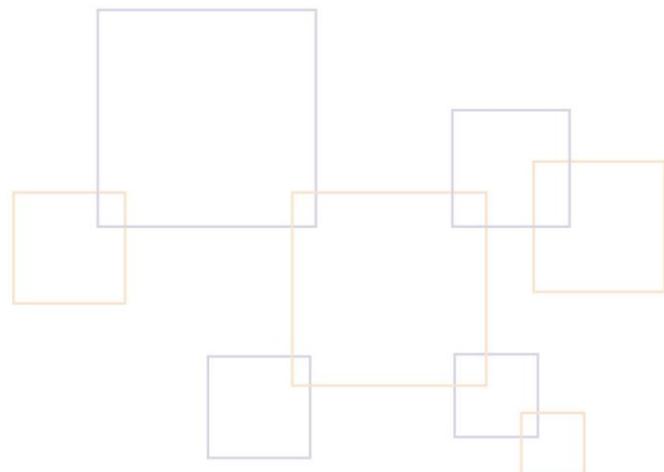


Statutory Pension Insurance of Digital Platform Workers – a comparative perspective

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ESIP aisbl

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About the European Social Insurance Platform (ESIP)

The European Social Insurance Platform (ESIP) represents over 40 national statutory social insurance organisations (covering approximately 240 million citizens) in 15 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.

ESIP members support this position as far as the subject matter lies within their field of competence.

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Statutory Pension Insurance of Digital Platform Workers - a comparative perspective

1. Social and economic background

The economic impact of Internet based “platforms” together with their increased use to re-organize traditional and create new forms of income generation implies new business models and opportunities, but as well new or increased risks for the taskers/service providers looking for business via platforms.

2. Implications for the legal “status” of platform workers

This new form of work organisation is resulting in different forms of self-employed and freelance work, such as independent contractors. The precise status of platform workers is hard to define, and eventually depends on the details of the various business models of platforms. The main feature defining the status of taskers as “independent” or “dependent” workers is the degree of control the platform exerts on the execution of work, for instance by controlling the contacts between customers and service providers, restricting the freedom of providers to contract when and to whom they want. Platforms are not simply retaining a part of the turnover of the providers. In order to attract clients, some of them try to behave like a “brand”, organizing credentials, controlling experience, and advertising with company-defined (quality) standards. In some cases, platform workers are not allowed/able to acquire their own client base, unlike real independent workers.

3. Challenges for Social Security

Considering this background, one has to rethink the traditional provisions of the social safety net that remain tied to full-time employment as a dependent worker. The solution could be to build up a “third category” of workers that might qualify for social security but not for labour rights: the “independent worker” or “dependent contractor”.

Concentrating on social security with its different sectors, the decisive question will be: do the new forms of work really challenge traditional forms of social security? Are they still “fit for purpose”?

4. The status quo

The answer to these questions requires a careful examination of the status quo. How do Member State’s social security schemes manage this evolution? Under which circumstances are platform workers eligible for social benefits? How is the triangular relationship managed – platform, service provider, customer? Could a platform be made responsible for tax- or social administration purposes?

5. Comparative mapping

Following intensive discussions ESIP members came to the conclusion that it would be important to have a “mapping” exercise between national solutions regarding social security coverage of platform work. The Pensions Committee eventually took this initiative.

Therefore, for the moment the following sections will only cover statutory pension insurance.

6. Methodological problems and solutions

Any comparison in this field must be done with great accuracy and precision. Some key elements to be considered before starting a mapping exercise have been identified:

- As a starting point, the comparison should focus on the features of the work, and not on the (possible) status as worker or self-employed.
- Among the great variety of possible forms of platform-work, one or only a few “sample-cases” should be identified.
- However, not every existing platform would be a good example. Several conditions must be fulfilled:
 - The platform has to organize work, and not primarily the sharing of goods such as Airbnb.
 - One should focus on virtual services (for instance click economy, bloggers and youtubers) that create content, not locally performed services such as household aid, transport (Uber) etc.
- For the sake of simplicity, personal or individual circumstances of the platform workers such as life cycle, family status or the main professional status should not be taken into consideration.
- The comparison should restrict itself to a better understanding of the legal situation in the respective Member State, leaving aside its implementation and the quantitative dimension of the phenomenon.
- The study should start with the coverage of platform workers by statutory pension schemes.

7. Description of the sample case

- Execution of “virtual tasks” – work performed via the internet - such as design (graphic, webpage etc); software development; translation; restaurant reviews checking
- Delivered by an individual (service) “provider”
- To various private or commercial “users”
- Via a (typically commercial, performing for fees) “digital platform”, such as: Amazon Mechanical Turk (MTurk), Upwork, CoContest, ggdesign, Unbabel, Fiverr, Fivesquid, Youtube content creators, Clickworker (in this case, the users are often big companies)

We assume that the respective platform only acts as an intermediary and a “market place”, maybe including payment-functionalities, but without any influence on price, quality or the execution of the tasks.

8. Questions

- 1) Is the respective activity of the “provider” covered by statutory pension insurance? If yes: is it mandatory, or voluntary?
- 2) Are there any thresholds in this respect? (per task/platform work in general/together with other forms of earned income)?
- 3) Who has to pay the contributions?
- 4) What is the basis for the calculation of the contributions? (This question would be also relevant for pension systems without link between contributions to and the amount of the pension – such as NL)

9. Evaluation of given answers – Overview and Results

Twelve countries (EU and EEA) are covered by the study. The results can be summarized in four points:

- The providers are unsurprisingly falling (at first sight) under the category of self-employed.
- There is no uniform picture on the consequences of **mandatory** coverage by a statutory pension scheme. Compulsory inclusion exists only in half of the countries. In some other countries, at least voluntary access is possible.
- Even when coverage is mandatory – there are **minimum thresholds**. Only when a certain level of income is exceeded, does insurance becomes mandatory. However, similar minimum thresholds exist also in schemes for dependent workers.
- Regarding contribution rates, there may be deviations compared to dependent workers.

10. Conclusion

What can we learn from the survey?

First impressions:

Even with view of new forms of labour, we don't have to reinvent social security. There are good practices in some member states, and they might help to find good solutions also in other countries.

The “caveat”:

We do not know – and we didn't ask for – the implementation of the rules in the real world. In particular, we do not have figures about real “platform” cases. It cannot be excluded that many cases are not reported to the authorities. In addition, access to pension insurance cannot be regarded in isolation. Other social security sectors have to be included. Therefore, ESIP is going to establish an informal working group to discuss and prepare the next steps.

11. Detailed answers

Country	Question 1
	Provider covered by statutory pension insurance? If yes: mandatory - voluntary?
Belgium	<ul style="list-style-type: none"> The provider is considered to be a self-employed worker, and with this status he is mandatorily insured¹
Germany	<ul style="list-style-type: none"> Not covered by statutory pension insurance in general Exception: self-employed artists or publicists might be covered under certain conditions; the virtual task has to qualify as artistic or publicist activity, individual examination of each case required For all other providers: different types of voluntary insurance possible, but only covering old age (and not invalidity) risk
Finland	<ul style="list-style-type: none"> The provider would be a self-employed person. No mandatory insurance in case of minor self-employment with a short duration (less than four months). The sample platform worker is very likely to fall under this exception. Voluntary insurance possible
Austria	<ul style="list-style-type: none"> The provider is considered to be self-employed and will mostly fall under the category of the so-called "New Self-employed persons" As self-employed or new self-employed person, he will mandatorily be insured under the GSVG (Gewerbliches Sozialversicherungsgesetz).
Slovakia	<ul style="list-style-type: none"> Most likely self-employed without any relevance to social insurance (even if relevant for tax authorities)

¹ More specific:

1. Mandatory insurance as a "self employed" person in case of persons providing "virtual" tasks by internet if their activity is not occasional but has a certain regularity and is executed with the pursuit of profit. In this case their earnings will be taxed as a "professional income". Under this category he is covered by the mandatory general insurance scheme, including pensions.

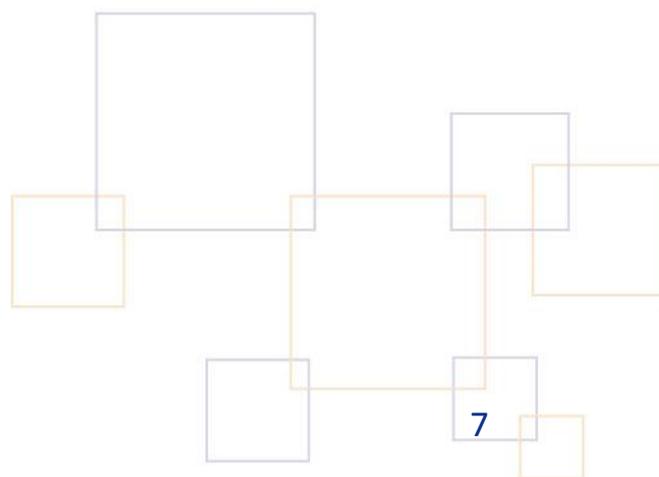
Samples : bloggers generating income from Amazon, Google Adsense, persons offering services on e-bay,

2. No (mandatory) insurance as a "self employed" person in case of a service provider executing "tasks in the real world" by the intermediate of a "recognized" virtual platform. For this cases a specific legal framework was drawn up since the 1st of July 2016. It's necessary that the earned income from the services, provided beyond a professional activity, is taxed as an "miscellaneous" income (income less then approximately 5 100 euros a year). Then, he is not considered as a self-employed person and there's no legal obligation to pay social security contributions.

In case one of the conditions (for instance the "recognized" virtual platform, the income level...) is not fulfilled, the income of the service provider would be taxable as an "earned income" and he will be considered as a self-employed person. Under this category he is covered by the mandatory general insurance scheme, including pensions.

Samples : customers asking for a taxi by the Uberapp, asking for a meal by Deliveroo...

Poland	<ul style="list-style-type: none"> ▪ The provider is considered to be self-employed, and falling under this category he is covered by the mandatory national insurance scheme, including pensions.
Luxembourg	<ul style="list-style-type: none"> ▪ The provider is considered to be self-employed, and falling under this category he is covered by the mandatory pension insurance
Norway	<ul style="list-style-type: none"> ▪ The provider is considered to be self-employed, and falling under this category he is covered by the mandatory national insurance scheme, including pensions.
Netherlands	<ul style="list-style-type: none"> ▪ There is no specific scheme for independent workers. The provider would be insured under the general insurance system for citizens if he lives in the Netherlands or earning a taxable work income. Insurance of the general scheme covers health, pension and child allowance. It does not cover unemployment or work accidents.
France	<ul style="list-style-type: none"> ▪ The provider is considered to be self-employed and as such mandatorily insured ▪ Most likely in a special regime (RSI), depending on the precise content of the jobs
Sweden	<ul style="list-style-type: none"> ▪ The provider is considered to be self-employed and as such only insured on a voluntary basis.
Hungary	<ul style="list-style-type: none"> ▪ The provider falls under the category of "Other employment-related legal relationship", and as a consequence he is covered by mandatory social insurance incl. pensions



Country	Question 2
	Are there any thresholds in this respect?
Belgium	<p>Yes</p> <ul style="list-style-type: none"> ▪ Mandatory social contributions as a self-employed person in the general insurance scheme are based on a minimum income of 13.010, 66 euros a year (see www.rsvz.be) ▪ If no insurance as a “self-employed” person (namely in cases of income lower than the threshold indicated above): no social contributions. In these cases, income tax rules are applied anyways. However, there is a special tax regime in place in case of platform work which generates an income below approximately 5 100 Euro a year. It is taxed with 20%, and 25% of the tax-amount is transferred to NISSE for the financial management of social security of self-employed persons (pension, disability, illness)
Germany	<p>Yes</p> <ul style="list-style-type: none"> ▪ For self-employed artists or publicists a minimum income of 3900€ per year
Finland	<p>Yes</p> <ul style="list-style-type: none"> ▪ Mandatory insurance for Self-employed persons (age of 18 up to 68) in case of a minimum duration of self-employment four months, and if in addition a minimum income is exceeded (on the basis of the value of the work, which can differ from the income) – actually: 7.557,18 € ▪ Voluntary insurance, if self-employment with a short duration is earning more than a certain threshold (7.557,18 per year in 2016)
Austria	<p>Yes</p> <ul style="list-style-type: none"> ▪ 5.108,40 € per year up to 69.720 € per year (2017), income from all economic activities is added together
Slovakia	Not applicable
Poland	<p>Yes</p> <ul style="list-style-type: none"> ▪ Minimum 60% of average salary in Poland; Maximum: 250% of average salary in Poland
Luxembourg	<p>Yes</p> <ul style="list-style-type: none"> ▪ In case of self-employment activities, Income must exceed 1/3 of the annual minimum wage (2016: 7.691 €)
Norway	<p>Yes</p> <ul style="list-style-type: none"> ▪ Yearly income below 49.650 NOK/per year would not be subject to contributions
Netherlands	<p>No</p> <ul style="list-style-type: none"> ▪ Contributions have to be paid from the “first Euro”.

France	Yes <ul style="list-style-type: none"> There are maximal thresholds per year depending on the kind of work (sale, service) and it exists also a sort of flat rate for micro enterprises.
Sweden	No
Hungary	Yes <ul style="list-style-type: none"> The minimum threshold equals 30% of the prevailing minimum wage In 2017, the monthly gross minimum wage is HUF 127 650. (1€ = ca. 310,- HUF, so 30% of the monthly gross minimum wage would be 123,50€)

	Question 3
Country	Who has to pay the contributions?
Belgium	<ul style="list-style-type: none"> For income tax: both the platform as an intermediary and the service provider For social security incl. pensions: the provider if considered as having the status of a "self-employed" person
Germany	<ul style="list-style-type: none"> For artists and publicists: <ul style="list-style-type: none"> - the " Provider: 50% - the User (for instance an impresario): 30% (so called "Künstlersozialabgabe") - the state: 20% (grant) For all other cases (on a voluntary basis): the provider
Finland	<ul style="list-style-type: none"> Self-employed person her/himself ; on one's own responsibility
Austria	<ul style="list-style-type: none"> "New" self-employed person her/himself ; on one's own responsibility
Slovakia	Not applicable
Poland	<ul style="list-style-type: none"> Self-employed person her/himself ; on one's own responsibility (is paying tax and social contributions)
Luxembourg	<ul style="list-style-type: none"> Self-employed person her/himself
Norway	<ul style="list-style-type: none"> Self-employed person her/himself
Netherlands	<ul style="list-style-type: none"> Self-employed person her/himself. The contributions are being levied together with the fiscal taxes
France	<ul style="list-style-type: none"> Self-employed person her/himself
Sweden	<ul style="list-style-type: none"> Self-employed person her/himself
Hungary	<ul style="list-style-type: none"> The user (in his function as an employer)

Country	Question 4
	What is the basis for the calculation of the contributions?
Belgium	<ul style="list-style-type: none"> ▪ For self-employed persons only having a principal activity as self-employed: 21,5 % of the net professional income in the range of minimum up to maximum income (actually 13010,66€ - 82795,16€) ▪ Different rules may apply for persons having in addition another activity (not only self-employed) or having the pension age. Percentage as well as threshold can differ.
Germany	<ul style="list-style-type: none"> ▪ For artists and publicists: ▪ Provider: 9,35% * of the profit from self-employed activity (income) ▪ User: 4.8% *of all fees paid in a calendar year for self-employed artists and publicists *actually
Finland	<ul style="list-style-type: none"> ▪ Self-employed person: Contribution is calculated as a percentage of the self-employed person`s confirmed income.
Austria	<ul style="list-style-type: none"> ▪ New self-employed person: Contribution is calculated as a percentage (18,5 %) of the self-employed person`s estimated income; survey after tax assessment is available.
Slovakia	Not applicable
Poland	<ul style="list-style-type: none"> ▪ Declared amount
Luxembourg	<ul style="list-style-type: none"> ▪ Percentage (16%) of income (minimum base: (2016) 1.922€/monthly up to maximum base 9.610€/monthly)
Norway	<ul style="list-style-type: none"> ▪ Percentage (11,4%) of gross income
Netherlands	<ul style="list-style-type: none"> ▪ Percentage of the income generated by platform work
France	<ul style="list-style-type: none"> ▪ Percentage of income; the percentage differs depending on the kind of pension (reduction in earning capacity, death, economic rent/retirement pension supplement) ▪ Special conditions for "minijobs" ▪ Flat rate for micro enterprises
Sweden	<ul style="list-style-type: none"> ▪ Individual income
Hungary	<ul style="list-style-type: none"> ▪ 10% of the respective income

12. Summarized answers

	Covered by pension statute		Thresholds (minimum/maximum)		Provider responsible for paying contributions		Percentage of income = basis
	Yes	No	Yes	No	Yes	No	
Austria	X		X		X		X
Belgium	X		X		X		X
Finland	X*****		X		X		X
France	X		X		X		X*****
Germany	X**		(X)		(X)**		(X)
Hungary	X		X			X*****	
Luxembourg		X****	X		X		X
Netherlands	X*			X	X		X
Norway	X		X		X		X
Poland	X		X		X		X*****
Slovakia		X	-	-	-	-	-
Sweden	X*****			X	X		X

* but only covered by the general scheme for citizens, without link between contributions and benefits

** mandatory only for artists and publicists, in other cases voluntary (but only possible for old age)

*** for artists and publicists: provider, employer and user are sharing the contributions; in other cases: the provider

**** not yet, but if, it would be mandatory

***** declared income

***** only on a voluntary basis

***** flat rate for micro-enterprises

***** the user is responsible