

## Study

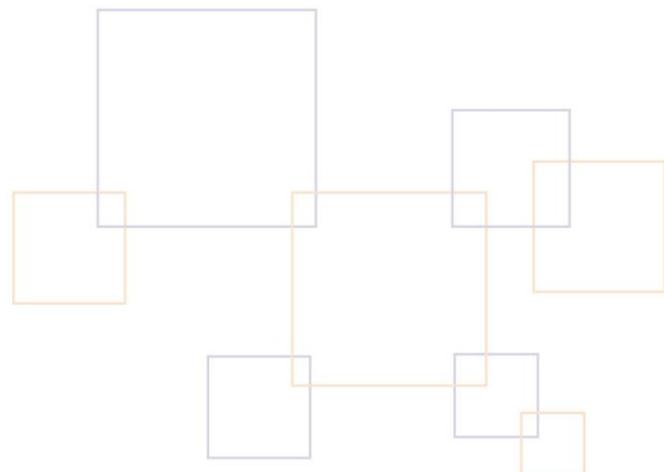
# Are social security systems adapted to new forms of work created by digital platforms?

## European Social Insurance Platform (ESIP)

30-01-2019

### ESIP aisbl

Maison Européenne de la Protection Sociale  
Rue d'Arlon 50 • 1000 Bruxelles • ☎ +32 2 282 05 60 • 📠 +32 2 282 05 98  
✉ esip@esip.eu • 🌐 www.esip.eu • 🐦 @ESIP\_EU • VAT: BE 0808.072.950





## Abstract

*This report examines the social protection of workers in a platform economy. The report is based on a questionnaire sent to ESIP members on the interplay of social protection and platform economy. It looks at the challenges of social protection of platform workers from a legal perspective. The report draws some relevant conclusions of the phenomenon.*

Many thanks to **Wolfgang Schulz-Weidner** and **Niko Väänänen** for drafting this paper on behalf of ESIP.

## About the European Social Insurance Platform (ESIP)

The **European Social Insurance Platform (ESIP)** represents over **50 national statutory social insurance organisations** in **16 EU Member States and Switzerland**, active in the field of health insurance, pensions, occupational disease and accident insurance, disability and rehabilitation, family benefits and unemployment insurance. The aims of ESIP and its members are to preserve high profile social security for Europe, to reinforce solidarity-based social insurance systems and to maintain European social protection quality. ESIP builds strategic alliances for developing common positions to influence the European debate and is a consultation forum for the European institutions and other multinational bodies active in the field of social security.

Contact: [emilie.vaisman@esip.eu](mailto:emilie.vaisman@esip.eu)

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## 1. Introduction

This report is a contribution to the debate on platform economy and the possible impact it has on our societal structure, namely statutory social insurance. Our aim is to look at certain EU countries' social security legislation through certain sample cases from the platform economy.

The platform economy and digitalization are topical issues. Recently, many reports have been published on the theme of platform economy and labour markets. However, one has to be careful with the definitions as digital platforms can stand for a variety of things and working on a platform can be defined in many different ways. In our study, we strictly focus on digital platforms that exchange labour. Looking at recent literature, some studies have focused on providing figures and characteristics of platform workers in the European Union (Pesole, A. et al. 2018; European Parliament 2017). According to the most quoted figure in the EU, the share of people working in the platform economy ranges between 1 and 5 per cent (ibid.). Some reports have analysed the legal framework when it comes to non-standard forms of employment (Spasova et al. 2017). Others have taken a look at the job quality in the platform economy (ILO 2018; Eurofound 2015, 2018).

Our aim is not to assess the future or the development of a 'platformisation' of labour markets; instead, we provide a state-of-the-art view on the situation of platform workers and social security in certain countries. In a similar vein, we analyse possible responses to the challenges posed by the platform economy in regard to social security. One of the common challenges we are able to pinpoint relates to the social security of individuals who combine wage earning with self-employment. According to our study, social security is still strongly derived from the employment status and is not always flexible when income from both types of activity is combined.

There has been a number of EU initiatives on this topic. The European Pillar of Social Rights aims to address challenges relating to new forms of employment. As a by-product, a proposal for a Council Recommendation on access to social protection for atypical workers and the self-employed was presented in March 2018. and adopted in the EPSCO Council of 6 December. The Recommendation encourages Member States to close formal coverage gaps for both employed and self-employed workers and to foster adequate effective coverage by taking measures allowing the take up of benefits.

## 2. Sample cases of platform work

Our study is mainly based on a questionnaire that was sent out to social security institutions in 2017 and 2018. Below, we have listed sample cases as they were presented in the questionnaire. Platform work was defined as websites and apps through which buyers and sellers of labour (in the broad sense of human work) transact digitally. That is, we assume that the worker and employer are matched digitally on the platform; the payment is conducted digitally via the platform. Depending on the sample case, the result of the work can be delivered either digitally (case 1) or locally (cases 2 and 3).

One of the distinctive features of the sample cases is that the platform worker is not continuously working for one employer/user/customer but is usually performing several limited small jobs (gigs) for many different employers/users/customers. That is why we are using the term 'gig worker' in the following text<sup>1</sup>.

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<sup>1</sup> We refer to gig workers as *providers* because they are the ones providing the employment service.

## Case 1: Digitally, online delivered platform work

Usually digital online platforms do not consider themselves employers but rather marketplaces that connect the buyers and sellers of labour. This auto definition has been a big source of conflict as regulators often classify platforms as employers and require them to act accordingly. This often leads to situations in which participants of the gig economy operate in the grey area between the categories of employee and self-employed. In many ways, this is critical as the distinction between 'independent' and 'dependent' work can be crucial for the inclusion of workers in different branches of social security and its specific features.

In Case 1, we will analyse the situation of a gig worker who earns an income via a digital platform and delivers the output of their labour digitally. As such, this type of work can be done from anywhere in the world, creating challenges for national statutory social insurance systems. Assuming that the worker performs this type of work in their home country, we analyse statutory social insurance according to the following case.

Virtual tasks (via Internet), such as design (interior, graphic, webpage), software development, translation, check restaurant reviews, performed in exchange for monetary compensation, include tasks that are

- delivered by an individual, a (*service*) provider,
- to several private or commercial users,
- via a (typically commercial, performing for fees) digital platform, such as Amazon Mechanical Turk (MTurk), Upwork, CoContest, 99design, Unbabel, Fiverr, Fivesquid and Clickworker (here, the users are often big companies).

## Case 2: Locally delivered platform work (Foodora)

Locally delivering platforms make the link between the client and the provider, but the service is delivered locally, in person. The client does not necessarily choose the provider. The platform sets the prices and distributes the work to the providers (dependent or independent).

The platforms where work is delivered locally might have a higher degree of control that it can exert on how the work is done than those platforms where the work is done digitally. Also, national authorities have more power to govern work that is done locally. Therefore, issues that relate to conforming with labour and social security regulations (paying contributions justly, right form of employment category) arise more often in this kind of platform work.

The food delivery service platform Foodora is active in most ESIP member countries. Using the Foodora app, website or the corporate platform, customers can browse the menus of local restaurants and place an order that will be delivered by a bike courier or delivery driver. On the Foodora platform, individuals (self-employed or employees) seek for employment to deliver the orders. Their business model varies from one country and city to another: in some, they are formally employed by Foodora and in others they are not.

Foodora takes the commands from the clients, sets the prices of the services and distributes the orders to the providers, who collect the food commands made by the restaurants and deliver them to the clients

### Case 3: Uber, transport of people <sup>2</sup>

Uber, if any, has been at the forefront of discussions in the era of digital platforms. Uber is a company that provides passenger transportation services, often at lower prices than traditional taxis. To put it simply, Uber's online platform enables passengers to find drivers. Traditionally, taxi services have been locally and geographically regulated, creating barriers to entry. Currently, Uber operates in most European countries. It is therefore important to look at how different countries are regulating this platform.

The Case Uber is not fundamentally different from Case 2, but it is one of the most famous platforms. In many countries, Uber is also involved in several court cases. That is why we pay special attention to this digital platform.

In Case 2, the platform offers a link between the clients and the providers, sets the prices, distributes the work to the providers, who deliver the service in person. The platform also evaluates the quality of the labour and service.

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<sup>2</sup> See also "Study on passenger transport by taxi, hire car with driver and ridesharing in the EU", European Commission, 26 September 2016

### 3. Platform workers - employees or self-employed persons?

In this section, we look at whether gig workers (or providers)<sup>3</sup> referred to in the previous section are regarded as self-employed persons or employees when it comes to social insurance. We also examine whether there is a difference between traditional taxis and transport services provided by digital platforms. Finally, we analyse whether the providers are covered by different branches of statutory insurance.

There is no specific regulation in any of the countries studied that would define the employment status of platform workers. This results in a situation in which, in practice, the terms and conditions of the platforms define the employment status of the workers. As a result, they are usually considered self-employed or 'other' (for example, marginal or occasional workers, such as in HR), mainly based on the scale of the individual worker's tasks. As stated, in most countries, work intermediated by electronic platforms is generally considered self-employment (AT, EE, FI, FR, DE, LU, SK, SE). This is true for all three Cases. However, some Member States hint that the status eventually depends on the 'contractual relationship' (BE) between the partners (and not so much on the factual conditions). The most pronounced case in this respect is **Poland**. Here, the service provider by himself decides if he registers as a self-employed or chooses the path over a regular employment contract. Another remarkable exception is **Hungary** where, in Case 1 but not in Case 2, the providers fall under the category of 'other employment-related legal relationship'. That means that the providers are employees.

In **Croatia**, since 2003 there is a status beyond employment and self-employed: the 'Atypical' or 'Gig-worker'. This is an unofficial, internal term to describe a group of workers that are legally defined as 'persons who earn additional or other income', for instance occasional or temporary work, or in our case 1) authors or other people working on an honorary basis. More specifically, workers under case 1) and 2) are likely to fall in this category, but not workers under case 3).

In **Italy**, there is a third status in between employment and self-employment, the 'continual and coordinated (co-co) workers' or informally called 'independent workers'. It is to some degree, but not completely organized by the client, with particular regard to the time and place of work. This status easily applies to work under case 2) and in possibly under case 3), workers under case 1) are likely to self-employed. The distinction between the statutes has substantial consequences for the contribution rates (and the associated pension amount), for the application of labour law (minimum salary/hour for employees, but not for independent workers and self-employed) and for the responsibility to charge and transfer social contributions.

Under **Austrian** law, the final assessment on how an income-generating activity has to be considered depends, in general, and thus also in the case of digital platform workers, on the given factual conditions. This might lead to serious consequences, especially if the status of a person needs to be changed retroactively. In order to accomplish a maximum degree of legal certainty, **Austria** has established a pre-examination procedure which aims to decide the status (self-employed or employee) of a person in advance. The outcome of the pre-examination procedure remains binding for both the person concerned and the social insurance institutions, unless the circumstances change substantially.

In practice, the most likely labour market status for people working on digital platforms is self-employed. However, in the case of locally delivered food transports, the relevant parties (provider and platform) have a certain degree of freedom regarding how to construct their legal relationship – as employees or freelancers (BE, EE [contractual relationship], FI, DE, IT [dependent contractor] - without a clear indication that the underlying real nature of the work, how it is done and mutual obligations and rights differ substantially. This may be a theoretical choice only, as some platforms offer employment and self-employment possibilities. In reality, though, if providers choose 'employment', they are offered no or only bad gigs. Foodora (FI, DE) and Lieferando (DE) often offer employment contracts, while other platforms (Deliveroo in BE and DE, Wolt in FI) do not. This suggests that, by offering employment contracts, new platforms can try to attract gig workers who work as self-employed persons for established platforms to work for them instead.

In case of personal transport services, an alignment of the status of traditional taxi drivers and platform-based drivers can be observed (AT, BE, EE, FI, PL, HR). In BE, FI, DE, HR and PL, taxi drivers can work as employees or as self-employed persons. In terms of social security, self-employed platform-based drivers are treated similarly. In **Estonia**, classical taxi drivers and Uber drivers can be both employees or be registered as entrepreneurs (self-employed person or private limited company) – although being employed by Uber as a driver is not much likely. In **Switzerland**, an alignment is envisaged, but in an opposite sense, as the social administration considers both traditional taxi drivers and Uber drivers as employees. However, this decision is legally challenged, and Uber is about to restructure its business. An exception is **France** where licensed taxi drivers are regarded as self-employed in labour law but as employees when it comes to social security. Uber drivers, in contrast, are regarded as micro entrepreneurs<sup>4</sup> or self-employed workers in both labour and social security laws. In **Italy**, the status of taxi-drivers also differs to some extent to the status of Uber-drivers: while taxi-drivers normally are self-employed, Uber-drivers could also be 'independent workers'.

## 4. Social insurance coverage

In this section, we analyse (branch by branch) whether the activity of the provider is covered by statutory insurance or other forms of social security. If it is covered by statutory insurance, is it mandatory or voluntary? For historical and institutional reasons, there are often differences in the social protection regimes between employees and the self-employed. The differences lead to divergent social insurance coverage, generosity of benefits and contribution rates/burden between the two groups.

### a. General remarks

The question of social insurance coverage is, by nature, the most complex issue in our study. In many cases, being covered by a social security scheme is directly dependent on the employment status. Platform work that is regarded as self-employment falls under the general rules for mandatory or voluntary access to different branches of social security and insurance for self-employment/independent work. Platform work regarded as dependent work falls under the general rule for dependent workers, as in **Hungary**. In the latter case, no further comments are necessary

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<sup>4</sup> Micro entrepreneur is a form of self-employment for small business activities with simplified tax and social security rules.

since the dependent workers are covered by all branches of social security in all EU Member States included in our study.

Things become much more complicated when platform work is regarded as self-employed work (which it is by default) or even covered by a third status such as in Italy. In addition, To make things more complicated, such workers might be covered by social security on a mandatory basis, but in many countries only in selected branches. In particular, they may not be covered by unemployment or accident insurance.

One more cause for differentiation between social security branches is the difference in the organization and financing of health care. Particularly in countries with tax-financed universal health systems, such as **Finland or Italy**, the relevance of work-related access to health insurance is to some extent reduced to such health/sickness related benefits that are not paid by the universal health system, while for other branches, the access through work-related schemes might remain crucial. Similar constellations exist in countries where health care is basically delivered by Bismarckian style contributory health insurance schemes that are, together with private insurance solutions, mandatory for everybody, such as in **Germany**. In such cases, it is not the lacking access to health care but the costs that may pose a threat to independent platform workers. In rare cases, it is the other way around: pension insurance is residence-based (NL, UK) but health insurance is contributory (NL).

Somewhat surprisingly, there is also a group of countries in which the distinction between dependent and independent work does not determine access to social security; rather, additional criteria have to be met. In practice, these countries recognize a further status beyond the two mentioned before: a status that lacks a name but whose owners are not obliged to take out social insurance. It is not to be confused with the phenomenon of falling short of certain income thresholds or paying lower contributions.

Finally, a few countries have chosen special rules targeted to some groups of platform workers.

#### **b. Countries/branches with similar rules for employees and self-employed persons**

We could start with countries where independent/self-employed people, similar to dependent workers, are covered by **all branches** of social security, except for unemployment, where the situation is not always clear. These countries are **Austria** (mandatory coverage for disability benefits, pensions, health care, compensation in case of occupational injuries and diseases and for occupational safety and health inspections), Italy (coverage for all branches), Croatia (all branches, including unemployment insurance, for both independent and 'atypical' workers), **Sweden** (mandatory coverage for self-employed are maternity/paternity and sickness benefits, pension insurance, and occupational accident insurance; health care is residence-based); **Hungary** (access to mandatory health care and pension insurance; accident not clear), and **Luxembourg** (pension; health and accident not clear).

In other countries, health and pension insurance for self-employed (incl. self-employed platform workers) are mandatory, but **accident insurance** and, most likely, **unemployment insurance** are not. This is the case in **France**. Here, self-employed persons do not have access to the statutory accident insurance scheme even on a voluntary basis but have to rely on private insurance. An exception are classical, licensed self-employed taxi drivers. For social security purposes, they have an employee status and, as such, access to mandatory accident insurance but, unlike employees, not to unemployment insurance. Uber drivers do not enjoy the same scheme as taxi drivers; instead, they

are regarded as micro entrepreneurs or self-employed workers who can opt, as any other self-employed platform workers, for the general scheme for employees. This might not be the final solution since social security institutions think that Uber drivers, due to their subordinate position, are employees. In addition, **Slovakia** has made statutory sickness and pension insurance mandatory for all self-employed persons. Health insurance is residence based (universal), so the work status is not relevant. Occupational accident insurance, in contrast, is only mandatory for employees, but not for the self-employed. Even voluntary access is impossible.

**Switzerland** belongs to this group, as well. Mandatory health and pension insurance apply to both employees and the self-employed, but other principles guide accident insurance. First, mandatory accident insurance covers both occupational accidents and non-occupational accidents. Only employees are protected, not the self-employed. Since the Swiss social security authorities regard not only traditional taxi drivers (legally confirmed) but also Uber drivers (legally contested) as employees, the latter are also covered by statutory accident insurance. In the **Netherlands**, health and pension insurance,<sup>5</sup> but not accident insurance, is mandatory for both employees and self-employed persons. It is noteworthy that pension insurance is residence based. This is reason enough not to distinguish between employees and self-employed persons.

Finally in **Finland**, self-employed persons are required to be affiliated to pension insurance and National Health Insurance (NHI; covering part of the medical expenses and cash sickness benefits) while access to occupational accident and earnings-related unemployment insurance is voluntary. However, earnings-related pension insurance is mandatory only if the self-employed continue their activity for at least four consecutive months and their annual income from self-employment exceeds the minimum threshold of 7,656 euros. Otherwise, there is no obligation to take out pension insurance and earnings-related NHI. As a result, and due to certain minimum thresholds, approximately 205,000 out of an estimated 259,000 self-employed persons have taken out pension insurance under the Self-employed Persons' Pensions Act. Many freelancers find the contribution rates (ca 24% under the Self-employer Persons' Pensions Act) high<sup>6</sup>.

Accident insurance for the self-employed is voluntary in **Finland**: the self-employed can take out accident insurance for themselves only if they have taken out pension insurance under the Self-employed Persons' Pensions Act. Similarly to pension insurance for the self-employed, accident insurance covers all work carried out as a self-employed person.

### c. Countries with favourable contribution rules or more choices for the self-employed

In **Poland**, both employees and self-employed persons including platform workers are covered by mandatory health, sickness, pension and accident insurance.

As for insurance contributions, substantial differences compared to other form of work exist in **Poland** and **Croatia**. In **Poland**, employees and employers pay a strict percentage of their salary. People registered as self-employed pay their contributions based on the declared contributory basis with minimum 60% of their average salary all over Poland. This corresponds to a monthly contribution for all relevant branches of roughly 200 euros per month, plus contributions for health

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<sup>5</sup> The residence-based flat-rate pension is mandatory. It has been discussed whether a 2nd-pillar earnings-related pension insurance should be made mandatory also for the self-employed.

<sup>6</sup> Mikko Kautto, quoted by Reeta Paakkinen, in: Investment and Pensions Europa, May 2018, p. 47 ff.

insurance. This amount can be further reduced for beginners (up to 2 years) down to roughly €100. Almost all self-employed people choose this option. This decision has of course consequences for the later level of pension. In **Croatia**, atypical workers (with additional or other income) pay (by themselves) only 10% instead of the 20% contribution rate for employees, but without lowering their pension's accrual. However, it should be noted that atypical work is not the most prevalent way of earning income in Croatia and that most atypical workers are at the same time employed and pay the 20% pension contribution.

In **Hungary**, the self-employed may define themselves as 'low-income taxpayers' for tax purposes if their annual income is below a certain limit. In that case, they pay reduced contributions for social security and get proportionally lower rights in the pension system.

In **Germany**, access and pricing rules for health insurance differ markedly for employees and the self-employed, giving the latter access to elusive but mandatory private insurance. Based on personal circumstances, this can be either favourable or detrimental, as described below.

#### **d. Countries with branch-specific approaches**

Some countries present an obvious 'patchwork' of fragmented access and pricing of social security for self-employment. Not only are different categories of self-employed persons defined and treated differently, but the rules might also differ from branch to branch. The most 'visible' system in this respect might be that in **Germany**, although it is not clear if, in the end, the quantity of people without adequate social protection is substantially higher than in other countries. It may be more universal thanks to mandatory health insurance.

For health (and long term) care, it is worth mentioning that every resident in **Germany** is obliged to be covered by health insurance, except sickness benefits. Based on the labour market status and individual choice, coverage can take many forms. Most likely, **employees** have statutory health insurance, but high-earners are given the option to switch to private health insurance. But only few platforms, such as Foodora, consider their service providers to be employees. Moreover, even in this case, they often construct the employment relationship as a 'mini-job' with earnings below 450 euros. As a result, the worker has no access to statutory health insurance that comes with relatively low contributions. **Self-employed people**, including most platform workers (except for those working for platforms like Foodora) can choose between statutory or private health insurance. A sub-group of the self-employed, the *Künstler* (artists) can choose to join a special scheme, the *Künstlersozialversicherung*. This highly subsidized scheme gives, under favourable conditions, a selected group of people engaging in artistic or publicity and publication activities access to health and pension insurance. Parts of the activities in Case 1 (digitally performed platform work) could qualify for this scheme. All the mentioned German schemes give a similar level of protection (excl. sickness benefits<sup>7</sup>). The main difference are the costs for the coverage.

A completely different approach applies to pension insurance. Employers are have the obligation to insure their employees under the statutory pension insurance. Most self-employed workers are not obliged to take out pension insurance (they only have to take out health insurance). They can take

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<sup>7</sup> Self-employed persons do not have to be insured against the risk of loss of income due to sickness. If they have private insurance, they can choose also to cover the risk of income loss. If they choose to be a voluntary member of a statutory health insurance fund, sickness benefits are included.

out statutory pension insurance on a voluntary basis or, if they meet the conditions, with Künstlersozialkasse.

As far as statutory accident insurance is concerned, the self-employed are not covered mandatorily except if this is foreseen in the statutes of the statutory accident insurance institutions (Berufsgenossenschaften, BG). So Insurance for entrepreneurs including self-employed is in some cases mandatory depending on the statutes of the statutory accident insurance institution. This is the case in the transport sector (BG Transport und Verkehr). Thus, taxi drivers as well as for instance Uber-drivers and Deliveroo-couriers are mandatorily insured in German Statutory Accident insurance. In most other cases there is no mandatory coverage for accident insurance, but self-employed can take out insurance on a voluntary basis. Unlike health and pension insurance, the Künstlersozialkasse gives no access to accident insurance.

In the **Netherlands**, health and pension insurance are mandatory also for the self-employed, but not accident insurance (see above), nor insurance for disability and sickness benefits.

#### e. 'Third status' countries

Even where self-employed people are principally obliged to take out pension insurance (and pay contributions to health and sickness insurance), additional preconditions may be set, leaving the worker with the discretion to either take out insurance or not. In practice, adhering is no longer mandatory but becomes voluntary: the social security system allows for a *de facto* opt-out for the self-employed.

The most prominent example in this respect is **Italy** with the status of a 'continual and coordinated (co-co) worker', informally called 'independent worker', see above section 3.

In **Estonia**, people without an employment relationship but with stable earnings are self-employed or entrepreneurs and thus obliged to register themselves under one of these status'. When they register as self-employed, they have to pay 33 per cent on net earnings in social tax for health (healthcare, sickness benefits in cash) and first-pillar public pension insurance. When they register as entrepreneur (establishing a company), the earnings become the company's sales and it is up to the entrepreneur if he becomes employed by his company (and pays 33% Social Tax plus additional unemployment contributions) or if he takes out dividends and only pay income tax on them. People with a random or occasional income, on the other hand, pay only income tax. There is no legal definition of a random or stable income. This absence is of particular importance in relation to platform work. It is up to a person offering services via a platform to choose whether the work they do via the platform is casual work or permanent, profit-earning work.

In **France**, the status that the provider chooses affects their access to accident insurance.

#### f. Special rules for platform-workers

At first glance, independent platform work in **Belgium** appears to be covered by social security insurance. However, some platform-related rules increase the threshold for when social security obligations apply. For more details, see [section 5](#).

In **France**, Art. 18 of the Social Security Funding Law for 2017 allows Airbnb and related platform workers (renting goods) exclusively to choose whether to follow the rules for self-employed persons or those for employees. In other cases of platform work there is no such choice.

Platform workers have additional rights compared to all other self-employed persons: online platforms which determine the conditions and the price of the service (such as Deliveroo or Uber) are required by the 2016 Law on Digital Platforms either to reimburse the contributions paid by the workers who have taken out individual, optional insurance for occupational accidents, or to take out group insurance for their platform workers.

## 5. Thresholds for mandatory social insurance

Bearing in mind that gig work is often secondary income, we present in this section the lower thresholds (€/month) regarding the volume of activity or earned income for mandatory statutory social insurance for the self-employed.

Note that relatively high minimum access thresholds may explain the absence of minimum contributions.

Country	€/month
Austria	Disability, pensions and health care (an explicit request for exemption is required): €425.70 (€5,108.40 per calendar year) No threshold in case of occupational injuries and diseases and OSH inspection.
Belgium	€0 (true also for work over non-recognized platforms). €515 for recognized platforms
Croatia	None (all branches)
Estonia	Health insurance: €470 (2018). Unemployment and pension insurance: none
Finland	Resident-based benefits: €0 Earnings-related disability/invalidity pensions/ old-age pensions for independent persons: €710 (cf. €58 euros for employees) Voluntary unemployment insurance: €1.048
France	Health care: 0€ Sickness benefits, long term care cash allowances, medicines: €1,370 Old age pensions: €488 (€739 for micro entrepreneurs). Disability and invalidity benefit allowances: €376 Occupational accident insurance: obligation for the platform to refund the cost for private insurance starts when the turnover of the provider is higher than €425
Germany	Independent work: 0€. Dependent platform work: €450. Independent activities eligible for Künstlersozialversicherung: €450.
Italy	Old-age, invalidity and survivors' pensions: self-employed if occasional: €1,310 Independent worker: €416 employees: none
Hungary	Pensions: €123.50 (converted; 2017)
Luxembourg	€641 (2016)
Netherlands	Pensions: €0

Poland	Pension insurance: None, both for employed and self-employed. Beginners up to six months have a minimum threshold of roughly 250 euros (2018)
Slovakia	Health care: €0. Sickness benefits and pensions: €456 (2018)
Sweden	Residence-based pensions: €0

**Belgium** is a special case since it has thresholds that apply to platform work. If the platform is formally recognized (see section 5 above), no social contributions are charged if the gross annual income generated by platform work is below 5,100 euros (or €515/month). Income tax is charged. A quarter of the taxes go towards financing social security benefits for the self-employed. The same conditions must be met for platforms to become recognized:

- only consumer-to-consumer services are targeted in this special scheme, and
- the remuneration must be paid by the platform (not by the user) to the provider.

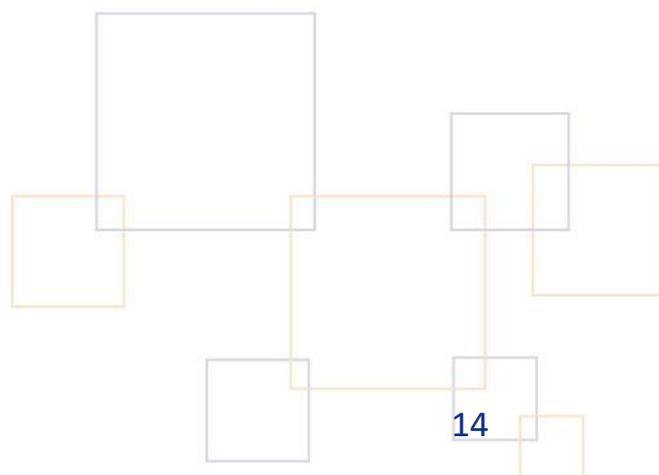
This scheme targets services provided within the framework of shared economy, in a peer-to-peer relationship (between equal parties). It aims at getting revenues that often escape any form of taxation and wants to stimulate entrepreneurship by allowing people to have a limited activity with minimum formalities. Deliveroo is a registered platform and thus subject to thresholds. Uber, on the other, is not registered.

If platform-generated gross income **exceeds the ceiling of 5,100 euros**, the provider must be registered as a self-employed person according to the mandatory general insurance scheme for self-employed persons. In this case, the whole earnings are taken into consideration when determining the social contributions, not only those exceeding the threshold of 5,100 euros.

In Austria, the thresholds regarding social security are the same for employees and the self-employed. In Finland, on the other hand, the difference is significant in earnings-related pensions as the thresholds are at different levels. In the Netherlands, the self-employed are not typically covered by the very important occupational pensions. Instead, all residents, regardless of their type of employment contract, are covered by the residence-based basic pension.

### Summary

The thresholds vary from one country to another and between different branches of social insurance. As does the insurance they offer, flat-rate or earnings-related.



## 6. Social contributions

### 6.1. Who pays the contributions – the provider, the user or the platform?

For the most likely case of platform workers working as self-employed persons, for instance Uber drivers (AT, EE, FR), the contributions are paid not by the platform or the user, but by the providers themselves (AT, BE, EE, FI, FR, DE, HR, LU, NL<sup>8</sup>, PL, SK, SE). In all other cases, the employer, that is, the platform (AT, EE, for instance in case of Foodora: AT; regularly in case of Uber: SE), pays the contributions. In the unlikely event that there is an employment relationship between the provider and the user, the contribution is paid by the user (AT).

In **France**, the provider can choose to authorise the platform to transfer the contributions to the insurer.

In **Germany**, in the special scheme for artists (Künstlersozialkasse), the provider and the user pays part of the contribution if the user is a company domiciled in Germany that regularly uses independent artists/publicists. The contribution is levied on all fees paid to self-employed artists or publicists.

Similar to Germany, in **Croatia** the user/service recipient, not being an employer, has to pay the social contributions in case of the service provider working as an author or on an honorary basis in the context of 'atypical work'.

In **Italy**, where platform work is executed as an independent worker (case 2) and possibly in case 3)), the platform provider is responsible.

Hungary and Switzerland are remarkable exceptions in this respect. In **Hungary**, since there is an employment relationship between the provider and the user, the user has to pay the contributions (with the exception of Uber drivers who are considered self-employed and who have to pay the social contributions themselves).

The opposite is true for **Switzerland**, where Uber drivers, in particular, are considered employees. The platform becomes the employer who has to pay, among other things, the contributions for occupational and non-occupational accident coverage. The platform can charge the employee (here: the driver) for the contributions of non-occupational accident insurance.

### 6.2. Are the contributions withheld at source?

In most cases, the reply depends on the status of the provider. If they are self-employed, there is no withholding at source. The provider gets the compensation for the services offered and pays the relevant social contributions. If the provider is an employee, part of the contributions are withheld at source from their wage and the rest are paid by the employer.

In **Italy**, the contributions of independent workers are also withheld at the source, i.e. the platform - relevant in case 2) and partially in case 3).

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<sup>8</sup> In the Netherlands, contributions for pension insurance are levied in conjunction with fiscal taxes.

In **France**, as of 2018, self-employed workers who work on digital platforms and who get their income via such platforms, have the option to authorise the platform to carry out the digital registration process. In addition, a self-employed worker who chooses the status of a micro entrepreneur (in case of a service-based professional platform worker with an annual turnover less than €70,000) can delegate the tax filing and the payment of social contributions to the platform. In that case, the platform will withhold the contribution from the workers' income.

In **Switzerland**, some platforms (such as Gigme.ch) handle the payment of social contributions or taxes of registered providers.

In **Germany**, when the provider is insured by the Künstlersozialkasse, the user rather than the platform-based service provider pays the users' share of the contributions (*Künstlersozialabgabe*). If commissioned, a private service provider (Content.de) collects and transfers the Künstlersozialabgabe to the Künstlersozialkasse. It is similar in **Croatia**; the user/service recipient has to pay the social contributions in case of the service provider working as an author or on an honorary basis in the context of 'atypical work'.

### 6.3. What is the basis for the calculation of the contributions?

In the most likely case of independent work, the basis of social contributions is typically the gross income minus professional expenses, or the taxable income (AT, BE, EE, HU, SK, SE<sup>9</sup>).

In **Finland**, social insurance contributions are based on income declared by the self-employed person and confirmed by the pension insurance company. The confirmed income should correspond to the financial value of the work input of the self-employed person.

**France** offers a few choices for the calculation of the basis for the contribution of self-employed providers. One of them is targeted at platform-based providers. Providers who opt to apply the rules for employees (only possible for platform-based work) have to bear the total contribution (employer's and employee's share) based on 40 per cent of the turnover. For providers who choose to be treated as self-employed persons but not as micro entrepreneurs, the basis is 50 per cent of the gross income. The contribution rate is roughly 45 per cent for all branches of social security (with an upper limit). If the providers choose the status of micro entrepreneur, the contribution basis is 100 per cent of the gross income, but with a rate of 22 per cent for all branches of social security.

In **Germany**, the calculation basis depends largely on the respective branches and individual choices. If the self-employed provider chooses private health insurance, the contribution rates do not depend on the earned income but on a risk-adjusted calculation; means-tested social premiums are possible. In case of voluntary membership in public statutory health insurance, the contribution basis is the whole economic capacity. In this context, the value of earned income would be calculated on the basis of the taxable profit (after tax deductions).

Statutory pension insurance is not mandatory for most independent people (among them platform workers in Cases 1-3). For elusive insurance, providers have two options: purely voluntary insurance or mandatory insurance. In purely voluntary insurance, the providers can set the contributions themselves. Opting for mandatory insurance is irreversible. Here, providers have two options: a

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<sup>9</sup> For pension insurance of the self-employed: the declaration of income tax that is sent to the tax authorities is relevant.

contribution based on the taxable income or a flat-rate contribution of roughly 550 euros/month in former Western Germany and 500 euros in former Eastern Germany.

Occupational accident insurance rules for the self-employed on a voluntary basis deviate from those applied to employees. The contribution basis is the chosen insured sum (set by the provider) and the risk class of the business. In Case 3, the risk class is roughly 10 times, and in Case 2, roughly 20 times as high as in Case 1 if the provider opts to take out health and pension insurance with the Künstlersozialkasse for health and pension insurance, estimated expected taxable income, after tax-allowable deductions.

In **Poland**, the basis for self-employed persons (providers) is the declared income – in reality, the minimum base.

In **Sweden**, the basis is the income that is declared to the tax authorities, but the contribution rate is different for employees (18.5%) and self-employed persons (7%).

#### 6.4. Are there any minimum contributions?

In some cases, a minimum contribution is charged. It is independent of the provider's income. It is charged for several reasons: to fight grey economy, to steer the self-employed to save, to avoid too low contributions in schemes with a weak link between the contribution amounts and the benefit levels, or because it is simpler administratively.

In **Poland**, the minimum contribution for the self-employed, covering sickness benefits (voluntarily), accident insurance and public pensions, corresponds to roughly 200 euros, for the beginner up to 2 years it is roughly 100 euros, and for both groups, contributions to health insurance (9%) and taxes have to be added. However, for periods (months) without an income, the payment obligation can be suspended.

There is no minimum contribution in **Germany's** Künstlersozialkasse (health and pensions).

In other countries, the amounts of the minimum contributions vary from one branch to another, as listed in the tables below:

##### a. Health Insurance, €/month

Austria	€33.51 + €6.70 Selbständigenvorsorge
Estonia	For self-employed: €56 calculated from a minimum basis of €430 (2018) with a 13% social tax rate; for employed: €61 calculated from a minimum basis of €470 (2018) with a 13% social tax rate
Germany	€400 for voluntary insurance in a statutory scheme. €250-400 in case the income is low (strong household means testing)
Slovakia	The minimum base from which to pay contributions is €456 (= which is half of the average wage)

### b. Pension Insurance, €/month

Austria	€121.04 for holders of a business license €81.04 for freelancers who do not have a business license
Belgium	€333 corresponding to a fictive income of roughly €4,430, even when the income is €0
Germany	€83.70 for voluntary insurance and €500 (east) and €550 (west) in case of opting for mandatory insurance.

### c. Occupational Accident Insurance, €/month

Austria	€9.60, fixed contribution
Germany	€52 for voluntary insurance in Case 1

In the case of self-employment, the basis for the contributions is the professional revenue or taxable income of the self-employed persons, with some deductions. Depending on the country, the self-employed person might have more discretion in defining the earnings base used for calculating the contributions. Some countries have set minimum contributions that the self-employed need to pay irrespective of their earnings.

In Estonia and France, the payment of contributions has been made simpler to facilitate small-scale entrepreneurial activity.

## 7. Combining self-employment and employment

Very often gig work is done on the side. If so, the person would be insured for the main employment already either as an employee or as a self-employed person. Would that change the requirement for statutory insurance?

This relatively simple question explores a complex landscape of mutual interferences when doing two or more jobs. In an ideal situation, one would understand if doing an additional job would increase the level of social protection, or the social contributions, with or without additional or better protection. This question is particularly urgent when employed and self-employed work is done in parallel. This question becomes more relevant if combining both types of employment will be more common in the future.

In some countries, the income from the main job and the side job affect the pension contribution of the side job to various degrees. In **Austria** (for all branches of social insurance), if the income of a minor dependent job alone does not exceed a certain threshold but, together with other earned income does exceed the threshold, the employee has to pay full contributions also for the side job.

In **Belgium** (for pension insurance), no social contributions are charged for the side job if the main job as an employee is insured and the income from the side job is below 1,474 euros/year. If the annual income from the side job ranges between 1,471 and 13,297.25 euros, the pension contribution is 21 per cent of the income. If the main job and the side job are done as self-employment, the income from both jobs are added.

In **Germany**, the effects on pension contributions is strong in terms of health insurance and Künstlersozialversicherung. Regarding health insurance, doing independent platform work that pays

below 450 euros forces the worker to take out private or voluntary statutory health insurance, which could be fairly expensive. A person whose main job is done as an employee is given access to statutory health insurance, the contribution of which depends on the wage. The income from self-employed platform work is not taken into consideration when calculating the contribution. If, on the other hand, the person holds two or more jobs as a self-employed person, the person's overall income from all jobs is taken into consideration when calculating the contribution for 'voluntary' statutory health insurance (in the context of the mandatory obligation to underwrite a health insurance contract). Access to the relatively favourable Künstlersozialversicherung (health care and pensions) depends on jobs outside the reach of this special scheme. No access is possible if a person is already insured for work as an employee or a self-employed person.

In **Slovakia** (for pension insurance), if the combined income from the main job and the side job exceeds a minimum threshold, both incomes have to be insured – but only when both jobs are either in employment or in self-employment.

In many cases, the social protection for employed and self-employed work are, to some extent, two 'parallel worlds' that do not influence each other. As a result, the income thresholds that form a precondition for mandatory insurance may be different in different countries, or income counted for reaching the respective status-linked threshold is not relevant for the threshold of another status.

In **Finland**, if the income from the main job is small and that of the side job as a self-employed person is below 5,000 euros/year (below the threshold of having to take out pension insurance under the Self-employed Persons' Pensions Act), the person is considered a wage earner and contributes only little to pension and unemployment insurance<sup>10</sup>. Currently, it is not possible to combine simultaneous work income from both self-employment and paid employment to earn a right to earnings-related unemployment benefits. The right is either earned as an employee or as a self-employed person. There has been political discussions on whether, in the future, a person could earn the right to earnings-related unemployment by combining income from both paid employment and self-employment.

Also in **Italy**, the minimum thresholds for different status of work exist side by side. There is anyway mutual influence with regard to contribution rates to Invalidity, Old-age and Survivors insurance. When an independent worker is already insured as an employee or a self-employed, the contribution rate for income stemming from the activity as an independent workers is 24% instead of 33%.

In **Germany**, there is obviously no interference where independent work is not submitted to mandatory social security, namely accident insurance and pension insurance (exception: Künstlersozialkasse, see above).

In **Slovakia** (for pension insurance) earned income as self-employed not exceeding the threshold will not be insured – even if it is combined with earned income from an employment relationship.

In other countries, there is some room for options. In **France** (sickness benefits, benefits in cash for long-term care, medicines, disability and invalidity benefits in cash, pensions), if a person is already insured in the general scheme (for employees), income from independent platform work can be insured voluntarily in the general scheme instead of being insured in several schemes.

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<sup>10</sup> Mikko Kautto, quoted by Reeta Paakinen, in: *Investment and Pensions Europa*, May 2018, p 47.

In some countries, there are ongoing discussions on whether it would be better to combine systems for employees and the self-employed in order to trigger or to increase contributions (and rights) in social security systems<sup>11</sup>.

## 8. Administering social security in case of platform work

### 8.1. Follow-up mechanisms

As platform-based work is done or organized on the Internet and could easily escape the traditional regulatory framework, reporting often depends on the individual's awareness and conscientiousness. Sometimes workers do not consider platform work as 'work' and are therefore unaware of their obligations. In this section, we analyse the follow-up mechanisms that ensure that individuals doing platform-based work meet their insurance obligations.

There are some examples of platform-specific reporting or control mechanism. In **Belgium**, the tax authorities automatically transfer earnings data of self-employed persons to the responsible social security institution NISSE/INASTI. In addition, there is a platform through which providers can officially register, on a voluntary basis, with the tax authority. In that case, the platform must annually provide the tax administration with information on the identity of the workers (providers) and their earnings. The tax authority shares its information with or transfers part of the income tax to NISSE. This system is an interesting one because it reduces the social security cost for people with lower earnings (see section 5).

The **Estonian** Tax and Customs Board (ETCB) offers an opportunity for platforms to send (voluntarily) once a year (in February) data about service providers' earnings to the ETCB. This information can be used by ETCB to prefill the providers' (for instance Uber drivers') tax forms. All this can be done only with the consent of the service provider. Such an agreement exists with multiple platforms, among them Uber. Anyway, this procedure is not applicable to social tax if service providers are not self-employed persons (social tax is only employers or self-employed persons obligation).

In **Finland**, insurance supervision under the Self-employed Persons' Pensions Act is done in retrospect and largely based on an annual monitoring of tax data. However, this works only if the income has been reported for tax purposes. That makes the supervision of income from other countries challenging as it may not be registered in the Finnish tax data. As for taxes, the Finnish Tax Administration (FTA) collects third-party data from some platforms active in Finland, but not from the ones that are relevant for this study).<sup>12</sup> Again, this mechanism works only if the platforms are registered in Finland but cannot be applied if they are registered elsewhere. The FTA has also used 'website scrapping' technologies and international administrative cooperation, including getting data through spontaneous exchange. In that case, the Tax Administration manually requests certain information about a specific customer target group and gets the information manually (in electronic form). The success of this mechanism has been mixed.

**France** has introduced with law 2018-898 of October 23rd 2018 the obligation for all electronic platforms to transfer to tax authorities complete data on transactions, used banking accounts and all

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<sup>11</sup> In case of Finland: Mikko Kautto, quoted by Reeta Paakinen, in: Investment and Pensions Europa, May 2018, p. 47 ff.

<sup>12</sup> OECD (2018), Tax Challenges Arising from Digitalisation – Interim Report 2018, Paris 2018

identification details, including those of the service provider. The tax authorities will pass the information to the Central Agency of Social Security Bodies (ACOSS).

In all relevant countries, control of tax or social contribution payments is particularly challenging when the relevant platform is established in another country. Besides Finland and France, **Poland** also mentioned this problem. The Polish social security institution ZUS has no access to data of international platforms.

To summarise, a closer cooperation between tax and social security administrations, in many cases accompanied with automatic data transfers, is on the rise. Besides the cases already presented, also **Slovakia** uses this mechanism. If the income (of the provider) is high enough, the tax authority automatically informs the Social Insurance Agency. One of the reasons for this kind of cooperation is certainly the fact that the basis for the calculation of social contributions for the self-employed is, in many cases, the taxable income.

One more conclusion we can draw is that the implementation and control of reporting obligations can be improved by facilitating the obligations through simplified electronic/digital solutions that capture income streams at the source and automatically prepare the necessary declarations. Platform workers should be encouraged to report their income streams.

## 8.2. Taking out insurance digitally

Can all insurance-related requirements and bureaucratic measures (for example, taking out insurance and paying contributions) be done digitally? The table below shows that it is possible in most of the Member States we have studied.

	Pension insurance	Health insurance	Accident insurance
<b>Austria</b>	Yes	Yes	Yes
<b>Belgium</b>	Yes	No	NA
<b>Croatia</b>	Yes	NA	NA
<b>Estonia</b>	Yes	Yes	
<b>Finland</b>	Yes	NA	NA
<b>France</b>	Yes	Yes	NA
<b>Italy</b>	Yes	NA	NA
<b>Germany</b>	Yes	Yes, partly	NA
<b>Poland</b>	Yes	NA	NA
<b>Slovakia</b>	Yes, partly	yes	Yes

NA = Information not available

## 9. Quantitative dimension of platform work - estimates

In this section, we look at estimates of how many people are registered to different online platforms. Is there any data on the amounts of buyers of labour services, or of the activity rate on the platform?

In **Austria**, there is no known data.

In **Italy**, the 2018 INPS annual report estimates the share of gig workers to be 2 % of the workforce.

In **Belgium**, there are no official statistics on employment in the collaborative economy. In the future, statistics can be drawn from the new framework for services provided by the intermediate of a

recognized platform. The platform must provide an annual document containing the identification of the service provider and the paid earnings, as well as the deductions to tax administration.

In **Finland**, according to a report by the Ministry of Employment and the Economy, the number of self-employed has risen slightly in recent years. According to OECD statistics, 14.3 per cent of all employed people in Finland were self-employed in 2015. The number has risen by almost one percentage point in two years. It is to be expected that some of the self-employed use the platform economy to get new gigs. However, based on these statistics, it is impossible to say how many are involved in the platform economy.

There might be more data available in the future, as Statistics Finland added a module to their Labor Force Survey in 2017 asking whether individuals have engaged in gainful activity through online platforms and how large a proportion of their earnings are generated via online platforms. The first results, published in the spring of 2018, showed that, in 2017, around 0.3 per cent of Finns aged 15 to 74 years had earned at least one-quarter of their income through various digital platforms during the previous 12 months. In numbers, this is around 14,000 persons. In the survey, a digital platform referred to various online platforms through which people can sell their work input or otherwise earn an income. The scope was thus much larger than in our study.

In **France**, The French Data producers (INSEE) have begun to register online platform activities, but it is still rather hard to gather credible data. Last year (May 2016), the General Inspection for Social Affairs (IGAS) published a survey on this topic. The study revealed that 63 per cent of the French population bought goods and services on platforms.

The global turnover (sales) of the platforms was around 7 billion euros (INSEE-IGAS). This total sum is divided between different platforms as follows:

- 1.4 billion euros for service platforms (Uber, Airbnb, etc.),
- 5.4 billion euros for market places, and
- 0.2 billion euros for platform work (jobbing, freelance, etc.)

According to the IGAS (based on INSEE data), platforms in France employ 2,500 persons. However, the total number of the workers engaged in platforms, including part-time workers, is much higher, around 200,000 (PIPAME).

The same 2016 report shows how the use of these platforms is divided between demographic categories. Urban people are more inclined to use platform services than rural ones. There is no global gender difference in platform usage, but men are more inclined to use transport platforms while women prefer donation and clothing platforms. Students use platforms more often than retired people do: 83 per cent of students offer or ask for services by individuals. By and large, students are the most active population group on platforms.

Some initiatives have been implemented through collaborative work with platforms that provide data to statistical agencies on a voluntary basis. However, the data is usually hard to collect, especially from the platforms/workers. Consumer polls are used mainly to estimate the use of the platforms.

In **Poland**, by the year 2018 the Polish Central Statistical Office is planning to broaden the set of questions in the survey 'Household application of ICT' (individual questionnaire) by adding two further questions. The first question asks whether the respondent obtained work through online intermediaries or applications (Upwork, Task Rabbit, Freelancer, and Amazon Mechanical Turk)

within the last 12 months. The second question will require determining whether the job performed thanks to the online intermediary or application has been the main or supplementary source of income.

In **Slovakia**, no official statistic exists.

Some initiatives have been undertaken to improve the quantitative evaluation of platform work. The Eurostat work group for the statistics of job market (LAMAS WG) in the realm of labour force (Labour Force Survey, LFS) initiated to discuss proposals for a random module survey, which is to be introduced by LFS in the year 2022. Among numerous topics, two problems were pointed out: gig-economy and collaborative economy. The European Commission representatives, supported by ILO (the International Labour Organisation), OECD, and by several countries, proposed the two topics. After a long debate, a suggestion was made to include a few variables concerning gig/collaborative economy in the planned survey. Work on preparing the proposals for the respective variables to be taken into consideration in the LFS module survey planned for the year 2022 will be conducted by the Eurostat task force in cooperation with representatives of the Directorate-General for Employment, Social Affairs and Inclusion and ILO.

### Summary

Comparable quantitative data on platform work is still largely unavailable. However, many countries are starting to gather more data on this subject. Currently, France has estimated that the global turnover of French platforms equals roughly 7 billion euros in France. As Poland states, also the Labour Force Survey will include more variables that address the question of platform work.

## 10. Policy discussion and initiatives

As platform economy knows no borders, it is not surprising that the same platform-based companies dominate the discussion in most of the countries. Uber, Foodora and AirBnb were frequently mentioned as companies that are most widely discussed in the media in the countries that responded to our questionnaire.

Traditionally, the labour market parties in the EU have resisted creating a new status alongside that of the self-employed and wage earners, as it has not been considered necessary. Employee organisations have voiced concerns that platforms may weaken working conditions and that the work will be shifted from traditional employment relationships to self-employment in hope of lower labour costs.

Belgium and Estonia seem to have been legislatively most active regarding social security and platform work. France has also reformed its laws and aims to facilitate the operations of platform economy.

### 10.1. Ongoing debate about platform work

In **Finland**, the trade unions formed a joint co-operative body that mainly hosts a website and operates among the trade unions. It handles matters concerning the self-employed and labour law, competition and social security reforms. Another ongoing debate focuses on umbrella companies that can transfer the contributions of the self-employed to the insurance institutions by power of attorney. Sometimes these companies have been misinterpreted as employers by the self-employed.

In **Switzerland**, atypical precarious work was studied (2017) and, according to statistics, some 2.5 per cent of active workforce conduct atypical and precarious work. Precarious work was defined as work that includes uncertainty about income and length of employment. In **Estonia**, it has been widely debated whether gig work should be regulated and, if so, how strictly? If the parties to a gig work relationship should be considered employer and employee, an analysis of how social insurance for gig workers can be guaranteed under the existing social insurance system is needed.

In **Italy**, the debate has been around the question how to regulate platform work without over-regulating. The key question is how to ensure sufficient social protection leaving the necessary flexibility that is essential to this kind of work and appreciated also by a part of the workers, according to some surveys. The latest annual report of INPS in May 2018 dedicated a chapter to gig workers.

In **France**, the trade unions have placed the question of the status of gig workers at the top of their agenda. They are often supporting gig workers who go to court to be treated as employees.

In **Germany**, gig workers are included in health insurance because of the broad obligation to take out health and long-term insurance. At present, discussions about the assessment of contributions for voluntarily insured self-employed persons are under way.

German gig workers are generally considered self-employed and are not covered by compulsory accident insurance. Optional insurance is possible, but the insurance must be paid by the gig workers themselves. Replacing the optional insurance with an obligation for all self-employed persons to take out social insurance is under discussion.

In **Poland**, entitlements to social insurance benefits are wide-ranging and diverse, therefore it seems unnecessary to broaden it by adding further 'status' types in the social insurance field. Activity performed by drivers offering their services through the Uber platform is perceived to be identical with self-employment. A driver is considered a temporary employee when employed by an entity with a larger number of vehicles and drivers that works for the Uber platform. Work performed through online platforms can also be considered as gainful activity based on a contract on providing services.

So far, no official campaigns to raise awareness about online platform work have been organized by the Polish Ministry of Family, Labour and Social Policy. Just like the Ministry of Finance, in reference to taxes, the Ministry of Family, Labour and Social Policy highlights, in its official publications, particular obligations relating to starting any gainful activity, such as the obligation to register the activity for social insurance purposes and to pay relevant contributions.

## 10.2 Recent reforms

In many ways **Belgium** has adopted an innovative approach to the platform economy. The country has created a specific legal framework for workers of the collaborative platform economy. The framework contains a tax and social security section. The regime only applies to work activities carried out through platforms that have been officially recognised/registered by the Belgian federal government (Tax administration). A list containing the registered platforms is available on the website of the Federal Public Service Finance, both in Dutch and in French. The list is updated regularly, for example Uber eats (Uber Portier) was added in March 2017, Deliveroo was added in January 2018. A platform is added to the list depending on its status. If the platform is not recognized, there is no information about it.

Eligible to registration are only platforms fulfilling the following conditions:

- only consumer-to-consumer services are targeted in this special regime
- the remuneration must be paid by the platform (not by the user) to the provider

In case where the platform is 'recognized' under these conditions, a special rule applies: for any gross income of the provider generated via platform work below 5,100 euros (2017), no social contributions are required. However, 25 per cent of taxes go towards financing the social security system for the self-employed.

If the platform is not recognized, regular tax and social security rules apply. This means among other, that no minimum threshold exists.

This scheme targets services provided within the framework of shared economy in a peer-to-peer relationship and therefore between equal parties. It aims at getting revenues that often escape any form of taxation out of this grey area and wants to stimulate entrepreneurship by allowing people to have a limited activity with a minimum of formalities.

If the platform-generated gross income exceeds the ceiling of 5,100 euros, the provider needs to be registered as a self-employed person according to the mandatory general insurance scheme for self-employed persons. In this case, the whole earnings are taken into consideration for social contributions, not only those exceeding the threshold of 5,100 euros.

In **Estonia**, the Simplified Business Income Taxation Act includes some tools targeted at platform workers. To simplify, the taxation of services (incl. social taxes) that are offered by one natural person to another (incl. income derived through a rise-sharing service platform) can be handled through a special business account in a bank. The platform worker is paid to the account and the bank transfers a fixed percentage of the payment to the Estonian Tax and Customs Board. This tax on business income covers income tax, social tax and contributions to a mandatory, funded pension. The tax rate is 20 per cent if the annual income is less than 25,000 euros and 40 per cent if it exceeds 25,000 euros. The stated tax rate takes into account the estimated expenses relating to offering a service. Platform workers who use this procedure as natural persons do not have to file submit tax reports, register as entrepreneurs or keep records of expenses. Using an entrepreneurial income account is voluntary. The law came into force Jan 2018. De facto no bank offers the service at the moment.

In **Estonia**, a simplified taxation act has also been developed. It includes laws on entrepreneurial income accounts. Any income from self-employment paid to such an account is subject to a tax rate of 20 per cent while being in the account. The tax paid from the entrepreneurial income consists of social tax (including health insurance), contributions to 1<sup>st</sup> and 2<sup>nd</sup> pillar pensions and income tax.

In **France**, the Social Security Funding law of 2017 has given internet platforms the opportunity to make turnover (sales) declarations for and instead of the worker. This law allows for the worker to choose between the social security rules and contributions for self-employed persons or for employees. If the worker chooses to follow the rules for employees, the contributions are based on 40 per cent of the turnover (13 per cent for apartment rental). The law took effect in January 2018.

In 2017, measures were taken to help low-income self-employed persons pay their insurance contributions thanks to a gradual reduction of the contribution rate for sickness insurance. Self-employed persons who earn less than 27,460 euros per year can get a reduction of up to 3.5 percentage points, that is, their contribution rate drops from 6.5 to 3 per cent. The status of micro entrepreneurs was reformed in 2016 and could be seen as a profitable status.

Article 18 of the Social Security Funding Law of 2017 is a real innovation in the French social security system. The article plans that income earned from rental of furnished property, rental of goods, activities of co-consumption, selling of services and goods have to be declared. This will lead to the payment of social contributions which can be submitted to income tax. It has been supplemented with reforms to facilitate entrepreneurship and reduce the gap between the statuses of self-employed and employee.

### 10.3 Planned policy initiatives

In **Austria**, a crowd working bill was suggested in Parliament in 2017, but it was then delayed and is unlikely to be realized in a foreseeable future.

In **Estonia**, the Basic Principles of the Government Coalition between the Estonian Centre Party, Estonian Social Democratic Party, Pro Patria and Res Publica Union for 2016-2019 provide that the government is planning to renew the employment market and the laws regulating labour taxes. They do this based on the changed nature of employment relations (remote working, workforce 'renting', multiple jobs, sharing economy). The Ministry of Social Affairs is preparing proposals that should make it easier to achieve more flexibility in working relationships and foster the use of flexible working arrangements (including gig economy). Flexible forms of work and gig economy have been debated widely in Estonia. Trade unions and employer organizations are included in the legislative process when labour and tax laws are amended.

A pilot project between different platforms and the Tax and Customs Board (ETCB) is being developed to allow easier access to earning information from the platforms. If providers allow the platform to forward their earning information to the ETCB, the platform can gather together the information about all its drivers by 1 February and send it to the ETCB. Forwarding information in that way is voluntary and includes only information about earnings that are subject to income tax.

In **Finland**, the earnings-related unemployment allowance of people engaging both in self-employment and wage earner activities has been discussed. Currently, the earnings-related unemployment allowance is paid when the worker meets the conditions for either employees or self-employed persons. Regulations for this new kind of unemployment insurance are under preparation. In the future, earnings-related unemployment security could be earned by combining wage earner activities and self-employment.

In **France**, the current government has announced that it wants to reduce the differences between the statuses of employee and self-employed. To do this, it has integrated the specialized social security for self-employed persons (RSI) with common social security insurance.

France focuses mainly on issues relating to transport and food delivery platforms. In some cases, the courts have ruled that platform workers are employees. Others are still waiting for the court ruling. The social insurance contributions' recovery agency (URSSAF) sued Uber and demanded the platform to pay contributions for its drivers. URSSAF finds that the drivers are subordinated to the platform (with, for example, working hours and working policies) and should be considered employees and not self-employed persons. Similarly, current and former workers have sued food delivery platforms because they find that the platforms act as employers.

France is also considering introducing insurance against accidents at work, paid for by the platforms. Implemented initiatives already target access to vocational training and the recognition of the worker's experience. If the initiative passes, platforms should charge fees and pay indemnities to their workers. Likewise, the workers would have the right to contest the working policies of platforms

without engaging their contractual liability. The platform workers would also have the right to unionize.

In **Germany**, the Coalition Agreement 2018 tentatively foresees more responsibility for platforms. In addition, easier access for self-employed persons to voluntary insurance is planned.

There are several points in the German Coalition Agreement 2018 which also concern platform work. Barriers to the platform economy will be removed. Supervision of competition is also to be strengthened to tackle abuse by platform companies. Digital platforms are to be increasingly included in the circle of users subject to the artists' social security system (Künstlersozialversicherung). An old-age pension obligation is to be introduced for all self-employed persons who are not already compulsorily insured elsewhere. But there is no immediate legislative processes concerning statutory pension insurance and platform work.

In **Poland**, most widely discussed is the Uber Platform operation, especially in the context of deregulation of selected professions, and in the case of Uber Platform – the profession of a taxi driver.

The catalogue of social insurance benefits is extensive and diversified in Poland, which is why it is deemed unnecessary to broaden it by adding further statuses. The work done by drivers offering their services through Uber is deemed equal to self-employment. A driver can also have the status of a temporary employee when employed by an entity performing services for Uber with a larger number of vehicles and drivers. Work done through online platforms can also be recognized as gainful activity based on a contract on providing services.

#### 10.4 Outlook: private insurance for new types of work?

At the moment, access to statutory social security schemes for independent workers is, in most cases, either mandatory or possible on a voluntary basis, competing with individual private solutions. Accident insurance, where even voluntary access may be difficult, forms an exception. In this context, **France** has to be mentioned in particular. With the decision to make some platforms responsible for the cost of private accident insurance for independent service providers intermediated by the platform, France acknowledges, at least to a certain degree, the need to provide social protection for platform workers. On the other hand, it denies platform workers access to the statutory accident insurance scheme.

In **Germany**, access to health insurance has been arranged from the onset through private insurance solutions, competing with fairly expensive voluntary access to statutory health insurance. In the absence of public social security provisions, or in the presence of relative weak ones, the economic actors have developed private solutions.

**Uber** gives drivers and couriers across Europe a one-off childbirth allowance of 1,000 euros. The benefit is granted under the following conditions: Uber drivers must have completed 150 trips and Uber eats couriers 30 deliveries in the past two months. In addition, Uber gives drivers and couriers across Europe a sickness or injury compensation for a maximum of 30 days on-trip and 15 days off-trip of varying amounts according to the country . 15 days. The same conditions apply to this benefit as to the maternity or paternity benefit. In case of accidents while working causing permanent disability Uber gives drivers and couriers across Europe a compensation. All of the above is provided by AXA.<sup>13</sup>

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<sup>13</sup> <https://www.uber.com/en-GB/newsroom/ensuring-independent-drivers-not-on-their-own/>

**Deliveroo** offers its global workforce a scheme through private insurers that gives its riders accident insurance against medical expenses and loss of earnings<sup>14</sup>.

Although the benefits are not, by any means, as generous as those of statutory social security schemes, they could become the nucleus of tailor-made social protection to cover the most urgent needs of platform workers, setting aside the expensive 'big risks' which the general public eventually has to pay for.

## 11. National regulations relating to work in private households (telework)

Most of the digitally delivered platform work can be done at any location. Often, it is done at home. Therefore it is important to assess the existing national regulations concerning telework.

In this section, we will analyse gig work by looking at the laws concerning telework and the role of labour inspection and occupational health and safety rules. In addition, we will investigate whether there is any quantitative data on employment through digital platforms.

It is evident that digitalization challenges our understanding of traditional workplaces: digital work is more often done elsewhere than at the employer's premises. Therefore, we need to analyse to what extent telework regulations differ between ESIP members.

In this paper, we attempt to answer three questions:

- 1) To what extent is telework covered by labour inspections and occupational health and safety rules/inspections in the countries we have studied?
- 2) Are there rules that ascribe employer-like responsibilities to private household owners who use household attendants?
- 3) Is it known how many people have registered to different online platforms? Is it known how many people buy labour services via platforms or what the activity rate of various platforms is?

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<sup>14</sup> The Guardian, 23 May 2018, Uber to give drivers and couriers sickness and maternity cover.

### 11.1. Labour inspections and occupational health and safety rules of telework

The European framework agreement on teleworking, signed by European social partners on 16 July 2002 applies to employees only. There are no equivalent agreements for self-employed persons.

In **Austria**, telework is not usually subject to labour inspections.

In **Finland**, in general, the same laws apply to work done at the employer's premises as to work done elsewhere. However, the laws recognize that employers have a restricted ability to influence the working conditions elsewhere. Regarding self-employed persons, specific regulations exist for those operating at a shared workplace. The act stipulates that employers and self-employed workers should make sure that their activities do not endanger employees' safety and health.

Telework is regulated in **France** and it must be mentioned in the work contract. The employee has to be reachable during specific working hours. The employee has to be interviewed once a year concerning the working conditions and the workload.

In **Germany**, regarding both statutory pension and accident insurance, the employer is responsible for the risks at the location of the telework to the same extent as at the original workplace. The law also stipulates that employers of teleworking employees have to organize labour and occupational health and safety inspections.

In **Poland**, the employer has the right to inspect the teleworker's performance at the work location and to verify its coherence with occupational health and safety rules. The inspection is subject to employee's consent, in order not to create any impediment in the use of home space.

### 11.2. Rules regarding private household owners who employ household attendants

In this section, we scrutinize the rules that ascribe employer-like responsibilities to private household owners who use household attendants.

**Austria** has developed a payment mechanism (service voucher) to include digital work relationships within the social insurance system. This payment mechanism guarantees that the contributions for occupational-related accident insurance are paid.

In **Finland**, a private household can acquire home care services from a company or hire an employee to do homework. In the latter case, it is a question of an employment relationship. The definition of an employment relationship is the same regardless of whether the employer is a large corporation or a private person, or regardless of the number of working hours. As a rule, a household has the same obligations as other employers.

**France** has encouraged and promoted housekeeping attendance for some twenty years. For example, employers get a tax deduction: 50 per cent of the annual wages and social security contributions. There is a ceiling of 10,000 euros per household (+ €1,500/child) for the tax deduction. At the same time, filling out employer declarations has been made easier as the declarations can be done online (Chèque Emploi Service Universel developed by the URSSAF).

In **Germany**, household owners who employ household attendants in their private households have to take out statutory accident insurance and pay social security contributions, just like any other employers.

Nevertheless, according to the social security law, an employment relationship with a low aggregated absolute level of earnings (up to €450 per month) or of short duration is a marginal employment, also called a *minijob*. There are special rules and exemptions from social insurance (including pension insurance) for minijobs. These rules and special conditions also apply to private employers, with some additional specifics for social insurance contributions (when applicable).

Alongside minijobs, there are also some more business-like models in Germany for household work, including low-scale work.

- Temporary work agency: the agency employs the household assistant. The household is not an employer (for instance 'Book a Tiger')
- A broker: a self-employed household assistant who uses an **online platform** (for instance Helping). Neither the platform nor the household is an employer.
- Self-employed person: a self-employed person offers their household services personally, without an intermediating platform or agency. The household is not an employer.

In **Poland**, the term employer applies to an organizational unit even if it is not a legal entity, as well as to a physical person, if the said person hires employees based on an employment contract, appointment by choice, designation or a cooperative employment contract.

The employer is always obligated to ensure safe and healthy work conditions in any work place, also including statutory social insurance.

In **Slovakia**, the rules regarding private household owners employing household attendants depend on the amount of the income earned and the nature of the business/legal relationship.

## Summary

Member States' regulations vary greatly when it comes to telework (Question 1). Germany stands out as the same rules apply to work done at the employer's premises as to work done at home. In Finland, there is some flexibility as it is recognized that it is more challenging for the employer to control working environment outside the ordinary workplace. At the other end of the scale is Austria, where telework is not subject to labour inspections.

As for Question 2, households are considered employers with binding rules concerning social insurance in all countries under review. However, there is some variation and flexibility in the rules. The Austrian voucher system aims to guarantee that occupational accidents are covered; France and Finland have encouraged households to hire household attendants by providing tax deductions. A notable exception in this respect is Germany, where so-called minijobs that pay less than €450 per month are governed by special rules and are exempted from statutory social insurance. As a result, many household attendants may not be fully covered.

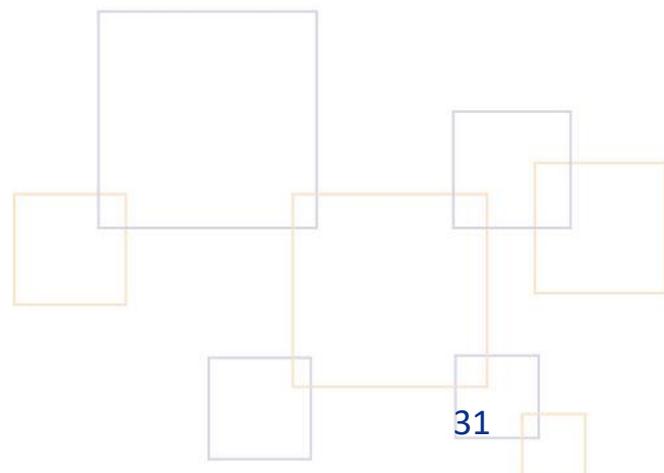
There are also alternative business models where the households are not considered employers - without a clear-cut difference in the nature of the services.

## 12. Conclusions

There are digital platforms in all countries that we have studied. The social security organisations report different challenges with this type of work. In some countries, the challenges arise from the fact that social insurance is heavily fragmented to certain branches. In others, the problems are caused by the fact that the thresholds for statutory insurance are relatively high, at least compared to earnings from the platform economy. In some countries, earnings-related social insurance is not mandatory for platform work within all branches, thus supporting myopic behaviour. In general, administering the platforms from a social security perspective is challenging and could, as such, pose problems regarding the correct social security coverage. Looking at different branches of social security, we can observe, as Spasova et al. (2017) did: the largest social security gap for people in non-standard forms of employment concerns unemployment insurance and accident insurance that are not always mandatory for the self-employed.

However, based on our study, we can argue that it is too simplistic to declare that the challenges relate only to the, at times, unclear employment status (employee vs self-employed). Digitalization and the platform economy have the potential to change the labour markets in a profound way. Our report highlights that issues such as taxation, registration of data and teleworking, all of which are closely related to social security, need to be taken into account. We do not still fully know how digitalization will affect the development of the wage sum, share of the self-employed in the workforce, income inequalities, unfair sharing/shifting of social security costs, or other important indexes to which many social security benefits are tied and upgraded annually. Our study shows concretely that we still lack comparable data on the extent of the platform economy as well as a coherent response to the changing labour markets. Social security organizations need such data and figures to improve their ability to accompany policy processes and decisions.

It seems that some platforms have taken action. In some countries, they have taken piecemeal approaches when it comes to social security, such as offering maternity/paternity packages through private insurance. However, it is clear that larger parts of social insurance in such approaches would be left on the hands of mandatory social insurers and collective risk-sharing. Therefore the question of the coverage of platform workers by statutory social security systems remain a crucial challenge to be tackled.



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