into formal employment following an audit.

The fact that far more undeclared workers were found in the ‘boom years’ of 2007 and 2008, and that the number continually declined from 2009 to 2011 after the crisis, is consistent with the findings of the successive Labour Force Surveys from 2008 to the present. It is, however, part of a longer-term trend that can be followed back in time to 2005. Starting in that year the number of workers without a valid employment contract discovered by inspectors has constantly been on the decline, while the degree of their subjective formalisation has remained relatively stable.¹

Therefore, judging by the data collected by the Labour Inspectorate since 2005, we could conclude that tackling undeclared work at registered businesses has been very successful, and that the number of cases of such work uncovered has been reduced to one-quarter of the initial figure in just seven years. This would also match to a large extent the declining rate of informal employment, especially outside the agriculture sector, found by household surveys (admittedly from

¹ A total of 28,735 people were identified as illicit workers in 2005, while 21,563 of them went on to gain formal contracts. In 2006 the number of undeclared workers was 16,205, of which 11,324 were subsequently employed formally.

Table 8.1 Overview of overall results of inspection oversight of shadow employment in Serbia, 2007–2011

	Total number of audits	Number of people covered by audits	Number of people found in shadow employment	Number of people formally employed following audits
2007	48,255	268,682	10,448	7,517
2008	42,595	306,416	9,054	6,394
2009	40,222	357,498	5,734	4,178
2010	37,747	558,536	5,228	3,925
2011	33,920	503,613	5,744	4,314

Source: Labour Inspectorate, Annual Report 2011

different sources: the Living Standards Measurement Study for 2002, 2003, and 2007, and the Labour Force Survey conducted using indirect methodology in 2005 and direct methodology since 2008). Estimates made by respondents in the Survey on Conditions for Doing Business in Serbia of the extent, types, features, and desirability of shadow employment can neither definitely confirm nor deny data found in Labour Inspectorate reports.

The number of instances of oversight (audits) reported by respondents generally bears out the assumption that the focus of oversight was businesses and entrepreneurs employing five or more workers, with audits taking place at two-thirds of such entities; conversely, one in every two entities with four or less workers was audited (Table 8.2). When data are viewed by sector of activity, most audits were of catering businesses (80 %), followed by industry and trade (64 and 62 %, respectively); while far fewer audits were made of construction businesses where informal employment is most common—only one in three construction firms from the sample were audited by the Inspectorate in 2011. The greatest number of audits, proportionally, took place in Central Serbia (65 %), followed by Belgrade (50 %), while Vojvodina saw the fewest audits (39 %).

While companies taking part in the Survey on Conditions for Doing Business in Serbia believed that the extent of informal employment and undeclared wages was relatively high, a fairly low score was awarded to the Labour Inspectorate's efforts at uncovering workers without contracts and other types of informal employment (Fig. 8.2). A generally positive score was given by 42 % of respondents, while 51 % viewed the Inspectorate's work in a generally negative light.

8.4 Market Inspection

The Market Inspectorate is a separate division of the Ministry of Foreign and Internal Trade and Telecommunications. The division is made up of two sections: the Section for Co-Ordination Oversight of Trade in Goods and the Section for Co-Ordination of Oversight of Services, Prevention of Unfair Competition, and Oversight Support. The Market Inspectorate's headquarters are at the Ministry and

Table 8.2 Labour and Market Inspectorates audits by features of business entities

	Labour Inspectorate	Market Inspectorate
<i>Total</i>	52.7	42.7
<i>Type of entity</i>		
Business	49.0	38.0
Entrepreneur	54.0	45.0
<i>Number of employees</i>		
Up to 4	50.0	41.0
5–19	68.0	54.0
20 and more	64.0	44.0
<i>Sector of economic activity</i>		
Agriculture	33.0	31.0
Industry	64.0	55.0
Construction	33.0	21.0
Trade	62.0	63.0
Transportation	45.0	17.0
Catering	80.0	68.0
Other services	39.0	22.0
<i>Region</i>		
Vojvodina	50.0	43.0
Belgrade	39.0	29.0
Central Serbia	65.0	52.0

Source: Own calculations. Survey on Conditions for Doing Business in Serbia, FREN 2012

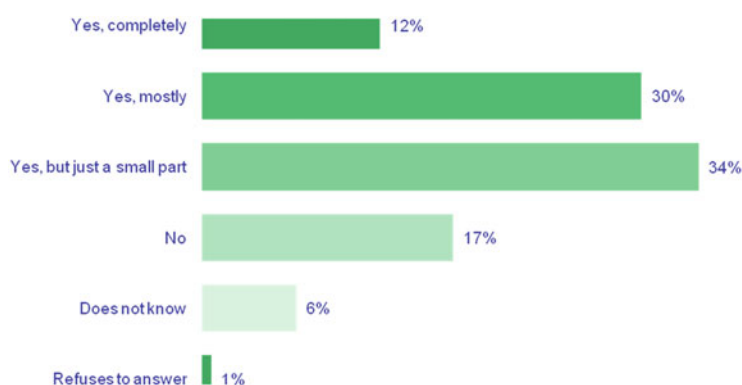


Fig. 8.2 How successful is the Labour Inspectorate in uncovering workers without employment contracts or in other types of informal employment? *Source:* Own calculations. Survey on Conditions for Doing Business in Serbia, FREN 2012

it has 24 territorial units and 4 specialised branches in Belgrade, Novi Sad, Niš, and Kragujevac.

The Market Inspectorate's remit is very broad and is governed by a myriad of laws and bylaws, which clearly impedes its efficiency and often leads to

overlapping with other inspection services. However, it can be said that the primary task of this service is to ensure the application of the Law on Trade and, as part of that effort, prevent various types of informal trade. The principal legislative framework for the operation of the Market Inspectorate is the 2010 Law on Trade, a piece of legislation that provided a unified structure for issues hitherto regulated by three separate laws—the old Law on Trade, the Law on Conditions for Trading in Goods and Providing Services Related to Trade in Goods and on Inspection Oversight, and the Law on Prices. However, the remit of the Market Inspectorate goes beyond the scope of the Law on Trade and covers a total of 27 laws, including those governing consumer protection, prevention of money laundering, wholesale and retail trade in tobacco products, product safety, advertising, copyright protection, anti-smoking measures, etc.

The Market Inspectorate engages in various forms of oversight that differ in scope, methods, areas audited, and aims. Oversight may be pursued *ex officio*, pursuant to an official order, or pursuant to a report of an infringement. Any interested legal entity or individual may contact the Inspectorate; reports of infringements may also be filed online.

In the course of an audit a market inspector is authorised to inspect the premises of a business entity or the premises where its business is conducted; inspect ledgers, records, official documents, and any and all other documents both in paper form and stored by electronic means that relate to the trading engaged in; inspect personal identity papers of persons engaging in trade; extract oral and written statements on issues of importance for the audit; photograph or film premises where trading is engaged in, or the goods or other items being audited; inspect vehicles used in the course of trading; sample goods and other items; seek court warrants for searching homes or ancillary buildings in the event of suspecting them to be used for illicit trading; and seek assistance by the police or municipal police. In performing oversight the Market Inspection Division adheres to principles of administrative proceedings as governed by the Law on General Administrative Proceedings, which include the right of parties to lodge complaints against rulings issued by market inspectors.

In the event that the Market Inspectorate establishes that an infringement has taken place, it cannot impose a fine directly, but can only file criminal charges, charges for economic crime, or misdemeanour charges. It may also report the offender to a professional tribunal (the Court of Honour). However, if a law has been infringed, a market inspector is authorised to issue a ruling requiring the infringement be remedied, temporarily ban trading in particular goods or provision of particular services, temporarily close down a retail or wholesale outlet, or call for goods to be confiscated.

Article 54 of the Law on Trade has conferred some powers previously held by the Market Inspectorate onto the Municipal Inspectorate, particularly those relating to trade outside of formal shops and ensuring adherence to working hours. It is important to note that the Municipal Inspectorate has the same powers in exercising these functions as the Market Inspectorate.

The manifestations of the informal economy faced by market inspectors are many and varied. Firstly, market participants such as illicit traders or entrepreneurs and people who engage in illegal activity may be completely invisible to public registries. Secondly, business entities may be registered with a public registry but may pursue part of their activities in an illicit manner, without registration or the required permits. In trade sector, legal traders may sell smuggled or illicit goods; in catering, a legal café may quickly turn into an illegal nightclub, etc. A survey carried out by the Serbian Association of Employers (Socio-Economic Council of the Republic of Serbia 2010) showed that in the informal sector goods are most often sold through personal advertisements, in markets, in undeclared stores or craftsmen's shops held by self-employed persons, from improvised roadside stalls, at illegal distribution centres, through illegal door-to-door sales, through illicit sales in otherwise legal outlets, and through illegal commission sales at legal entities' premises.

In 2011 the Market Inspectorate employed 487 staff, nearly all of them with university degrees. The majority of staff had backgrounds in economics (44 %) and law (24 %). The standard of equipment is good, with all employees provided with laptop computers, portable 3G modems for accessing the Inspectorate's intranet, and mobile telephones. On average, there is one official vehicle for every two inspectors. The Inspectorate has developed software applications to improve the records of inspection activities, provide information on unsafe products ('NEPRO'), record actions taken to protect copyright, and to record goods confiscated during audits.

The Survey on Conditions for Doing Business in Serbia found that the Market Inspectorate had visited 43 % of all respondents (Table 8.2), of which one-third were audited more than once a year. Audits did not take more than one day in 73 % of cases and took more than 3 days in 9 % of cases. As expected, most audits were in the catering and trade sectors (68 % of all catering establishments and 63 % of all trading businesses and shops were audited). Above-average numbers of audit were also seen in production (55 % of entities visited), while other sectors recorded below-average levels of oversight. Greater incidence of oversight was seen by entrepreneurs than by businesses (45 % vs. 38 %, respectively); similarly, businesses with between 5 and 19 workers were audited more than those with less than five employees or those with more than 20 workers (54, 41, and 44 %, respectively). Most audits were made in Central Serbia, with oversight in Vojvodina being at the level of the national average, and Belgrade seeing a below-average incidence of oversight.

Respondents mainly viewed the Market Inspectorate in a positive light: 52 % gave it a score of 4 or 5 on a scale of one to five, while 13 % of respondents assessed its performance negatively (1 or 2 on the same scale). These scores were slightly lower than those awarded to the two other public services, the Labour Inspectorate and the Tax Administration. This is borne out by the average scores: 3.5 for the Market Inspectorate and 3.6 for both the Labour Inspectorate and the Tax Administration.

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