



European Platform
tackling undeclared work

Ninth plenary meeting of the European Platform tackling undeclared work

**Report on tackling undeclared work in the collaborative
economy and related to new forms of work**

October 2020

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1 INTRODUCTION

The ninth plenary meeting of the European Platform tackling undeclared work (the “Platform”) was held online on 5-6 October 2020. The first day of the plenary was dedicated to a thematic discussion on tackling undeclared work in the collaborative economy and related to new forms of work. The intention was to enable Platform members and observers to engage in mutual learning around policy solutions as well as to identify the areas where national and/or collective action at the EU level could be required.

This report summarises the presentations and discussions at the thematic day. It also draws upon the input paper prepared for the meeting¹ and a more detailed Platform working paper on “Tackling undeclared work in the collaborative economy and bogus self-employment”².

The thematic half-day webinar consisted of an introductory session on tackling undeclared work in a changing labour market, followed by presentations on two topics: tackling bogus self-employment and tackling undeclared work in the collaborative economy. A cross-cutting additional theme addressed throughout the presentations and discussion was how the COVID-19 pandemic had resulted in new trends in the labour market and affected undeclared work in the collaborative economy and bogus self-employment.

2 TACKLING UNDECLARED WORK IN A CHANGING LABOUR MARKET

Across the EU, labour markets are rapidly changing and many of these changes have consequences for undeclared work. The presentations from Eurofound, ILO and OECD all drew attention to how new forms of (non-standard) work are emerging beyond the standard employment relationship (i.e., full-time dependent employment of indefinite duration).

A non-exhaustive list of the new forms of work mentioned by these speakers include:

- Bogus self-employment
- Dependent contractors
- Self-employment
- Platform work
- Home-based businesses
- Casual and temporary work
- Telework
- Portfolio work
- ICT mobile work
- Job sharing
- Employee sharing
- Collaborative employment
- Voucher-based work

In a recent **OECD report**³ authored by one of the presenters at the workshop, **Marguerita Lane**, it has been highlighted that many countries are reflecting on whether existing

¹ Williams, C.C. (2020). Tackling undeclared work in the collaborative economy and related new forms of work. Input paper to the thematic discussion. European Platform tackling undeclared work Plenary meeting 5-6 October 2020. (Not published).

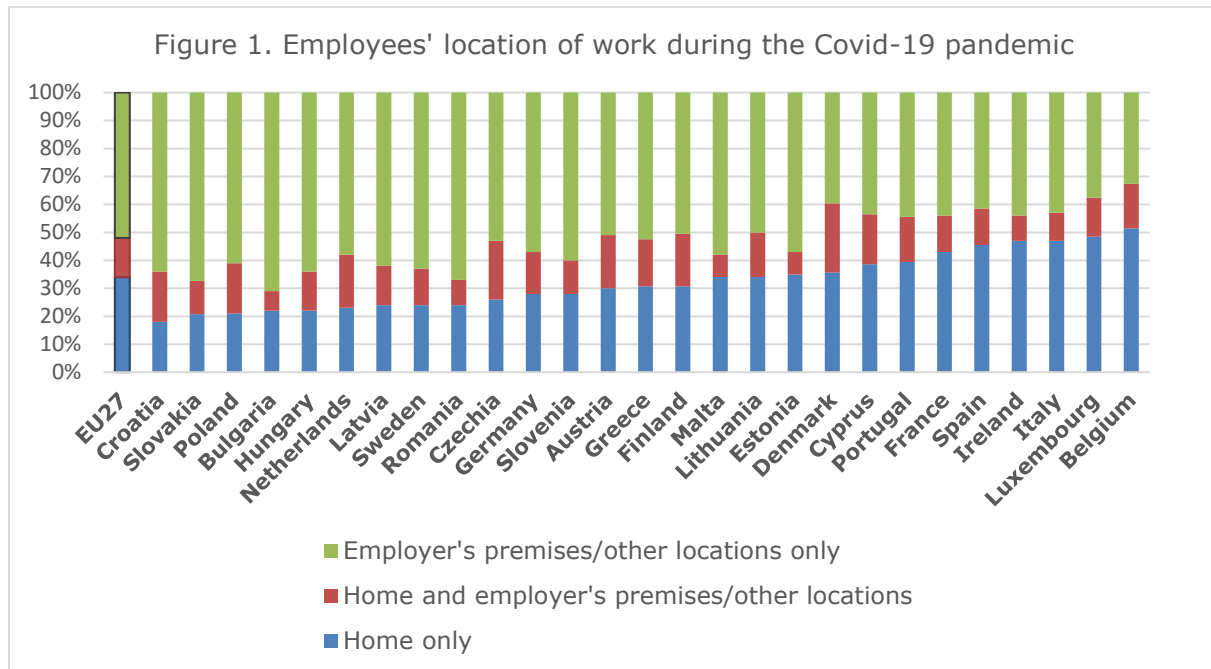
² Williams, C.C., Llobera, M. and Horodnic, A. (2020) *Tackling undeclared work in the collaborative economy and bogus self-employment*. European Platform tackling undeclared work, Brussels.

³ OECD (2019) *Policy Responses to New Forms of Work*, OECD, Paris. <https://doi.org/10.1787/0763f1b7-en>

policies and institutions are capable of addressing effectively the current (and future) challenges of these emerging new forms of work.

Indeed, **Juan Menéndez-Valdés of Eurofound** provided a preview of a forthcoming Eurofound report⁴ on the emergence of these new forms of work in the EU.

His presentation drew attention to the fact that during the current COVID-19 pandemic, one form of work that has greatly expanded is telework. A Eurofound online survey has revealed that **one-third of workers have worked only from home** during the pandemic and that almost **80% would prefer working from home in the future** (at least occasionally), with their preferred option being **several days** a week. However, and as Figure 1 reveals from his presentation, the tendency to work from home during the pandemic varies significantly across EU member states.

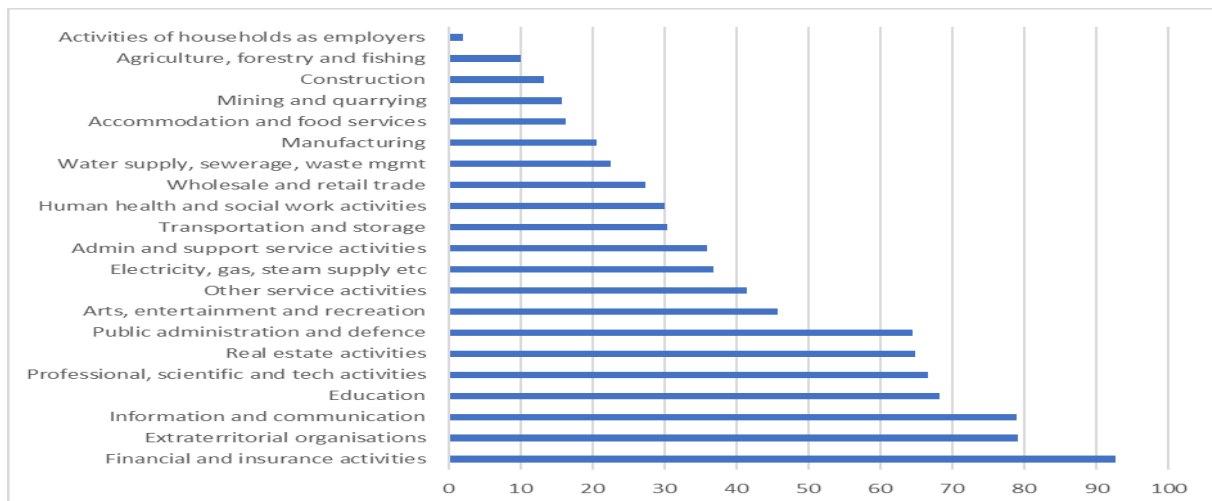


Source: presentation by Juan Menéndez-Valdés (2020)

Figure 2, meanwhile, reveals that there are additionally variations by sector in the ability to work **only from home** during the pandemic.

Figure 2. Teleworkability by sector (EU-27)

⁴ <https://www.eurofound.europa.eu/publications/report/2020/new-forms-of-employment-2020-update>



Source: presentation by Juan Menéndez-Valdés (2020)

A presentation from **Spain** revealed how this shift towards remote working and telework had been recognised and a decision taken to pursue a pro-active policy intervention in the form of **Royal Decree-Law 28/2020 (22/09/2020)**. In this legislation, **remote working** refers to work performed at the worker's home or at the place chosen by him/her, during all or part of his/her working day, on a regular basis, whilst **teleworking** refers to remote work carried out through the exclusive or prevalent use of computer, telematic means and systems. A regular basis means that $\geq 30\%$ is remote working in a reference period of 3 months and $\geq 50\%$ if the contracts are with workers under 18 years old, internships, or training contracts. Given the recent increase in remote working and telework due to the pandemic, it was recognised that there was a need to tighten up existent labour law to abuses (e.g., on working hours, expenses) and provide clarity on workers' (and employers') rights in relation to these work practices.

Under this legislation, a remote work agreement must be provided in writing and the minimum content must include:

- Inventory of the equipment and tools;
- List of the expenses that the worker will have;
- Working hours, rules of availability;
- Percentage and distribution between workplace and remote work;
- Duration of the remote working agreement; and
- The company's workplace, the remote workplace chosen by the worker, the means of corporate control of the activity, the procedure to be followed in the event of technical difficulties, instructions on data protection, safety, etc.

This is voluntary and reversible for the worker and for the company. The intention is to provide the following rights for workers:

- Right to disconnect;
- Adequate means;
- The company cannot require the installation of programs or applications on worker-owned devices;
- Time flexibility, including through a working time registration system;
- Expenses, including payment or compensation by the company;
- Other rights: professional training and promotion, OSH, collective rights, etc.

In addition, as regards companies, the Decree envisages appropriate measures of surveillance and control, including respect to the dignity and privacy of the worker.

Indeed, for ITSS in Spain, this provides a legal context for the investigation of undeclared work and under-declared employment in relation to telework. This involves:

- Complaint, communication, information from the Antifraud Tool Unit;
- Preliminary proceedings: analysis of the information of the complaint/communication and databases;
- Visit. Request of documents, including software, computer programs, interviews;
- Analysis of the documents and information. Where appropriate, request and analysis of documents and information of other companies, and
- Infringement record.

The wider lesson from this case study is that in the immediate future, there will need to be risk assessment of whether **these emergent new forms of work are resulting in tax and social security non-compliance and labour law violations** and if so, **pro-active preventative legislative actions will need to be pursued to prevent abuse.**

In future, **Platform activities could be organised** to enable knowledge exchange on the emergence of these new forms of work (e.g., home-based businesses, telework, ICT mobile work, portfolio work) and whether they are leading to tax and social security non-compliance and labour law violations. Where this is the case, mutual learning can then occur on potential policy interventions, what works and what might be transferable to other Member States.

Two prominent new forms of work which have been of considerable concern to the European Platform tackling undeclared work are bogus self-employment and platform work. These were given attention during the thematic discussion day.

3 TACKLING BOGUS SELF-EMPLOYMENT

A poll during the workshop revealed that tackling bogus self-employment was high/very high on the list of priorities of 52 % of the Platform members and observers responding. For the remaining respondents, it was equal to other things for 22 %, low for 25% and very low for none.

Bogus self-employment refers to an employment relationship where workers are self-employed but have a *de facto* employment relationship, *economic dependence* (they generate their income from one or mainly from one employer) and *personal dependence* (i.e., subordination and lack of authority on working methods, content of work, time and place). However, there is currently no consensus across countries on whether both forms of dependence need to be present, or only one, or on the criteria used to define economic and personal dependence.

The presentations at the workshop clearly highlighted that the reason dependent employees are misclassified as self-employed is to circumvent collective agreements, labour laws (e.g., minimum wages, working time legislation, protection in case of redundancy), employment tax and other employer liabilities attached to the standard contract of employment. It was also highlighted that this rationale for misclassifying dependent employees is not limited to collaborative platforms as employers. It is also relevant to many other employers beyond collaborative platforms.

To tackle the misclassification of employment relationships, three components are needed. The **first component** that Member States require **clear legal definitions** of dependent employment, self-employment and bogus self-employment. This is not currently always the case. Of the 28 countries responding to the 2019 annual Platform survey (26 EU Member States, excluding Luxembourg and Romania, plus the EEA countries of Iceland and Norway), only 85 % of the responding countries have a legal definition of self-

employment, 50 % have a legal definition of dependent employment and 25 % have a legal definition of bogus self-employment. Unless clear legal definitions exist, proving worker misclassification is a challenge. Indeed, a poll during the workshop on the main challenges facing participants in relation to tackling bogus self-employment produced a word cloud where the prominent responses were the “legal framework”, “unclear legislation” and “lack of clear definitions”, with other less prominent challenges stated including: finding the workers; getting data; evidence, and establishing the facts.

A presentation by **Philippe Marcadent** of the **ILO** drew attention to the importance of establishing clear boundaries between self-employed, dependent self-employed, and employees. Reflecting the situation in those EU countries where a legal definition of dependent self-employed exists (e.g., Germany, Spain), he indicated that the advantages of introducing such a category is that the workers then have some labour and social security rights (albeit perhaps limited) whilst the disadvantages are that the difficulty of establishing clear delimitations may still remain and there is a risk that the result will be a lowering of the level of protection and access to rights (transforming employees into dependent self-employed workers). He underlined that the category of dependent self-employed is not prohibited by International Labour Standard but is defined by none of them. On the contrary, the new international statistical standard on work relationships⁵, has proposed that these workers be classified in a new statistical category, termed “dependent contractors”.

Dependent contractors are “workers who have contractual arrangements of a commercial nature (but not a contract of employment) to provide goods or services for or through another economic unit. They are not employees of that economic unit, but are dependent on that unit for organization and execution of the work, income, or for access to the market”. That is, they are workers employed for profit, who are dependent on another entity that exercises control over their productive activities and directly benefits from the work performed by them. In addition:

- a) Their dependency may be of an operational nature or an economic nature such as through control over access to the market, the price for the goods produced or services provided.
- b) The economic units on which they depend may be market or non-market units which benefit from a share in the proceeds of sales of goods or services produced by the dependent contractor.
- c) The activity of the dependent contractor would potentially be at risk in the event of termination of the contractual relationship with that economic unit.

This dependent contractor definition is a potential way forward for Member States. Indeed, the OECD presentation highlighted how “dependent contractor” status had been introduced in February 2020 into the Labour Code in Ontario with dependent contractors treated the same as dependent employees.

Besides a clear legal definition of BSE, the **second component** required is for enforcement authorities to have the **legal competence** to tackle bogus self-employment. According to the 2019 annual Platform survey, tax authorities have this competence in 81 % of countries responding, labour inspectorates in 78 % of responding countries, and social security/insurance authorities in 52 % of responding countries.

Beyond clear legal definitions and legal competence, the **third component** required is that policy initiatives to tackle bogus self-employment need to tackle its causes. Bogus self-employment occurs for two broad reasons. First, there is **unintentional bogus self-employment** due to a lack of knowledge of the regulations or because complex legal

⁵ The 20th International Conference of Labour Statisticians, “Resolution Concerning Statistics on Work Relationships” (Geneva: International Labour Office, Department of Statistics, October 10, 2018).

rulings are difficult to understand. Second, there is **intentional bogus self-employment** driven by the pursuit of financial gain.

Where the driving force is **financial gain**, enforcement authorities need to implement policy initiatives to ensure that **the costs of misclassifying workers outweigh the benefits**. To do this, firstly, **the costs** of misclassifying workers can be increased. This requires improvements in the sanctions for misclassification (i.e., ranging from requalification of the employment relationship into the correct contractual relationship to criminal penalties, with various civil and economic sanctions in between) and improving the probability of detection such as via data mining and analysis.

Possible policy initiatives to **incentivise** the correct classification of employment relationships include:

- making the financial cost of employers outsourcing to the self-employed equal to using dependent employment;
- making it easier for employers to legitimise their employment relationships, and
- extending social protection to the self-employed (so that there are fewer advantages associated with misclassifying employment relationships).

Indeed, a poll during the workshop provided some indication of the extent to which Member States are adopting the above range of initiatives to tackle bogus self-employment. This informal poll revealed that:

- 47 % used data mining to identify risky businesses;
- 41 % had extended social protection schemes;
- 38 % had made the classification of employment relationships compulsory;
- 22 % had increased fines, and
- 16 % had used voluntary disclosure schemes.

The 2019 annual Platform survey revealed a similar breadth of policy initiatives being pursued by Member States.⁶ Similar to the informal poll, therefore, it reveals room for improvement in the breadth of policy initiatives pursued by Member States. Therefore, mutual learning on what works and what does not could be a useful activity for the Platform such as via the production of good practice fiches.

However, bogus self-employment is not always intentional. It can be also unintentional such as due to a lack of knowledge of the rules and complex legal rulings being difficult to understand for employers, or due to a lack of understanding of the benefits of compliance for workers. **Education and awareness-raising campaigns** can therefore play a key role in tackling bogus self-employment.

A presentation by John Kelly reported on an **education and awareness raising campaign on bogus self-employment in Ireland** which used the slogan “Not all self-employed people choose self-employment”. The impetus for this campaign was Ireland’s *Code of Practice for Determining Employment or Self-Employment Status of Individuals* which was published in 2018.⁷ This code of practice sets out clear criteria for determining whether a worker is in dependent employment or self-employment. To educate the public about its existence and raise awareness about bogus self-employment, in May 2018, the Irish Department of Employment and Social Protection ran a campaign through online, billboard and radio adverts, lasting one month. This 167,000 EUR campaign reached out to bogus self-employed workers and explained the implications to them regarding their

⁶ See Williams, C.C., Llobeira, M. and Horodnic, A. (2020) *Tackling undeclared work in the collaborative economy and bogus self-employment*. European Platform tackling undeclared work, Brussels.

⁷ Ireland’s Code of Practice for Determining Employment or Self-Employment Status of Individuals, 2018, available at: <https://www.revenue.ie/en/self-assessment-and-self-employment/documents/code-of-practice-on-employment-status.pdf>.

social welfare benefits and informed them of their employment rights. This campaign therefore addressed not only unintentional non-compliance due to a lack of knowledge of the rules but also those workers who had been intentionally employed by employers on a bogus self-employed basis about the negative consequences for them. Such a campaign is transferable to other Member States.

There is also a role for social partners in forging **collective agreements** specifically aimed at bogus self-employment in countries where a hybrid category of employment has been introduced.

4 TACKLING UNDECLARED WORK IN THE COLLABORATIVE ECONOMY

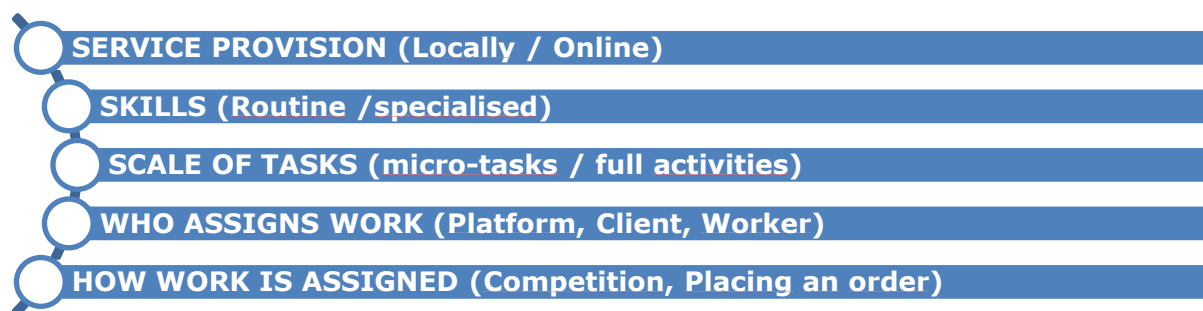
Three categories of actor exist on platforms: (i) **service providers** who share assets, resources, time and/or skills; (ii) **users** of these; and (iii) intermediaries that connect via an online platform providers with users ("**collaborative platforms**").

Bogus self-employment in the collaborative economy arises when workers are misclassified as self-employed (working for the user) when in fact the platform is their employer and they are dependent employees.⁸ Meanwhile, undeclared work on platforms occurs when service providers violate tax, social security or labour laws, such as not declaring their earnings for tax compliance purposes.

Although no EU-wide data exists on the prevalence of bogus self-employment in the collaborative economy (i.e., on the misclassification of workers as self-employed working for the user when they are *de facto* employees of the platform), there is data on undeclared work on platforms. The 2019 special Eurobarometer survey no. 498 on undeclared work reveals that **11% of those reporting engagement in undeclared work in the EU had sourced at least some of their activities via collaborative platforms.**⁹ Little evidence so far exists on whether during the pandemic, bogus self-employment and undeclared work provided via collaborative platforms has grown. A poll during the workshop revealed that 61 % of Platform members and observers believed that the pandemic will have increased the prevalence of undeclared work in the collaborative economy (27 % did not know, 6 % believed it had decreased and 6 % stayed the same).

The presentations by OECD, ILO and Eurofound all highlighted the need to recognise the diversity of platform work, such as the variety of employment relationships ranging from more dependent to more independent. The presentation of **Juan Menéndez-Valdés** reported recent Eurofound research highlighting this diversity in platform work (displayed in Figure 3).

Figure 3. Diversity in platform work



⁸ Indeed, whether service providers are working for the user (and are self-employed) or the platform (and are dependent employees) has been subject to considerable legal debate. See Annexes in: Williams, C.C., Llobeira, M. and Horodnic, A. (2020) *Tackling undeclared work in the collaborative economy and bogus self-employment*. European Platform tackling undeclared work, Brussels.

⁹ Williams, C.C. and Horodnic, I (forthcoming 2020) *Trends in the undeclared work and policy approaches: evidence from the 2007, 2013 and 2019 Eurobarometer surveys*, European Commission, Brussels.

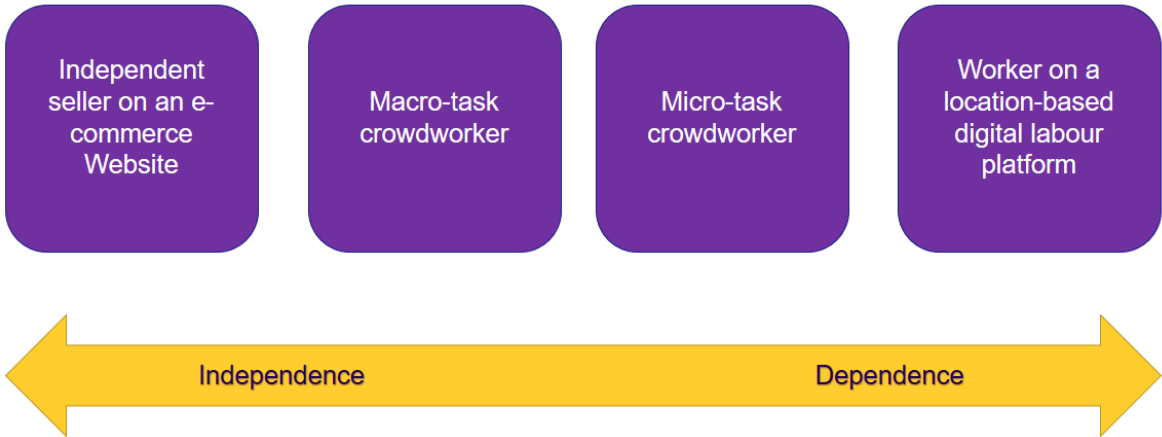
Given this diversity, the **impact of COVID-19** on bogus self-employment and undeclared work on collaborative platforms will have varied. Firstly, there will have been variations by sector. Although some sectors associated with bogus self-employment and undeclared work in the collaborative economy (e.g., food delivery, parcel delivery) have witnessed significant growth during the pandemic, other sectors where it has been prevalent (e.g., accommodation services; home restaurants) have witnessed significant decline. Secondly, and as the Eurofound presentation highlighted, platform workers in these latter declining sectors have been affected by work stoppages (e.g., due to self-isolation and a drop in demand) with consequences for earnings and access to social protection. This has raised numerous challenges, including the provision of support to the self-employed, the provision of sick pay by platforms, as well as access to enhanced occupational health and safety and personal protective equipment (e.g. in sectors such as transport or delivery). How platform workers are dealt with by enforcement authorities was shown during the workshop to depend on whether they are deemed to be employees (working for the platform) or self-employed (working for the user).

If service providers are dependent employees of the platform, then enforcement authorities can treat platforms the same as any other employer and implement the same initiatives to ensure compliance with national labour, tax and social security law as they would with any other employer.

However, if service providers are working for the user, they are participating in genuine self-employment. Enforcement authorities can therefore implement the same initiatives to ensure compliance with national labour, tax and social security law as they would with any self-employed person. The key difference is that undeclared self-employment on platforms is potentially easier to detect because there is the possibility of requesting from platforms details of their transactions.

Importantly, the **ILO presentation** by Philippe Marcadent revealed that platform workers are not either all employees or all self-employed. Instead, and given the diversity of collaborative platforms, there are a variety of employment relationships from dependency to independence, depending on the platform (see Figure 4).

Figure 4: The spectrum of dependency among Platform workers



Source: Presentation from Philippe Marcadent, ILO (2020)

To establish the employment relationship, the overarching principle is the primacy of facts. The ILO presentation showed how various criteria are used, sometimes in combination, to establish the nature of the employment relationship, namely:

- (1) Work schedules;

(2) Supervision/control, and

(3) Provision of equipment.

Other stakeholders have put forward other conditions, including for instance *control, knowledge and influence* platforms exercise over individual providers of labour. Importantly, different conclusions about the employment status of platform service providers have been reached across various jurisdictions both across countries and even within countries¹⁰. The latter is in part due to the diversity of the modalities of operation of digital platforms.

Marguerita Lane from the **OECD** similarly recognised not only the diversity of platform work but also how employment status acts as a gateway to worker rights. Ensuring the correct classification of workers (and tackling misclassification) is therefore essential to tackle bogus self-employment in the collaborative economy. To do so, a three-step plan was proposed:

- *Identify groups* of vulnerable self-employed workers to which certain labour rights and protection could be extended;
- *Decide which labour rights and protections* to (at least partially) extend, and whether and how they should be adapted;
- Where necessary, *clarify and/or assign employer duties* and responsibilities in the case of triangular employment relationships, which may require spreading such responsibilities across multiple legal entities (e.g., the user and employer could hold joint and several liability).

Turning to undeclared work on collaborative platforms, it was revealed that for workers who are genuinely self-employed (working for the user), collaborative platforms have made it easier for these genuine self-employed who would anyway be intentionally non-compliant, to find markets for their services.

However, there is also evidence of **unintentional** non-compliance among the self-employed on collaborative platforms. The 2018 Flash Eurobarometer 467 survey reveals that the most common problems witnessed by platform service providers in the EU are:

- the lack of clarity around how to provide the service legally (stated by 22 % of service providers);
- the complicated systems for paying tax (19 %);
- the perception that it is complicated or difficult to provide the service legally (13 %), and
- the lack of clarity about their employment status (9 %).

This strongly suggests the existence of unintentional non-compliance due to (i) insufficient advice and information on how to provide services in a compliant manner, and (ii) a belief among service providers that compliance is complicated.

Given this, **advisory services** are needed as well as a **simplification of compliance mechanisms** (e.g., platforms deducting taxes owed). These initiatives would help prevent undeclared work and bogus self-employment on collaborative platforms.

Indeed, developing such advisory services and simplifying compliance would potentially result in **collaborative platforms gaining more service providers**. The 2018 Flash Eurobarometer 467 survey reveals that **19 % of EU citizens who have not provided services via a collaborative platform would consider doing so** if there was greater

¹⁰ E.g. Cour de Cassation Ruling n°374 – 4 March 2020 (Appeal n° 19-13.316); Tribunal Supremo Ruling 805/2020 in case 4746/2019 – 23 September 2020.

clarity over how to provide the service legally, the systems for paying tax were simpler and there was greater clarity over their employment status as service providers.

As the 2019 annual Platform survey of Member States revealed, the adoption of such policy measures is currently limited in EU Member States. For example, although 82 % of State authorities provide advice and guidance to service providers on the tax, social security and/or labour law obligations of their platform activity, Platforms are required to inform service providers of their tax, social security and/or labour law obligations in just 21 % of Member States and Platforms are required to collect tax revenues owed from service providers and forward them directly to the tax authority in just 14 % of Member States.¹¹

This was further reinforced in an informal poll during the workshop. 81 % of Platform members and observers asserted that it was possible for enforcement authorities to inform service providers of their tax, social security and labour law obligations, 46 % that enforcement authorities could contact service providers about their obligations, 27 % that enforcement authorities could require that collaborative platforms disclose data on service providers and 19 % that enforcement authorities could require licences for service providers.

Knowledge exchange on the different policy initiatives that Member States have pursued to tackle undeclared work in the collaborative economy, and mutual learning on what works and what does not, could be a useful activity for the Platform such as via the forthcoming thematic review workshop on undeclared work in the collaborative economy.

Exemplifying the value of such mutual learning on tackling undeclared work in the collaborative economy was a presentation by the **Swedish Tax Agency** (STA). This reported on their approach to informing and contacting service providers about their tax, social security and/or labour law obligations. In **Sweden**, a voluntary compliance approach is adopted. The tax agency's website explains how to declare income and informs users why income should be declared. To do so, it provides step-by-step guidance on their website for declaring income from gig work. It also has provided web support for calculating the tax owed and what to declare when renting out a house. This web support has been co-produced with both the platforms and from the insights of renters. They now would like to do the same for other earnings from the platform economy.

One of the key lessons conveyed by this presentation was that voluntary compliance is a marathon, not a sprint. It takes time. It is also difficult to measure the outcomes of such preventative work, although this is not a reason not to do it. Indeed, the view of the STA is that one should show your "muscle" when you need to, and when prevention has proven insufficient to change behaviour.

In addition, this presentation from **Sweden** highlighted the need for platform economy companies to collaborate with policy-makers, authorities and other stakeholders in order to address issues in a way that is proportionate, workable and fair for all. Importantly, there was recognition that the platform economy should not be strangled before it has an opportunity to grow and benefit citizens, workers businesses in Sweden.

In addition to voluntary collaboration of collaborative platforms with enforcement authorities to implement these initiatives (including in the context of the Digital Single Market), legislation at national- and/or collective action at EU-level might be necessary in the future to ensure that collaborative platforms act to reduce the level of undeclared work in the EU.

¹¹ Williams, C.C., Llobeira, M. and Horodnic, A. (2020) *Tackling undeclared work in the collaborative economy and bogus self-employment*. European Platform tackling undeclared work, Brussels.

5 CONCLUSIONS AND THE WAY FORWARD

The Plenary thematic day significantly advanced the findings of the input paper and the working paper prepared for the Platform. Several important **conclusions** can be drawn from the presentations and discussion.

5.1 Tackling undeclared work in a changing labour market

National-level recommendations

- There is a need to closely monitor the emergence of new forms of non-standard work beyond the standard employment relationship (i.e. full-time dependent employment of indefinite duration), including ICT-based mobile work, job sharing, employee sharing, casual work, collaborative employment, portfolio work, telework, home-based businesses, voucher-based work, self-employment, bogus self-employment and platform work.
- Risk assessment regarding whether these emergent new forms of work are resulting in higher levels of tax and social security non-compliance and labour law violation is required.
- Where this is the case, pro-active preventative legislative actions may well be required to prevent abuse, as displayed with telework in Spain.

EU-level recommendations

- A Platform activity/ies could be organised to facilitate knowledge exchange on the emergence of these new forms of work (e.g., home-based businesses, telework, ICT mobile work, portfolio work) and whether they are leading to tax and social security non-compliance and labour law violations. Where this is the case, mutual learning can then occur on potential policy interventions, what works and what might be transferable to other Member States.

5.2 Tackling bogus self-employment

National-level recommendations

- To enable the correct classification of workers, the first step is that **clear legal definitions** of dependent employment, self-employment and bogus self-employment would be useful in Member States.
- The second step is that enforcement authorities require the **legal competence** to tackle bogus employment.
- The third step is to implement the full range of policy measures to tackle bogus self-employment. Where **financial gain** is the driving force, enforcement authorities should **make the costs of misclassifying workers outweigh the benefits**. To achieve this, enforcement authorities can increase the costs of misclassifying workers by improving the sanctions and risks of detection and/or secondly, incentivise the appropriate classification of workers.
- Bogus self-employment, however, is not always intentional. It can be also either unintentional due to a lack of knowledge of the rules and due to complex legal rulings being difficult to understand. **Education and awareness-raising campaigns** can therefore play a key role in tackling bogus self-employment and social partners can play a lead role in such initiatives.
- There is also a role for social partners in forging **collective agreements** aimed at including not only workers in employment, but also self-employed and other non-standard workers.

EU-level recommendations

- Given the lack of EU-wide data on the prevalence and distribution of bogus self-employment in the collaborative economy, improved data collection and future surveys on bogus self-employment (e.g., EU-LFS, Eurobarometer, EWCS) could include questions on whether the work is provided through collaborative platforms.
- A call was made for EU legislation to tackle bogus self-employment.
- The European Labour Authority could facilitate greater cross-border cooperation on tackling bogus self-employment by, for example, facilitating greater cross-border joint actions, and providing common training modules for inspectors on how to tackle bogus self-employment (e.g., knowledge exchange on data mining and analysis and risk assessment techniques).

5.3 Tackling undeclared work in the collaborative economy

National level recommendations

- State enforcement authorities could:
 - provide advice and guidance to service providers on the tax, social security and/or labour law obligations of their platform activity via information websites and hotlines;
 - directly contact platform service providers advising them they need to declare income received;
 - demand that collaborative platforms disclose data on service providers, such as their names, contracts and/or transactions;
 - license service providers, and
 - simplify tax and labour laws for service providers on collaborative platforms.

Platforms could:

- inform service providers of their tax, social security and/or labour law obligations;
 - ensure that the service providers are licensed/authorised;
 - impose limits on the number of registered service providers;
 - collect tax revenues owed from service providers and forward them directly to the tax authority; and
 - clearly define and communicate to service providers the difference between commercial and non-commercial activities.
- If collaborative platforms do not recognise that voluntarily collaborating with national enforcement authorities to implement the above initiatives are in their self-interest, national-level action may be required to ensure that collaborative platforms introduce such initiatives to reduce the level of undeclared work.

This might: (i) require all platforms to report all transactions to the relevant enforcement authorities in the countries in which they operate; (ii) compel platforms to supply authorities with information they might require in attempting to ensure compliance with tax, social security and labour laws; (iii) require platforms to inform service providers of their earnings and tax obligations, or collect taxes owed by service providers, and (iv) recognising platforms as employers, thereby protecting workers from being falsely classified as self-employed.

EU-level recommendations

- If collaborative platforms prove resistant to such national-level actions, then a further option is to pursue collective action at the EU-level to ensure that collaborative platforms introduce such initiatives to reduce the level of undeclared work.

- The forthcoming Platform thematic review workshop on undeclared work in the collaborative economy could encourage knowledge exchange on the different policy initiatives that Member States are pursuing to tackle undeclared work in the collaborative economy, and mutual learning on what works and what does not. The policy measures covered could include: the provision of advice and guidance to service providers on the tax, social security and/or labour law obligations of their platform activity via information websites and hotlines; initiatives to directly contact platform service providers advising them they need to declare income received; initiatives to demand that collaborative platforms disclose data on service providers, such as their names, contracts and/or transactions; the licensing of service providers, and initiatives to simplify tax and labour laws for service providers on collaborative platforms.
- Grounded in the new legal basis provided by the European Labour Authority, greater cross-border cooperation in tackling undeclared work in the collaborative economy could be pursued by: facilitating greater cross-border joint actions, conducting risk assessments and providing common training modules for inspectors on how to tackle undeclared work in the collaborative economy (e.g., knowledge exchanges on data mining and analysis, and risk assessment).

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