

Digital Age  
**Employment and working  
conditions of selected types of  
platform work**

**National context analysis  
Sweden**

[Employment and working conditions of  
selected types of platform work](#)

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## Introduction

A recent development on European labour markets, platform work, has attracted significant attention in academic and policy circles (Eurofound, 2015). Still, much of the available evidence is anecdotal, and there is limited understanding of the implications of platform work for the labour market and for the workers.

There is no uniform definition for platform work or related concepts in Sweden. For this report, platform work takes its definition from Eurofound (2018) as follows:

*Platform work refers to an employment form that uses an online platform to enable organisations or individuals (workers) to access other organisations or individuals (clients) to solve specific problems or to provide specific services in exchange for payment.*

Thus, the research focus is on online platforms matching supply and demand for paid labour. The main features of platform work, as understood in this report, are: Paid work organised through online platforms; three parties involved, including the online platform, client and worker; aim is to conduct specific tasks or solve specific problems; form of outsourcing/contracting out; break-down of ‘jobs’ into ‘tasks’; on-demand services.

This working paper is the country contribution for Sweden for Eurofound’s research project ‘Digital age: Employment and working conditions of selected types of platform work’. It explores the context of platform work in Sweden in terms of the applicable regulatory frameworks as well as the organisation and representation of platform workers in the country.

The analysis is based on desk research and five semi-structured interviews with experts from academia (1), policymakers (1) and representatives of employee and employer organisations (3) between December 2017 and January 2018.

## Overview

### Variety of platforms

In Sweden, there is no commonly agreed definition of platform work. ‘Crowd employment’ is a term seldomly used. ‘Sharing economy’ seems to refer to a wider and partly different phenomenon than ‘platform work’, but ‘platform work’ may (sometimes) be subsumed under the heading ‘sharing economy’, a connotation slightly broader than the above Eurofound definition. For example, the Swedish Tax Agency regards platform work to be a specific activity within the ‘sharing economy’ (Skatteverket, 2016a).

‘Gig economy’ is a term that seems to come rather close to ‘platform work’, but it is the term ‘gig worker’ (rather than ‘gig economy’) that is more commonly used. It should be noted, however, that ‘gig work’ means shorter assignments that not necessarily need to be done using an online platform.

‘Collaborative economy’ is often (but not always) used as a synonym to ‘sharing economy’. ‘Freelance’ is an old term in Sweden, and is most often used to denote workers that do not have stable employment but instead have shorter periods of work for different employers. Journalists, actors, translators etc. are often ‘freelancers’. In some ways, ‘platform workers’ may be defined as ‘freelancers’, but without some central characteristics – for freelancers, work does not need to be performed through online platforms (and often is not); the aim does not need to be to solve specific tasks, and often there is no break-down of job into tasks.

A recent survey made by the Swedish Tax Agency concludes that the number of platforms in Sweden is still rather limited (Skatteverket, 2016a). In this survey, platforms were divided into three categories based on the character of the transactions performed on the platforms.

Firstly, there are platforms where transactions involve material assets or resources. Examples of international platforms of this kind are Uber, Airbnb and Car2Go, whereas Swedish actors in this field are Sunfleet (car-pooling) and Qasa (housing rental). Secondly, there are platforms involving transactions with financial capital in branches such as grass root financing and micro finance. Examples of international platforms of this kind are Kickstarter, LendingClub and Prosper, whereas Swedish actors within this field are FundedByMe, Toborrow and Lendify. Thirdly, there are platforms involving transactions of physical services in sectors such as staffing and household tasks. Examples of international platforms of this kind are Taskrabbit, Fiverr and Upwork, whereas Swedish actors in this field are Taskrunner (similar to Taskrabbit) and Sendoo (connecting available capacity in vehicles with people who need to ship). The Swedish Tax Agency believes that growth within the sharing economy will mainly occur in three areas: transportation, rental of rooms and financial services.

### **Spread of platform work**

From a legal perspective, ‘platform work’ does not constitute a separate or distinct form of employment in Sweden, and any income gained from platform work does not constitute a separate income category for taxation purposes. There are therefore no official statistics regarding the extent of platform work in Sweden. There appears to be a relative consensus that platform work is a relatively marginal phenomenon on the Swedish labour market, although there are some signs that it has increased in importance relatively rapidly in recent years (Arbetsmarknadsekonomiska rådet, 2018).

There are no comprehensive estimates or surveys on the work-related platform economy in Sweden. In a recent [government inquiry \(in Swedish\)](#), it was estimated that in autumn 2016, there were around 60 platforms active in Sweden. However, one important limitation of this survey was that it only considered platforms involving mainly private individuals, and did not consider platforms that only or mainly involved businesses or self-employed. Transactions on these platforms therefore involve widely disparate goods and services, such as short-term accommodation, movable property of many different types, sharing transport and services such as childcare, cleaning, and computer support. This inquiry did not attempt to quantify the importance of different platforms in terms of, for example, the number of persons involved in the transactions.

Two recent surveys have attempted to measure the extent of platform work and related forms of organising work in Sweden. Firstly, in 2017, a survey was initiated by a [government inquiry \(in Swedish\)](#), where a random sample of 7,000 Swedish-speaking respondents aged between 16 and 64 participated to the survey. The results showed that 4.5% of the respondents looked for work/work assignments using online platforms in 2016 (SOU, 2017). Of these, 56% had performed work/work assignments accessed through online platforms. 45% of those respondents who had performed work/work assignments using online platforms stated that these assignments could have been performed independently of their geographic area, or in other words, online work performed in the global labour market. 35% of respondents said that their work/work assignments were performed in a labour market that was more local – offline work – and 20% had carried out both online and offline work/work assignments. The survey also indicated that, for most individuals, work accessed using online platforms was a side activity that was performed next to some other form of employment. 36% of those who had performed work/work assignments using online platforms worked, on average, fewer than 5 hours per week, while 24% worked between 5 and 10 hours per week. 59% of those who performed work/work assignments using online platforms reported that income from this type of work comprised less than 25% of their total income. However, 18% of those who had performed work/work assignments using online platforms reported that they worked for more than 30 hours per week in this way, and 14% reported that at least half of their income came from work/work assignments using online platforms. The most commonly

used platforms, in descending order, were: Other (25%), Offerta (17%), UberPOP (14%), TaskRunner (13%), Uber (other) (12%) and Amazon Mechanical Turk (10%).

Secondly, in a survey of 2,146 adults co-financed by the Swedish labour union Unionen, 10% of respondents stated that they were working in the ‘sharing economy’, a term used to describe platforms such as Skjutsgruppen, Upwork or Uber (Huws, Spencer and Joyce, 2016). Twice as many individuals – 24% – stated that they had used platforms with a view to find work/work assignments. For most individuals, work/work assignments using these sites was occasional, but 4% stated that they had worked in this way at least once per month. This survey revealed that for about one third of the respondents, income from platform work represented less than 10% of their total income, and that for about a third of respondents, income generated from platform work comprised more than half of their total income.

More detailed information on these surveys is scarce. Consequently, it is difficult to untangle why estimates about the extent of platform work differ between these two surveys. One of the trade union representatives interviewed said that it most likely related to the fact that the latter survey included both ‘task-based’ and ‘job-based’ platforms. For example, an individual who had been using the online platform onto which the public employment agency had been posting job vacancies would have been counted as participating in the sharing economy in the second survey.

The fact that platform work does not constitute a specific form of employment in Sweden makes any attempt to define, and therefore to measure the prevalence of this particular type of employment in Sweden rather difficult. This was mentioned in all interviews.

### **Debate on the labour market impact of platform work**

To understand the debate over platform work in Sweden it is important to understand the regulatory framework of the Swedish labour market model, where much of the labour market regulations are in the form of collective agreements between unions and employers and where legislation plays a comparatively limited role. In the public debate, both employers and employees generally underscore the flexibility of the Swedish model and the advantages of the existing regulatory framework and existing institutions in tackling challenges that platform work and related employment forms may involve. Based on the literature and the interviews, three labour market challenges relating to platform work appear as especially relevant in the short term: the treatment of platform work as regards taxation; the position of platform workers and related employment forms in the social insurance system and, above all, the unemployment benefits system; and how issues relating to occupational health and safety should be organised when the employer-employee relationship and the physical place of work is unclear. From the employers’ perspective, the need for simpler rules in different areas, such as taxation, is often stressed (Blix, 2015). Regulatory uncertainty, both in terms of how existing rules should be applied but also the direction of future regulatory changes, is also seen as an important obstacle for the development of platform work. Small changes in existing rules (or the interpretation of them) may quickly render a specific business model obsolete. From the perspective of unions, a major challenge is how to organise platform workers. Much of the unions’ strength lies in being able to mobilise, organise and exert influence on the work locally, and new strategies and tools may be required to reach and make union membership attractive for these workers (Unionen, 2016).

The issue of whether platform workers are classified as employees according to the civil law notion lies at the heart of the debate on platform work in Sweden, and this issue was also raised in all the interviews. A related issue that has generated much debate in Sweden is the issue of ‘fake self-employment’, where self-employed individuals performing work for a client should be classified as an employee of said client.

All respondents, except the academic expert, stated that the issue of social insurance, in particular unemployment benefits, was crucial in the context of platform work. However, it was clear from the interviews that this issue was not confined to platform work, but also

applied to atypical employment more generally. No respondents gave specific examples of possible reforms.

Issues relating to work environments were mentioned by all respondents as one of the most significant concerns raised by platform work and related ways of organising work. The overall response among all those interviewed was that those challenges, and others, could and should be met within the Swedish model.

The interviewed representative from the employer organisation shared this view, albeit with a somewhat more critical stance toward the Swedish model. He believes the Swedish model should continue to prevail, but that both trade unions and employers should sit down and let go of the tradition, to enable broad and unconditional discussions about new ways of organising work. This comprehensive approach should consider the following: what is work, different ways of organising work and how different types of work should be valued.

## Regulatory frameworks

There are no regulations or laws specifically aimed at platform work in Sweden. Consequently, all laws and regulations affecting other forms of employment and business transaction models may also affect platform work. However, some of the challenges and issues raised by platform work are especially pertinent to certain aspects or areas of the regulatory framework in Sweden.

## Employment law

According to the Swedish labour market model, labour market parties are responsible to a significant extent for regulating wages/salaries and other terms of employment, and collective bargaining agreements play a fundamental role in regulating employment relationships<sup>1</sup>. Legislation supports this model, by ensuring rights of association and negotiation, and the right to take industrial action. As of early 2018, there are around 670 collective agreements that have been signed between employer organisations and employee organisations in the private sector and the public sector at state, municipality and county council levels. These agreements were signed centrally at the federal level, but there are also many local agreements that apply for a specific company or workplace, where the content of the central agreements provided the framework for the local agreements. Collective agreements cover around 90% of all employees in Sweden. Employers who are not affiliated with an employer organisation can sign ‘hang agreements’, which correspond to industry-specific collective agreements. Collective agreements also ensure that non-unionised workers of a specific company which has a collective agreement in place, have terms that apply to them under the agreement. Besides wages/salaries, these agreements regulate general working conditions, such as working time, occupational pensions, sick leave and parental leave, salary allowances, holiday pay, insurance benefits, overtime, working environment issues and the redundancy process. The fact that there is no nationally legislated minimum wage/salary and that minimum wages/salaries vary by sector according to the collective agreements in place indicates the importance of collective agreements in Sweden.

Since the early 1970s, significant departures from the traditional Swedish self-regulatory model of industrial relations have occurred with the introduction of a series of labour laws. The most significant laws are the [Employment Protection Act \(Lag om anställningsskydd\) of 1974/1982 \(in English\)](#); the [Employment \(Co-Determination in the Workplace\) Act \(Lag om](#)

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<sup>1</sup> For a general overview of the Swedish labour market model, see Kjellberg, 2000; Elvander, 2002; and Sjöberg, 2015.

[medbestämmande i arbetslivet](#) of 1976 (in English); and the [Work Environment Act \(Arbetsmiljölagen\)](#) of 1977 (in English). It should be noted that many labour laws are subject to negotiations in the sense that decisions or agreements can be made in collective agreements that differ from what is stated in these laws. In this case, the collective agreements are most often, though not necessarily, more beneficial for the workers than the legislative provisions. Fundamentally, in the context of platform work, collective agreements and labour laws in principle apply only to employees, while independent contractors and the self-employed are covered only by general civil law (Rönmar, 2004).<sup>2</sup> Consequently, and among other things, the right to leave in different situations, regulations of the working environment and protection against discrimination at work through discrimination legislation are governed by the status of being an employee. However, there is no statutory definition of an employee in Sweden. Instead, what is defined as an employee has been described and developed by the courts, in particular the case law of the Swedish Labour Court, and legislators in preparatory works. The civil law notion of an employee developed in this way is a mandatory concept. In order to prevent contracting parties from circumventing labour law legislation, the courts are not bound by the description of the relationship given by the parties themselves, for example, as described in a written contract. Rather, the court makes an independent and overall assessment of the legal nature and situation of the employment relationship based on the situation at hand, and by taking the following factors into consideration: a personal duty to perform work/work assignments according to the contract; the current personal performance of work; the absence of predetermined work tasks; a lasting relationship between the parties; whether the worker is prevented from performing similar work/work assignments of any significance for someone else; whether the worker is subject to the orders and control of their manager/employer as regards the content, time and place of work; whether the worker is required to use machinery, tools and raw materials provided by the manager/employer; whether the worker is compensated for their expenses; whether the remuneration is paid, at least in part, as a guaranteed salary; and whether the economic and social situation of the worker is equal to that of an ordinary employee.

It is of crucial importance for individual rights and protection in the labour market whether an individual working in platform work is classified as an employee according to the civil law notion. In this sense, Swedish labour law can be described as being binary; if someone is classified as an employee, they will also enjoy the full set of rights as specified in labour laws. However, to date, there have been no court rulings pertaining to the employee status of individuals involved in platform work in Sweden. Whether platform workers are classified as employees according to the civil law notion lies at the heart of the debate on platform work in Sweden. With increasing rates of atypical employment situations and working arrangements over the last few decades, many have argued that the personal scope of labour law should also be extended to self-employed workers (Rönmar, 2004). However, in 2002, it was concluded in an [inquiry \(in Swedish\)](#) commissioned by the Government of Sweden that there was no need to statutorily set out the notion of an employee (Ds, 2002:56).

This issue was once again brought to the fore as a result of a recent [government inquiry \(in Swedish\)](#) into how new employment forms and ways of organising work related to the regulation of the working environment and occupational health and safety (SOU, 2017a:24). Several doubts were raised during the latter inquiry as to whether a strict legal definition of the concept of an employee would solve issues relating to the work environment. This

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<sup>2</sup> However, there are some exceptions to this, for example, the personal scope of the Work Environment Act, in some cases, also encompasses independent contractors. Some unions also allow the self-employed to sign hang agreements in order for them to be given access to occupational pension schemes and insurance policies that are included under collective bargaining agreements.

position is shared by comments made during this inquiry by major employer and employee organisations (Svenskt Näringsliv, 2017; Unionen, 2017; SACO<sup>3</sup>, 2017). The main argument for not setting out a strict legal definition of employee is that such a definition would run the risk of becoming too static and would create new boundary issues, as opposed to the current system that provides more flexibility for the individual and is more adapted to accommodate developments in the labour market. It should also be noted that individuals, who today are in what can be considered as a grey area between employees and the self-employed, represent a heterogeneous group, which may make it difficult to create uniform, clear and simple legal rules.

This view is also held by the academic expert and the trade union representatives interviewed in the context of the present study. The interviewed government representative also mentioned that flexibility in the civil law notion of an employee also would involve challenges for both individuals and social partners.

In Sweden, there are no strict legal definitions of the concepts of employees and self-employed, which allows for a certain flexibility and this may be the main advantage of the Swedish model. But, as pointed out by the interviewed government representative, flexibility in this regard may be both a strength and a challenge. It may be problematic for individuals to know what category they fall into and what protection they have. Different institutions, such as the Swedish Tax Agency (*Skatteverket*) and unemployment insurance funds can make different assessments of employment status, and these possibly different assessments are something that both individuals and the social partners have to relate to when dealing with the respective institutions.

### **Social protection**

There are no special rules for platform workers among the different social insurance schemes in Sweden. Some social insurance benefits, such as child allowance benefits, basic pension and sickness benefits are residence-based and require individuals to reside in Sweden, not necessarily with any form of income. Other social insurance benefits, such as income-related sickness, parental and retirement benefits, require an income, but do not require individuals to reside in Sweden. Social insurance is administered by the Swedish Social Insurance Agency (*Försäkringskassan*). Most schemes are financed through employer contributions.

Occupation-based schemes provided through collective agreements also play an important role, especially as regards pensions. Sickness and parental benefits are based on the sickness benefit qualifying income (*Sjukpenninggrundande inkomst*). The important distinction to be made here is between employees, with incomes from employment, and the self-employed, with incomes from business activities. For employees, the sickness benefit qualifying income is based on income from employment. For the self-employed, the sickness benefit qualifying income is calculated based on income over the last three years, but may also be calculated based on how this income is likely to develop in the future. The sickness benefit qualifying income for individuals that combine employment and self-employment is based on both incomes from employment and business activities.

Unemployment insurance in Sweden is not part of the social insurance administered by the Swedish Social Insurance Agency. It is, however, largely publicly funded. There is a basic unemployment insurance scheme that provides a basic social benefit to individuals over the age of 20 who fulfil a previous work condition. For those who earn a wage/salary, this previous work condition comprises:

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<sup>3</sup>The Swedish Confederation of Professional Associations



- having been employed or self-employed for at least six months and having performed at least 80 hours of work per month during the last 12 months; *or*
- having been employed or self-employed for at least 480 hours during a consecutive period of six months with at least 50 hours of work performed every month over the last 12 months.

To be eligible for income-related benefits, an unemployed individual must have been a member of an unemployment insurance fund for at least 12 months. Membership of these funds is voluntary. In early 2018, there are 27 different insurance funds, and the income-related benefit is administered and paid out by the said insurance funds. Membership fees vary between the different funds, and membership of the different funds is usually determined by profession.

Self-employed individuals are also eligible for unemployment benefits, if they are a member of an insurance fund and able to prove that they have performed a business activity for at least six months. Self-employed individuals may receive unemployment benefits for temporary interruptions in their business activity or when the said business activity has permanently ceased. Self-employed individuals are not allowed to combine unemployment insurance benefits with business activities, in order to prevent unemployment benefits being used as a source of income in less profitable companies or to facilitate the start-up of a company. To be categorised as self-employed under the unemployment insurance system, individuals must have performed a business activity over which they have or have had considerable influence. There are no strict rules for determining this, but each individual insurance fund makes an overall and individual assessment in each particular case. Relevant aspects in this regard include whether contractors do their own marketing, whether they pay tax and social security contributions themselves, whether remuneration is in the form of a lump sum or whether it is related to the time spent to perform the work, and whether the contractor is responsible for all equipment needed to perform the work (IAF, 2016; Futurion, 2017).

In 2016, the Swedish Unemployment Insurance Board (Inspektionen för arbetslöshetsförsäkringen, (IAF)) published a report (in Swedish) on the position of contractors – defined as individuals who undertake assignments for one or more customers – when no formal employment relationship exists and the contractor is in a more or less independent position vis-à-vis the individual or organisation who has commissioned the work (IAF, 2016: 6). The report concluded that the basic issue in this context was whether the contractor should be viewed as an employee or as self-employed. The most important criterion for judging whether an applicant should be viewed as an employee was the extent to which they could be considered as being independent vis-à-vis the customer. In practice, if contractors are viewed as being independent, they are classified as being self-employed. In a survey of the 27 unemployment insurance funds, the Swedish Unemployment Insurance Board revealed that this judgement, or in other words, whether an applicant should be considered (in)dependent, often requires qualified legal expert advice. There is also a considerable risk that this judgement differs between the various unemployment insurance funds. However, it was stated in the IAF report that general rules should not be set out as every case is unique.

## Health and safety

Occupational safety regulations in Sweden are clearly structured around certain given concepts, such as employers, employees and workplaces, and the overarching principle is that it is the employer who is primarily responsible for issues relating to occupational health and safety. However, in the light of recent labour market trends, such as an increase of platform work, a recent [government inquiry](#) (in Swedish) discussed whether current legislation should be so clearly governed by these concepts and conditions.

This inquiry was positive as regards to legislation that would give increased responsibility to those who had the greatest possibility to take action on issues relating to occupational health

and safety. To some extent, such provisions are already in place. In the Work Environment Act, there are provisions that stipulate who is responsible for occupational health and safety in certain situations, such as '[t]he person in control of a workplace' (first paragraph of chapter 3(12)). In essence, this regulation stipulates that anyone who is in charge of or in control of a workplace also has a responsibility for the health and safety for workers performing work in the workplace without necessarily being employed by said person. One example of this is fixed devices, such as loading platforms used by distributors in the delivery of goods to warehouses. The responsibility for the person in charge of or in control of a workplace is partly to ensure that the necessary protection equipment is taken into account, and to ensure that such devices at the workplace are safe and do not cause harm.

### **Special taxation rules**

In the Swedish taxation system, there are no special rules or regulations pertaining specifically to platform work (Skatteverket, 2016a and 2016b). In the context of platform work, there is a significant distinction between an employee and the self-employed. Income from self-employment is taxed according to the rules for 'income from business activities', while income derived from regular employment are taxed according to the rules for 'income from employment'. The main criteria for distinguishing 'income from business activities' from the other forms of income is that the activity has to be permanent (more or less); independent; and performed with a view to making a profit. To be able to classify income as 'income from business activities', individuals must prove that their activity is in line with these three criteria.

In this context, it is important to note that there exist somewhat different notions by way of defining an employee according to labour law and tax law, and it is possible to be defined as self-employed according to tax law, but as an employee according labour law. However, these notions do overlap to a significant extent (Rönmar, 2004).

Self-employed must make tax and social security contributions themselves. In principle, income from activity performed through an online platform is to be considered as income from employment if an individual is not registered as self-employed. Income from employment does not just include income from (regular) employment, but also income from assignments of a more temporary nature. There is no minimum threshold in terms of tax liability, but the Swedish Tax Agency automatically approves a basic deduction when calculating tax on income from employment<sup>4</sup>. Deductions may also be made for expenses for acquiring and maintaining income. Hobby activities – or activities that, without the overall aim of generating a profit, nevertheless generate income, and consequently, in the absence of profit, do not constitute a business activity – may also be taxed as income from employment.

The Swedish Tax Agency noted that although the platform economy, more generally, and platform work, more specifically, poses significant challenges for the Swedish tax system, there was no need for specific rules or regulations. Rather, the question posed was how existing rules and regulations should be applied to those forms of economic activities and transactions. The judgement of how existing rules should be applied must also be made on a case-by-case basis (Skatteverket, 2016a).

From a taxation perspective, in 2016, the Swedish Tax Agency highlighted three particular challenges that platform work posed to existing rules and regulations (Skatteverket, 2016b). Firstly, platform work may lead to income that is not accounted for in the correct way. The Swedish Tax Agency pointed out that it was often unclear which party was responsible for paying taxes and social security contributions when work or work assignments were mediated

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<sup>4</sup> In 2018, this figure was set at SEK 19,200 (€1,899 at 14 June 2018).

through online platforms (Skatteverket, 2016a:20). The Swedish Tax Agency is able to reconcile individual tax statements with other income data from banks and other businesses. These possibilities are more limited if one or more of the actors involved in the transaction are not registered in Sweden. Analyses conducted by the Swedish Tax Agency indicated that it was relatively common for individuals not to give a full account of their incomes from platform work (Skatteverket, 2016b). Although the extent of this problem is likely more significant than in more traditional branches of the economy, there is a distinct lack of realistic estimates as only random investigations of certain segments of the economy have been conducted. One indication of the extent of this problem in the platform economy (though not specifically related to platform work) was the rental of private housing, where the Swedish Tax Agency found that only 20% out of 400 examined cases had correctly given their rental incomes in their tax statement. Secondly, it is often difficult for individuals to know how to report their income from platform work. There are only three forms of income in Sweden – income from capital, employment and business activities – and the tax system was not set up to handling income generated by employment relations and transaction models that exist on the border zones between these forms of income. One example provided by the Swedish Tax Agency (related to the platform economy but again not specific to platform work), is when private individuals rent out property or other assets. Usually this refers to income from capital, but under certain conditions this income should be reported as income from business activities. Another example is income from hobby activities that, under certain conditions, should be reported as income from business activities. For platform workers, it is often difficult to evaluate whether the conditions for self-employment – permanent, independent and performed with an aim of making a profit - are fulfilled, as many workers have low and sporadic incomes that are generated from only one platform. Finally, it is often difficult to determine what kind of service is provided through such platforms, and both providers and clients may make their own classification of their activities, and consequently, the amount of value added tax they should pay.

The Swedish Tax Agency furthermore noted that within the platform economy, more generally, and platform work, more specifically, new situations might arise based on new business models involving more or other parties than in the ‘traditional’ economy (Skatteverket, 2016b). In many of these situations, the taxation of economic activities is based on a system of self-reporting, and many of the parties involved in these transactions are unexperienced in this regard. Moreover, it is often difficult to reach these parties and provide them with information on tax rules. The providers of the online platforms generally relinquish reporting and taxation obligations entirely to the parties using the platform, in other words to the platform workers. Although most companies do provide some guidance and information on their platforms about which rules apply, this guidance is not specific enough.

As mentioned earlier, an issue that has generated much debate in Sweden is the issue of ‘fake self-employment’, where self-employed performing work for a client should be classified as an employee of said client. Significant incentives for clients to use self-employed instead of employees are the fact that, by doing so, clients avoid paying social contributions and applying certain labour law regulations, such as being responsible for certain occupational health and safety issues. There is no precise definition of fake self-employment, and the decision that the relationship should be between a client and a self-employed individual, rather than between an employer and an employee, may be made in an agreement. In other cases, this relationship may be forced upon the individual. As discussed earlier, one significant criterion for the Swedish Tax Agency to determine whether income from an economic activity constitutes income from business activities is that the said activities must be independent. Since 2009, the Swedish Tax Agency has allowed the self-employed to accept work/work assignments from only one client. This has made it even more difficult to evaluate whether work performed by a self-employed individual is, in fact, independent. There are no reliable estimates as regards the extent of this issue in Sweden, and [government inquiry Dir., 2017:108 \(in Swedish\)](#) is investigating the extent of this issue and whether the

tax system is encouraging the use of self-employed individuals in Sweden. The first report will be published in summer of 2018. However, there are indications that this issue is more common in certain sectors of the economy, such as construction (Thörnquist, 2013).

The interviewed trade union representative argued that platform work and related employment forms raised important questions about the boundaries between companies and the labour market. The trade union representative also argued that the problem of fake self-employment was probably less extensive in Sweden than in many other EU countries. One significant reason for this related to the proactive stance of the Swedish Tax Agency. Another significant reason was that the economic incentives for businesses to engage individuals as self-employed, instead of employing them directly, were small. Also, the representative from the employer organisation did not view the emergence of platform work as a consequence of pay- or wage-dumping strategies from employers.

### **Litigation on platform work**

As of early 2018, there have been no court rulings pertaining to the employee status of individuals involved in platform work in Sweden.

### **Discussion on new or update regulatory frameworks**

As indicated in the present report, there are important differences between employees and self-employed in Sweden. Taxation (and consequently the right to social benefits), seem to be the areas where platform work has been discussed the most in Sweden.

There are different forms of self-employment in Sweden and also the employee status knows various forms (see below). To explain and to assess the ample and various differences between these statuses goes beyond the scope of this paper. There is no specific status for platform work and it is not possible to identify one existing status as most beneficial to the platform worker in general.

As mentioned above, clients sometimes prefer the self-employed status to avoid paying social contributions and to avoid applying certain labour law regulations. This is not necessarily more beneficial to the platform worker and may be considered as ‘fake employment’.

Both employers and employees value the flexibility of the Swedish model and the advantages of the existing regulatory framework and institutions. They seem to consider this framework largely adequate to tackle challenges, including the issue of ‘fake employment’, that platform work may involve.

## **Formal relationships**

### **Potential employment statuses under Swedish law**

There is no special form of employment for platform workers in Sweden. A large majority of individuals in the Swedish labour market are employed workers, of which a majority have permanent employment contracts and a smaller proportion have fixed-term employment contracts. According to the Employment Protection Act, all appointments are permanent, unless otherwise agreed. In principle, there is nothing preventing platform workers from having a permanent employment contract. However, given the fact that most platform work is not characterised by a formal contractual relationship between an employer and an employee, it seems reasonable to assume that this form of employment status is of very limited importance for this group.

Approximately 15% of all those employed in Sweden are employed on fixed-term contracts. There are several other forms of fixed-term contracts, the most significant ones being:

**General temporary employment contracts:** For this form of temporary employment, the employer does not need to state any reason for the fixed duration of the employment contract.

If an employee has been on fixed-term employment contract for a total of two years over a five-year period for the same employer, the general temporary employment contract will automatically be converted into permanent employment contract. This form of fixed-term contracts has special relevance for platform work as it is used by umbrella organisations (see below).

**Substitute employment contracts:** This form of fixed-term contract is used when an employee with a permanent employment contract is absent from work because of studies, illness, maternity leave or the like. If a worker has a substitute employment contract with an employer for a total of more than two years over a five-year period, the substitute employment contract will automatically be converted into a permanent employment contract. Although nothing prevents platform workers to be employed using this form of contract, it is likely to have very marginal importance.

**Probationary employment contracts:** A form of employment contract that is only allowed for a maximum period of six months. Unless the employer or employee terminates their employment or gives notice to terminate a probationary employment prematurely, the employment contract will be converted into a permanent employment contract. Probationary employment contracts too are likely to be rare in the context of platform work.

Other forms of fixed-term employment contracts include seasonal employment contracts and fixed-term employment contracts for employees of 67 years of age or over. Furthermore, there are several forms of fixed-term employment contracts that are governed by collective agreements. This applies, for example, to employment as and when needed, hourly employment according to the agreed working schedule, and project-based employment.

A phenomenon that is of considerable importance for platform work relates to individuals with income from employment who performed (more or less) temporary work/work assignments for different customers or clients and join an umbrella organisation, sometimes called a platform/billing company (Eurofound, 2015). The umbrella organisation charges the customer/client for certain commissions, pays employees' contributions, makes tax deductions and subsequently pays the rest as a wage to the individual who performed the work/work assignment. Individuals employed by an 'umbrella organisation' often referred to as '*egenanställda*'.

It is important to note that being employed by an umbrella organisation is not a formal type of employment or a legal concept. In terms of an employment relationship, individuals using an umbrella organisation are usually employed on a general fixed-term contract during the work/work assignment (Futurion, 2017; SOU, 2017a:24, p.166). A survey carried out by the trade association of umbrella organisations (*Egenanställningsföretagens Branschorganisation*), indicated that in 2015, around 18,000 individuals were employed by companies belonging to the trade association (as reported in Futurion, 2017). The corresponding number in 2011 was around 4,000 individuals. This survey also indicates that for most individuals, income for individuals using umbrella organisations comprises a relatively minor part of their total income.

There are two main factors that are regarded as responsible for the growth of umbrella organisations in Sweden: the desire of individuals performing (more or less) temporary work/work assignments for different customers to avoid the administrative work involved in being self-employed; and the fact that many customers only want to hire individuals who are registered as self-employed.

There are no collective agreements for platform workers employed by umbrella organisations, at least not for individuals employed by the member umbrella organisations of the trade association (Futurion, 2017, p.14).

Organisations such as the Swedish Social Insurance Agency, the Swedish Tax Agency and the individual unemployment insurance funds can make, and often do, different assessments on whether an individual employed by an umbrella organisation should be classified as an

employee or not. To date, most unemployment insurance funds have classified these individuals as employees, while the Social Insurance Agency has often come to the opposite conclusion (Futurion, 2017; SOU, 2017a:24)

Furthermore, there have been no court rulings to date on whether individuals using umbrella organisations should be classified as employees under civil law (SOU, 2017a:24, p.169). Such a court ruling could, for example, arise if an individual who is employed by an umbrella organisation on a temporary contract exercised their right to a permanent contract pursuant to the Employment Protection Act. In principle, a platform worker employed by an umbrella organisation for a total of two years over a five-year period should be able to obtain a permanent employment contract. One of the interviewed trade union representatives raised this particular issue in a discussion with an umbrella organisation. The umbrella organisation answered that they would meet this obligation, but that nobody has asked for it. The trade union representative formulated his reservations to this provision, as it is not the umbrella organisations who define or influence what kind of work is being done, but the clients.

It should also be noted that umbrella organisations have existed in Sweden for a long time, long before the emergence of platform work. Umbrella organisations originally acted as a billing service for employees who want to have a small business on the side. They have pivoted in their business model and taken full employer responsibility when the tax authorities required the platforms to pay employer fees. The question can be raised however, as to how these companies can work systematically with issues relating to the work environment and occupational health and safety.

A growing number of people in Sweden are *bemanningsanställda* (employees employed by temporary staffing agencies). Since the early 1990s, when the market for hiring-out of human resources in Sweden was deregulated, the number of workers employed by staffing agencies has increased sharply, although this increase has plateaued somewhat in recent years. In 2017, the number of full-year employees employed by temporary staffing agencies was around 83,000 people, which corresponds to approximately 1.6% of all employed persons (Bemanningsföretagen, 2017). Although this way of organising work has raised questions on, for example, the responsibility for occupational health and safety issues, agency workers are employed, permanently unless otherwise agreed, by the temporary staffing agency and hired out to a client. The [Private Job Placement and Hiring-Out of Labour Act \(Lag om privat arbetsförmedling och uthyrning av arbetskraft\) \(in Swedish\)](#) of 1993 provides a basic definition of contracted-out labour. Nothing prevents a platform worker from being employed by a temporary staffing agency and then hired out to another party and performing work using an online platform.

Interestingly, the regulation of temporary staffing agencies was mentioned by all respondents, except by the representative of the employer organisation, as an example of how the Swedish labour market model has managed to accommodate new forms of organising work. For example, when asked about the challenges posed to the Swedish labour market model by platform work, the interviewed government representative stated that the Swedish model is flexible and has coped with challenges previously. For example, the staffing industry has been confronted with many challenges that were addressed through collective agreements. Today, 90% of the staffing companies have collective agreements. The academic expert, too, referred to the staffing industry as an example of an area where the social partners prefer collective agreements to further regulation.

The definition of a self-employed worker in Sweden is, as discussed earlier, based on tax law. This employment status is especially relevant as regards platform work, and much of the discussion on platform work in Sweden has focused on the extent to which platform workers are classified as self-employed for taxation purposes.

## Relationship among the three parties involved

The relevant transaction model between platform workers, clients and platforms comprises a tripartite structure that may involve three different agreements. When an agreement exists between the parties, its content should govern the formal relationship between them. These agreements, and thus the relationship between platform workers, clients and platforms varies according to the platforms and what kind of transactions are taking place via the said platforms.

## Discussion on formal relationships

It was noted in a [recent government inquiry \(in Swedish\)](#) that the relationships between platform workers, clients and platforms were extremely heterogeneous, and that the formal relationships between these parties were governed by a variety of different factors, such as a wide range of different laws and regulations, how the platform is marketed, what information they convey to users and, not least, the content of the terms that apply between users and platforms (SOU, 2017b:26).

It was also stated in this inquiry that platforms were consistently lacking information about the formal and legal status of the parties and their relationships. What is particularly relevant in this context is that in their survey of 60 online platforms, almost no platforms provide information about tax liabilities and the fact that platform workers may have to pay taxes on their income, as income from employment, if they were not self-employed and their income exceeded the basic deduction level.

A concrete example, taken from a recent government inquiry, showed the difficulties in describing the formal relationships between platform workers, clients and platforms.

*A retired painter who carries out occasional painting and decorating work, via a sharing economy platform, for private individuals can be considered both as a user of a sharing economy service and as a trader in the sense of consumer law with respect to the ordering party. However, their status must be determined on a case-by-case basis and involves interpreting a diverse set of data, such as the size of the operation, the professional expertise of the service provider and the form of association that may be applied. (SOU, 2017b:26, p.20)*

Some have argued that a new status for platform workers and related forms of employment should be introduced (see overview of this discussion in Futurion, 2017). When the number of individuals using umbrella organisations began to grow in Sweden, some representatives from these organisations proposed that a third employment category should be introduced through legislation. One umbrella organisation, Cool Company, affiliated to the trade association of umbrella organisations states on its [homepage \(in Swedish\)](#) that ‘Using an umbrella organisation can be regarded as a third form of employment and lies between having a business and employment’.

However, the idea of drawing up a third employment category has gained very limited support in Sweden.

All interview respondents agreed that at present platform work is a relatively small phenomenon, but that if platform work becomes increasingly significant and the current system fails to provide adequate protection, then the legislators need to intervene. They questioned whether a new category of (platform) workers with certain rights is the way forward. All seemed more inclined to have platform employers integrated in the category of employees, with corresponding duties, rights and entitlements.

To end this sub-section, it would be interesting to reflect on the answer given by the academic expert to the question in the interview guideline: ‘Is the regulation on employment status suitable to cover platform work or a part thereof in your country?’ The respondent considered this question to be extremely normative, because the answer to it depends on what one thinks

that the role and function of labour law and regulations should be. More individual cases need to be tried to get more legal guidance to answer this question.

## Organisation and representation in platform work

An important prerequisite for the Swedish self-regulatory model based on collective agreements between unions and employers is a high degree of organisation among employees and employers. There has been a long-term trend towards declining union membership, which has decreased from 85% in the early 1990s to around 70% in the mid-2010s. In contrast, the organisation among employers, measured as the proportion of wage earners in companies and businesses affiliated with an employer organisation, has been relatively stable over the last 15 years, at around 87%.

Partly as a consequence of the decline in union density and the increase in self-employment, several labour unions are nowadays offering the possibility for the self-employed to be members of unions. The trade union representative interviewed explained that self-employed can be member since the late 1990s. An important underlying reason for this change was to attract those who, as a consequence of the 1990s crisis, became consultants into the union community.

A survey among members of the Swedish Confederation of Professional Associations (*Sveriges Akademikers Centralorganisation*), in 2011 showed that around 10% of the members were self-employed on a part-time or full-time basis (Löfbom, 2011). Other large trade unions, such as Unionen, Sweden's largest trade union in the private labour market, offer membership for the self-employed. In contrast, very few of the unions in the Swedish Trade Union Confederation, which mainly organises blue-collar workers in the private and public sector, offer the possibility of membership for the self-employed. The interviewed trade union representatives gave very similar views on the role and strategies of labour unions in relation to platform work. To provide relevant information to platform workers to enable them to make informed choices is an essential role of the unions. The long-term role must be to organise platform workers, to offer them collective strength. The trade union representatives further mentioned the need to think creatively on what to offer platform workers, on tools for reaching members who may be dispersed: a digital trade union movement, a union platform and organisational strategies.

The trade union representative interviewed acknowledged that to organise the self-employed may be seen as an anomaly. The question is, however, where platform workers should otherwise end up. An employer organisation does not seem very suitable if the platform worker is dependent on one or a few customers and does not have any employees. The trade union interviewee further pointed to the fact that trade union membership has a lot to do with service features, what can the union offer. The unions should bring added value. If there are different forms of employment, unions must adapt their services accordingly.

None of the trade union representatives interviewed were aware of any attempts by platform workers to organise themselves. Some mentioned that they might have seen groups on social media, such as Facebook, but they were not sure, and they did not think that these were very large or active.

The employer organisation representative's view on the organisation of platform workers somehow deviated from the above. The interviewee noted that the organisation of platform workers is done in Facebook groups and informal networks. He pointed to the fact that their loyalty lies with their colleagues, not with an employer or broader union or business organisation. In his opinion, platform workers live quite volatile lives and are not a homogeneous group. Some are entrepreneurs, but they do not identify themselves primarily as entrepreneurs. The new way of working threatens old institutions and their existence. He reminded that the goal of the trade union movement has been to defend workers' working conditions, which they have done by also defending old ways of working and employment



contracts. He furthermore emphasised that thinking differently becomes difficult as much of the solutions that trade unions can offer to their members are based on having a single employer who is responsible for working conditions. When there is no main employer, trade unions have difficulties in organising those who work. The employer organisation representative is convinced that the old way of working will survive in the foreseeable future, but that a new, parallel and large sector will emerge. He stressed that the unions still have a very important role to play, but for all people who work, and not only for wage earners on the traditional labour market.

The trade union representative pointed out that it is difficult to imagine that Sweden creates a way of organising and regulating the labour market generally, and platform work specifically, that is completely independent from the rest of the world. He stated that most actors in Sweden want to protect the Swedish labour market model and the right and opportunities for collective bargaining, yet that the reality is that many other countries in Europe do not have this tradition.

The government representative interviewed stated that the debate today is very much about the importance of social dialogue to handle both challenges and opportunities of platform work. All parties agree that social dialogue is central, both at national and local level. Social dialogue is necessary to handle challenges and take advantage of opportunities. The challenge is also global. The government representative concluded that initiatives at a more global level, EU and ILO for example, are very important, as the platforms and questions related to them are not confined to Sweden, but global.

In this respect, transnational initiatives should be promoted. It is worth mentioning that the Swedish white collar union Unionen was part of a network of European and North American unions, labour confederations, and worker organisations which issued in December 2016 a call for transnational cooperation between workers, worker organisations, platform clients, platform operators, and regulators to ensure fair working conditions and worker participation in governance in the growing world of digital labour platforms. Unionen has also developed a plan to certify platforms for fair and socially sustainable working conditions. Unionen is part of the [Fair Crowd Work](#)<sup>5</sup> project which collects information about crowd work, app-based work, and other ‘platform-based work’ from the perspective of workers and unions.

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<sup>5</sup> A joint project of IG Metall (the German Metalworkers’ Union), the Austrian Chamber of Labour, the Austrian Trade Union Confederation, and the Swedish white collar union Unionen, in association with research and development partners Encountering Tech and M&L Communication Marketing.

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## Annex: Platforms mentioned in the text

<b>Platform</b>	<b>Platform work type</b>
<a href="#">Amazon Mechanical Turk</a>	Online moderately skilled click-work
<a href="#">Fiverr</a>	Online client-determined specialist work
<a href="#">Freelancer</a>	Online client-determined specialist work
<a href="#">Offerta</a>	On-location client-determined moderately skilled work
<a href="#">Sendoo</a>	On-location client-determined routine work
<a href="#">TaskRabbit</a>	On-location worker-initiated moderately skilled work
<a href="#">TaskRunner</a>	On-location client-determined moderately skilled work
<a href="#">Upwork</a>	Online contestant specialist work
<a href="#">Uber</a>	On-location platform-determined routine work

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