



Challenges and approaches for tackling undeclared work on digital labour platforms

**Learning resource paper
from thematic review
workshop**

8-9 October 2024



European Platform
tackling undeclared work



EUROPEAN LABOUR AUTHORITY

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1.0 Introduction

Over the past decade (global) platform operators using digital technologies to connect individual suppliers and buyers of labour have emerged in service and labour markets across most European (EU) Member States, posing challenges to traditional incumbents and regulatory frameworks.¹ Due to its rapid growth across an increasing number of economic sectors, platform work, characterised by its atypical and flexible work arrangements, has become a key focus of research and policy in Member States and at the EU level.²

This learning resource paper describes the outcomes of the workshop on undeclared work on digital labour platforms, which took place on 8-9 October 2024 in Dubrovnik, Croatia. It complements several reports and events on undeclared work on this topic undertaken by the European Platform tackling undeclared work (hereafter ‘the Platform’) in recent years.³

The workshop on ‘Challenges and approaches for tackling undeclared work on digital labour platforms’ provided participants with an opportunity to deepen their understanding of undeclared work on digital labour platforms and discuss policy measures and mechanisms that could be used to detect, prevent and tackle undeclared work in this context. The workshop brought together 41 participants, including representatives of national labour inspectorates, tax and social security institutions, and governmental organisations from 14 Member States, EU-level and national social partners, representatives of European and international institutions, as well as representatives of digital labour platforms. Additionally, representatives from the European Labour Authority (ELA), thematic experts, and members of the Platform support team participated in the event. Participants exchanged good practices, identified aspects that could be transferred to different settings and explored how the challenges involved could be overcome.

The **aim of the workshop** was to enable Platform members and observers to engage in mutual learning and deepen their understanding of undeclared work on digital labour platforms. Importantly, the focus was not on the correct classification of platform workers’ employment status or the (national) legal presumptions addressing bogus self-employment (as outlined in the new [Directive on improving working conditions in platform work](#)). This topic will be covered during the Platform’s plenary meeting in April 2025.

More specifically, the workshop had the following **objectives**:

- ▶ To share experiences on the types and characteristics of undeclared work conducted on digital labour platforms and the challenges in detecting undeclared work (See Chapter 2);
- ▶ To share practices and challenges on using data to detect/trace/measure whether undeclared work is being conducted on digital platforms (See Chapter 3.1);
- ▶ To identify and share policy measures for tackling undeclared work on digital platforms (See Chapter 3.2).

Each chapter provides a summary of the content presented at the workshop, including overviews of presentations as well as key points from discussions among participants.

¹ Hauben (ed.), H., Lenaerts, K. and Waeyaert, W., [The platform economy and precarious work](#), Publication for the committee on Employment and Social Affairs, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020.

² Ibid.

³ These include a 2023 [Peer learning dialogue on Challenges and solutions in preventing, detecting and proving undeclared work in new forms of work](#); a 2021 [Thematic review workshop on Undeclared work in the collaborative economy](#); a 2017 [Plenary meeting and study on New developments and trends in undeclared work within the sharing/collaborative economy](#); a 2020 medium-scale study on [Tackling undeclared work in the collaborative economy and bogus self-employment](#); and the October 2020 [Plenary meeting on Tackling undeclared work in the collaborative economy and related to new forms of work](#).



2.0 Definition and conceptualisation of undeclared work on digital labour platforms

2.1 Definition and conceptualisation of digital labour platform

On 14 October 2024, the Council adopted a new [Directive on improving working conditions in platform work](#). The Directive aims to ensure that persons performing platform work have their employment status classified correctly with a view to address bogus self-employment. The Directive also regulates the use of algorithms in the workplace. Following its entry into force, Member States have two years to incorporate the provisions of the Directive into their national legislation and administrative practices.

During the workshop, a **representative of the European Commission** provided an overview of the key provisions of the Directive. He explained that the Directive focuses on the triangular relationship between persons performing platform work, clients, and platforms and addresses several core issues relevant to improve enforcement:

- ▶ **Intermediaries**, establishing that ‘persons performing platform work who have a contractual relationship with an intermediary enjoy the *same level of protection* afforded under this Directive as those who have a direct contractual relationship with a digital labour platform’, and that Member States shall establish appropriate mechanisms, including, where appropriate, joint and several liability systems (Article 3);
- ▶ **Transparency obligations** for platforms, requiring them to declare work/make information available to competent authorities and provide information on algorithmic decision-making systems (Articles 9, 16, 17);
- ▶ **Biometric identity verification**, while it does not allow for the processing of personal data for biometric identification.

Participants sought clarification on several points, including the allowance of biometric identification under GDPR, the obligation of digital platforms to keep and share data about intermediaries, and the scope of application of the Directive. It was highlighted that Article 7 bans platforms from using biometric data to check and identify individuals (one-to-many identification), but Recital 41 explains that this does not affect the possibility for digital labour platforms to conduct one-to-one biometric verification, such as facial recognition. In this regard, Recital 59 explains that there is evidence of the use of undeclared work in delivery platforms in several Member States, which is often carried out through so-called ‘rented identities’, namely persons performing platform work who have the right to work register with the digital labour platform and rent their accounts to undocumented migrants or minors. Therefore, it is crucial for digital labour platforms to ensure reliable verification of the identity of persons performing platform work.

Article 17 requires platforms to provide information on intermediaries to competent authorities, a new measure aimed at increasing transparency.

Box 1. Definitions of ‘platform work’, ‘digital labour platform’, and ‘intermediary’ in the new Directive on Platform work

Article 2 (1) (b) of the Directive defines ‘*platform work*’ as any ‘work organised through a digital labour platform and performed in the Union by an individual on the basis of a contractual relationship between the digital labour platform or an intermediary and the individual, irrespective of whether a contractual relationship exists between the individual or an intermediary and the recipient of the service’.



In turn, Article 2 (1) (a) of the Directive defines ‘*digital labour platform*’ as ‘any natural or legal person providing a service which meets *all* of the following requirements: (a) it is provided, at least in part, at a distance through electronic means, such as a website or a mobile application; (b) it is provided at the request of a recipient of the service; (c) it involves, as a necessary and essential component, the organisation of work performed by individuals in return for payment, irrespective of whether that work is performed online or in a certain location; (d) it involves the use of automated monitoring or decision-making systems’.

Additionally, according to Article 2 (1) (e) of the Directive, ‘*intermediary*’ means ‘a natural or legal person that, for the purpose of making platform work available to or through a digital labour platform: (a) establishes a contractual relationship with that digital labour platform and with the person performing platform work; or (b) is in a subcontracting chain between that digital labour platform and the person performing platform work’.

Drawing from the definitions provided in the Directive as well as from existing studies and policy papers, the following key characteristics of **digital labour platforms** can be identified:⁴

- ▶ There is a **triangular (or multi-angular) relationship with at least three parties involved**: the digital labour platform, the user/client and the person performing platform work.⁵ Both the person performing platform work and the user/client share (personal) data and information with the platform and the user/client can either be a consumer or an undertaking⁶;
- ▶ The work is (often) broken down **into small-scale tasks while work/services are provided on demand**;
- ▶ **Online apps and technologies facilitate, often using algorithms and by means of (semi-) automated decisions**:
 - ▷ The matching between demand and supply or the assignment of the tasks/work to individual persons;
 - ▷ The organisation of the tasks/work in terms of the work division, ways of execution, timing, and location; and/or
 - ▷ The assessment and evaluation of the task/work performance including through client ratings and feedback.

The literature further classifies and systematises **digital labour platforms** according to the following dimensions.⁷

First, digital labour platforms involve the provision of labour services and are of **two basic types**:

⁴ Fabo B., Beblavý M., Kilhoffer Z. and Lenaerts K. (2017) [An overview of European Platforms: Scope and Business Models](#). Luxembourg: Publications Office of the European Union. Eurofound, Employment and working conditions of selected types of platform work, European Union, 2018a.

Eurofound, *Platform work: types and implications for work and employment – Literature review*, Eurofound Working Paper, 2018b.

European Commission (2020), [Study to gather evidence on the working conditions of platform workers](#), Luxembourg: Publications Office of the European Union.

European Commission (2021), [Digital Labour Platforms in the EU: mapping and business models](#), Luxembourg: Publications Office of the European Union.

Hauben, H., Kanhancová, M. and Manoudi, A. (2021), Synthesis report: Thematic review on platform work. Brussels: European Centre for Expertise in the field of labour law, employment and labour market policy, European Commission. Urzi Brancati, M.C., Pesole, A. and Fernandez Macias, E. (2020). *New evidence on platform workers in Europe*. Luxembourg: Publications Office of the European Union; European Commission (2021), [Study to support the impact assessment of an EU initiative to improve the working conditions in platform work](#), Luxembourg: Office of the European Union.

⁵ Worker’ is used as a generic concept and is referring to the active labour market participants regardless of their employment status.

⁶ In its judgement C-41/90 *Höfner and Elser v Macrotron GmbH*, the Court of Justice of the European Union, CJEU, defines an undertaking as “any entity engaged in an economic activity, regardless of its legal status and the way it is financed”.

⁷ European Commission (2021), [Study to support the impact assessment of an EU initiative to improve the working conditions in platform work](#), Luxembourg: Office of the European Union.



- ▶ **Online web-based platforms:** this refers to tasks that are matched with workers online and are performed only or mostly virtually on an electronic device at any location, although the common location is the platform workers' home. Examples include freelance and contest-based tasks (e.g., 99designs, Kabanchik, Upwork); microtasks (e.g., AMT, Clickworker, Microworkers); competitive programming (e.g., Codeforces, HackerRank, Topcoder); medical consultation (e.g., 1Doc3, DocOnline, MDLive)
- ▶ **Location-based platforms:** this refers to tasks that are performed only or mostly in the physical world, although matching and administration services between customers and service providers are digital.⁸ Examples include taxi services (e.g., Bolt, Ola, Uber), delivery services (e.g., JustEat, Takeway Meituan, Rappi, Uber Eats); home services (e.g., Doit4u, Task Rabbit, Urban Company); domestic work (e.g., Batmaid, BookMyBai, SweepSouth); care services (e.g., Care24, CareLinx, Greymate Care).

According to the new Directive on improving working conditions in platform work (see Article 2(2)), the definition of digital labour platform excludes providers of a service whose primary purpose is to exploit or share assets, such as short-term rental of accommodation. The definition also excludes platforms through which individuals who are not professionals can resell goods, as well as those that organise volunteer activities. Recital 20 specifies that, instead, the definition is limited to providers of a service for which the organisation of work performed by the individual, such as transport of persons or goods or cleaning, constitutes a necessary and essential component, and not merely a minor and purely ancillary component.

Second, the **degree of control** utilised by platforms through (algorithmic) management differs notably between platforms and types of platform work.⁹ This dimension tries to capture the hierarchical power and managerial prerogatives that a digital labour platform deploys in its relationship with persons performing platform work.¹⁰ It is closely related to the use of algorithmic management (and digital monitoring and surveillance) by most digital platforms and the way that it shapes working conditions in platform work.¹¹

Finally, the **skills level and task complexity** are another dimension that is commonly used in classifying platform work.¹² It basically determines whether or not a task can be allocated to anyone active on the platform or to selected individuals. While on-location platform work is commonly associated with lower skill levels compared to online platform work, this distinction does not universally apply.¹³ Although online platform work can include tasks of minimal complexity that demand only fundamental digital literacy, on-location platform work can encompass tasks of considerable complexity, such as teaching, consulting, and other specialised services.¹⁴

2.2 Types and characteristics of undeclared work on digital labour platforms

The focus in reports of the Platform has largely been on **service providers/persons performing platform work** engaged in undeclared work. This includes but is not limited to the following forms:¹⁵ unregistered and unpaid working hours and incorrect classification of waiting or stand-by time (performed by employees); unreported income from small-scale own-account services or activities performed in the collaborative economy; (intentional

⁸Ibid.

⁹ Ibid.

¹⁰ Lenaerts, K. and Waeyaert, W. et al. (2022), [Digital platform work and occupational safety and health: overview of regulation, policies, practices and research](#), EU-OSHA.

¹¹ Ibid.

¹² Ibid.

¹³ European Commission (2021), [Study to support the impact assessment of an EU initiative to improve the working conditions in platform work](#), Luxembourg: Office of the European Union.

¹⁴ Ibid.

¹⁵ Hauben, H. (2021), [Learning resource paper from the thematic review workshop on undeclared work in the collaborative economy: Tools and approaches to tackle undeclared work in the platform economy](#), European Platform Tackling Undeclared Work, Brussels.



and unintentional) undeclared work carried out by genuine self-employed persons performing platform work; and illegal employment of persons, often third-country nationals (TCNs), who have no right to reside/work in the country.

As to the latter category, Recital 59 of the Directive on improving working conditions in platform work specifically mentions that the occurrence of undeclared work in delivery platforms has been evidenced in several Member States, which in practice is often carried out through rented identities, where persons performing platform work with the right to work who register in the platform, rent their accounts to undocumented migrants and to minors. This entails a lack of protection of those persons, including undocumented TCNs, whose situation often results in limited access to justice due to fear of retaliation or risk of deportation. Working through rented identities may be their only means of earning a living.

These considerations were echoed during the working group discussions where several participants pointed out that one of the most pressing issues was the prevalence of **identity fraud** and the practice of **rented identities**, where multiple individuals share or rent the same platform account. Participants observed that this problem is particularly prone in on-location platform work (e.g. ridesharing or delivery services). It was also argued that the drivers of identity fraud on digital platforms are often linked to migration and work permit restrictions. In this context, participants strongly emphasised the need for providing information to TCNs in their native languages. They underscored that delivering clear and accessible information is a necessary safeguard against potential abuses, ensuring that TCNs are fully informed about their rights and responsibilities.

Box 2. Biometric verification/identification

Participants also argued that *biometric identification* should be made possible to determine the identity of the worker as this is the most effective way to avoid rented identities. In this context, it is important to note that the new Directive provides that digital labour platforms will not be allowed to process biometric data of persons performing platform work for the purpose of identification, namely establishing a person’s identity by comparing his or her biometric data to stored biometric data of a number of individuals in a database (one-to-many identification) (see Article 7 (1) (f) and *Recital 41*). However, at the same time, this does not affect the digital labour platforms’ possibility to conduct *biometric verification*, namely verifying a person’s identity by comparing his or her biometric data to data previously provided by that same person (one-to-one verification or authentication) (*Recital 41*).

In any case, it is apparent that the main focus of previous reports has largely covered only the undeclared work of one of the parties involved in platform work (*i.e.*, persons performing platform work). Little consideration has been given to undeclared work among the other parties (*i.e.*, users, intermediaries and the digital labour platforms). The actual experience on digital labour platforms reveals the existence of several forms of undeclared work, as indicated in Table 1 below. Considering the three-way relationship of work on digital labour platforms, several combinations of the different types of un(der)declared work can occur in practice.

Table 1. Types of undeclared work on digital platforms

Digital platform operators/intermediaries	Persons performing platform work	Users
Unlicensed/unregistered/unauthorised platform operators.	Unregistered enterprises <ul style="list-style-type: none"> ▶ (Intentional and unintentional) unregistered enterprises whose activities and related income are undeclared. ▶ (Intentional and unintentional) unregistered own-account workers (those owning and 	Unregistered enterprises sourcing workers from platforms (or selling assets on platforms)



	operating unregistered sole trader enterprises) whose activities and related income are undeclared.	
Registered/licensed platform operators may employ undeclared (i.e., unregistered) employees, directly employed by them to run the platform business (rather than on their platform).	<p>Undeclared workers, which may take the following forms:</p> <ul style="list-style-type: none"> ▶ (Intentional and unintentional) engagement as bogus self-employed; ▶ Unregistered and unpaid working hours and incorrect classification of waiting or stand-by time (performed by employees); ▶ (Intentional and unintentional) unreported income by genuine own-account workers. ▶ (Intentional and unintentional) under-declared workers 	Registered enterprises employing undeclared or under-declared workers/and/or natural persons employing undeclared or under-declared workers
Registered/licensed platform operators may pay their declared employees, directly employed by them to run the platform business, undeclared envelope wages (i.e., use under-declared employment).		

Source: Authors' own elaboration, based on Williams, C.

One example of this broader conceptual approach of the fight against undeclared work on digital labour platforms lies in the phenomenon of so-called '**platform leakage**'. Platform leakage can be explained in situations where the recipient of the service and the person performing platform work initially connect through a platform, but subsequently take their transactions off the platform, thereby avoiding transaction fees.¹⁶ In other words, persons performing platform work and users may choose to engage in transactions outside the platform's ecosystem. This behaviour can lead up to a form of undeclared work, which has received very limited attention from policy makers and enforcement authorities up to date.

Nonetheless, platform leakage remains a primary concern for platform operators in discussions surrounding undeclared work, incentivising them to develop advanced analytical methods aimed at detecting off-platform transactions. At the same time, platform operators may be keen to collaborate with enforcement authorities by reporting such instances of 'disintermediation', enabling the authorities to investigate potential cases of undeclared work. However, the willingness of platform operators to share data for these purposes has not yet been fully recognised by enforcement authorities. Acknowledging this readiness could facilitate the establishment of collaborative data-sharing agreements between platform operators and enforcement agencies, enhancing efforts to combat undeclared work.

¹⁶ Hagiu, A., & Wright, J. (2022), [Marketplace leakage](#); Gu G., Zhu, F. (2021), [Trust and disintermediation: Evidence from an online freelance marketplace](#), Management Science 67(2):794-807; Graham, M., Hjorth, I., & Lehdonvirta, V. (2017). [Digital labour and development: Impacts of global digital labour platforms and the gig economy on worker livelihoods](#), European Review of Labour and Research, 23(2), 135-162.



2.3 Key outcomes of Working Group I

Key questions during the Working Group discussion on the types and characteristics of undeclared work on digital labour platforms

- ▶ What are the characteristics of undeclared work on digital labour work platforms in your country? Are there any differences between online and on-location platform work? Is disintermediation common practice in your country?
- ▶ Have you seen any changes in the fraudulent practices or behaviours of digital labour platforms in recent years? Have you seen any changes in the fraudulent practices or behaviours of platform workers in recent years? What economic sectors are mostly affected?
- ▶ What strategies have been implemented or could be implemented in your country to prevent undeclared work? What are the most effective methods and tools for preventing undeclared work on digital labour platforms in your country? What challenges do you face? Please provide examples.

In relation to the questions above, during the working group discussion, participants shared several interesting practices and lessons on the characteristics of undeclared work on digital labour platforms, as well as challenges and strategies for preventing it. Key points included:

- ▶ **Identity fraud and rented identities** whereby multiple people use the same account is one of the major obstacles, especially regarding **on-location platform work**. Drivers of identity fraud were associated with migration issues and work permits, as well as restrictions on public servants and others who are officially prohibited to have a second job on the side but may want to engage without revealing their true identity.
- ▶ Participants argued that **biometric identification** should be made possible to determine the identity of the worker as this is the most effective way to avoid rented identities.
- ▶ **Platform leakage** is more common for **on-location work**, such as direct payments to babysitters.
- ▶ **Intermediaries**, such as letterbox companies are becoming more common.
- ▶ **Data sharing** is crucial for monitoring and preventing abuses, emphasising the need for collaboration between platforms and different competent authorities.
- ▶ **Preventative measures** which are used for the broader economy, can also be used to prevent undeclared work on digital labour platforms. These include measures such as targeted awareness campaign and liability schemes for subcontracting chains.
- ▶ **Collaborating with the platforms** and treating them as partners is essential to prevent irregularities effectively.
- ▶ **Providing information to TCNs in their native language** is a crucial to prevent potential abuses.
- ▶ **Collective bargaining** in some countries includes collective agreements with platforms to prevent undeclared work (e.g., in Cyprus the first collective bargaining agreement was recently concluded between a platform, trade unions, as well as the Ministry of Labour).

In general, participants acknowledged the need to collaborate between platforms and different competent authorities, as **data-sharing** is deemed crucial for detecting and preventing abuses. It was mentioned that collaborating with digital labour platforms is essential to prevent irregularities effectively.



One example thereof can be found in **Croatia**, where a representative of the digital labour platform ‘**Wolt**’ delivered a presentation on how they took steps to align with the new national platform work law requirements by educating its ‘fleet partners’ and implementing a rigorous compliance framework. Since the government registry (i.e. JEER, see also Chapters 3.1 and 3.3 below) went live, Wolt has continued to assist authorities by monitoring partners to help identifying irregularities in collaboration with the state labour inspectorate. In their experience, this cooperation has enabled effective inspections and interventions to address cases of undeclared and under-declared work on digital labour platforms facilitating delivery services.

The main concern raised by the participants during the first working group was the rise of **intermediaries**, often in the form of ‘letterbox companies’, to avoid and limit regulatory oversight. These intermediaries pose significant obstacles to labour law enforcement by creating a buffer between the platform and the workers. Intermediaries create a complex web of responsibilities, making it challenging to pinpoint who is legally liable for ensuring fair labour practices and compliance with labour laws. This lack of clarity not only undermines the enforcement of existing regulations but also leaves workers more vulnerable to exploitation. In this context, the new Directive in Article 3 provides that platform workers who have a contractual relationship with an *intermediary* enjoy the same level of protection afforded as those who have a direct contractual relationship with a digital labour platform. It is also provided that Member States need to take measures to establish appropriate mechanisms (including, where appropriate, joint and several liability systems).

3.0 Policy measures aimed at tackling undeclared work on digital labour platforms

3.1 Using data to detect/trace/measure undeclared work on digital labour platforms

Undeclared work typically remains hidden from enforcement authorities. However, enforcement authorities are increasingly adopting **data collection, sharing, and analytical practices** to enhance their capabilities in identifying and preventing undeclared work. These quantitative methods serve as a valuable supplement to the qualitative insights offered by inspectors with local experience.¹⁷ The systematic collection, sharing, and analysis of data not only bolsters enforcement authorities’ effectiveness in detecting undeclared labour but also supports broader compliance prevention efforts.¹⁸

At the same time, the digital labour platform economy offers a distinctive environment in which the identities of workers and users are recorded through **digital accounts**, and all performances and transactions are digitally tracked. As a result, it is theoretically possible to trace instances of undeclared work conducted on these platforms. In case enforcement authorities have access to these data, it may significantly enhance efforts in addressing undeclared work, by allowing more informed and strategic decisions, leading to more efficient and effective inspection processes and higher compliance rates.

During the workshop, the working definition of ‘*tracing undeclared work on platforms*’ was the **use of a range of data, that when made available to enforcement authorities, enables undeclared work on digital labour**

¹⁷ Williams, C. (2021), [Data collection, sharing and analysis to tackle undeclared work: a toolkit](#), Western Balkan Network tackling undeclared work.

¹⁸ Ibid; Williams, C and Puts, E. (2017), [2017 Platform Survey Report: organisational characteristics of enforcement bodies, measures adopted to tackle undeclared work, and the use of databases and digital tools](#), European Commission, Brussels.



platforms to be detected. This broad definition allows to take into account multiple data sources, enabling enforcement authorities to trace undeclared work more effectively.

In general, it is possible to observe a wide range of **data sources** to trace undeclared work, amongst others:

- ▶ **Platform-collected data** as digital labour platforms hold vast amounts of information on both persons performing platform work and users, their work patterns, performances and on transactional records.
- ▶ Another data source comes from so-called **complaint reporting systems**, where platforms, enforcement agencies, and social partners have developed mechanisms through which users, including customers, and persons performing platform work can report instances of undeclared work.
- ▶ **Financial data** can also be critical in detecting undeclared work. Banks and national payment systems hold information on payments made between users and persons performing platform work. By analysing these transactions, authorities can identify undeclared income streams that may otherwise go unnoticed.
- ▶ Additionally, the use of **big data and web scraping** provides enforcement authorities with innovative tools to monitor undeclared work. Through data analytics and web scraping, authorities can track patterns of work and employment across digital platforms, identifying trends that suggest non-compliance.
- ▶ Lastly, existing **administrative data** held by enforcement authorities, such as tax records and social security contributions, further complements all these efforts. By cross-referencing platform-collected data, financial information, and big data, authorities can detect inconsistencies that point to undeclared work.

For example, a presentation from the **Ministry of Labour and Social Insurance** in **Cyprus** highlighted that they have collaborated with digital labour platforms and intermediaries, issuing notices of infringement and holding meetings to understand platform operations, to address challenges such as unregistered platform employees, forged ID documents, and multiple users sharing the same mobile app ID. Data is collected from various departments as well as platforms and intermediaries, including personal data, employment contracts, and working hours. The data is used to perform inspections and ensure compliance with laws such as wage protection, minimum wage, and working hours, and verify that social insurance contributions are paid based on actual earnings.

A presentation from the **State Inspectorate** in **Croatia** provided another example in this regard, as the country has introduced the so-called JEER (*Jedinstveni Elektronski Evidencijski Registar*) system, also known as the Unified Electronic Labour Records system, as part of its strategy to address undeclared work within the platform economy (see Box 3).

Box 3. The Unified Electronic Labour Records (JEER) system in Croatia

The JEER system requires digital labour platforms and aggregators (i.e., intermediaries) to report detailed information about ongoing work. This information includes unique personal identification numbers (OIBs) for platforms, aggregators, and workers, as well as details on contractual relationships (e.g., JEER also stores and uses data on the self-employed who perform platform work), payment amounts and timing, and specifics about the work being performed, including time, location, and type of work. Additionally, platforms must report any applicable cash transactions.

Integration with Croatia's databases, including those from tax authorities, the Croatian Pension Insurance Institute, and the Ministry of the Interior, enables JEER to offer real-time tax monitoring, social contribution



tracking, and verification of foreign workers' legal statuses. In turn, JEER facilitates data-sharing across enforcement authorities, such as the labour inspectorate, tax administration, and social security authorities.

The state labour Inspectorate use JEER data to conduct targeted inspections. When discrepancies or suspicious activity are identified, inspectors can swiftly detect cases of potential undeclared work and respond by inspecting the relevant digital labour platforms. If platforms are found to be underreporting worker activities or allowing workers to perform undeclared work, inspectors require platforms to suspend worker accounts until compliance is established. This targeted inspection process strengthens enforcement and encourages transparency within the platform economy. Additionally, through JEER's integration with the Ministry of the Interior, authorities can verify work permits and employment statuses for foreign workers, ensuring legal employment practices. In general, the close monitoring of all work and transactions within JEER serves as a deterrent to undeclared or under-declared activities by digital labour platforms, aggregators, and persons performing platform work.

The current challenge pertains to TCNs as they need a valid visa to access and use the register. Other challenge relates to aggregators established in third countries as the system applies to establishments in Croatia. Participants sought further clarifications about the JEER system in Croatia. It was explained that the system is designed for platforms with an establishment in Croatia, and it is mandatory for any platform operating in the country. It was also mentioned that the current system may also be expanded to include other sectors in the future.

A representative from the ILO mentioned during her presentation the example of the **Republic of Korea** which introduced the concept of 'labour provider'¹⁹ to extend coverage to persons performing platform work. Under this model, digital labour platforms are responsible for reporting real-time details of labour performed by persons performing platform work and for collecting social insurance contributions. This shift reflects a move towards individual income-based taxation, with digital technologies playing a critical role in identifying income earned and collecting contributions from persons engaging with multiple platform companies. Platform operators now function as 'administrative agencies', which are legally required to report monthly on individual activities, forming the basis for calculating social security contributions.

Box 4. Traceability and the EU Directive opportunities

While the Directive primarily focuses on clarifying employment status and promoting better working conditions, it also emphasises in its Recital 59 that *'[...] the transparency obligations and the rules on intermediaries laid down in this Directive strongly contribute, together with Directive 2009/52/EC, to address the issue of undeclared work in platform work'*. Within this context, Article 16 provides that Member States need to oblige digital labour platforms to declare work performed by platform workers to the competent authorities of the Member State in which the work is performed.

Digital labour platforms also need to make specific information available to competent authorities, including the number of persons performing platform work through the digital labour platform concerned, disaggregated by level of activity and their contractual or employment status (see Article 17 (a)) and the average duration of activity, the average weekly number of hours worked per person and the average income from activity of persons performing platform work on a regular basis through the digital labour platform concerned (see Article 17 (c)).

¹⁹ Labour providers are individuals who are not employees and meet the following conditions: a) provide labour for another person's business, not for their own; b) provide labour directly without involving a third party; c) receive payment from the business owner or the person entering into a contract that involves the provision of labour; and d) engage in occupations as specified in the Presidential Decree No. 33593 (the list was expanded to 18 occupations). See: Kyounghee, C. (2024), [The Republic of Korea Extending social insurance to digital platform workers](#), ILO Policy Brief.



Sharing information about workers and transactions may be used to identify cases of undeclared work. In any case, as explained above, these data can be valuable for enforcement authorities when conducting risk assessments or audits related to undeclared work on digital labour platforms.

3.2 Key outcomes of Working Group II

Key questions during the Working Group discussion on using data to detect/trace undeclared work on digital platforms

- ▶ What are the most effective methods and tools for detecting and tracing undeclared work on digital labour platforms in your country? What challenges do you face? Please provide examples.
- ▶ In your capacity as enforcement authority, do you collect data from digital labour platforms according to regulations or national practice? Which enforcement authority can do so? Do you request data directly from platforms? Is there a list of platforms? Do you get information from banks? Do you monitor online? Do you use the data for risk analysis? Do you act mainly on complaints? Please provide examples.
- ▶ To what extent can optimising data mining improve the effectiveness of enforcement authorities in identifying and detecting undeclared work among platform workers? Which specific data sources or metrics should enforcement authorities prioritise?

In relation to the questions above, during the working group discussion, participants shared several interesting lessons and practices on using data to detect, trace and measure undeclared work on digital labour platforms. Key points included:

- ▶ **Data sharing** is essential to tackle undeclared work on digital labour platforms. However, it was stressed that the collaboration with different competent authorities is country-specific. Often tax authorities are in the lead and/or have access to data which are necessary in the fight against undeclared work.
- ▶ **Not all data is necessary.** To improve efficiency, competent authorities should determine which specific information is required and from which authority it should be obtained.
- ▶ **Digitalisation** is fundamental, but it requires a change in mentality and political will for implementation.
- ▶ Different authorities may have common problems from various perspectives, but these issues are interrelated. When all data is cross-referenced, the same underlying problem becomes apparent. The challenge lies in communicating with IT personnel to **configure the system according to the specific needs.**

In general, participants shared insights on how data can be effectively utilised to detect, trace, and measure undeclared work on digital labour platforms. One of the key observations raised was the importance of data sharing in combating undeclared work on digital platforms. In any case, effective enforcement of undeclared work requires that regulatory bodies access relevant and accurate data, yet obtaining this information remains challenging due to limited access to critical databases.²⁰ While some progress has been made in developing databases across tax, social security, and labour law compliance agencies, it appears that in some Member States a fully integrated approach to data-sharing is still absent. Indeed, participants noted that the extent of data-sharing practices is highly dependent on the specific context within each country. Member States' differences in institutional set-ups

²⁰ De Wispelaere, F. and Pacolet, J. (2017), [Data Mining for More Efficient Enforcement](#). European Platform Undeclared Work.



highlight the importance of **tailoring data-sharing practices to fit the legal and administrative contexts of each national jurisdiction**.

Another focus related to the efficiency in data use, as participants stressed that **not all available data is necessary** for regulatory purposes. It was noted that competent authorities should first identify the specific types of data required for their investigations and determine which agencies are best positioned to provide this information. This approach promotes a targeted use of data (sharing). Within this context, it must be stressed that the application of **software capable of automating, either partially or fully, data processing, data matching, and risk assessment** is essential for effectively utilising the available data. This issue is particularly critical in the context of the digital platform economy, where the volume of data is substantial, and access to data without the support of advanced IT systems may prove insufficient to ensure effective oversight and enforcement.

Additionally, the degree of digitalisation within Member States' institutional framework was identified as a key factor in effectively leveraging data for enforcement purposes. It was noted that this **'digitalisation shift'** requires both a cultural shift within institutions and a strong political commitment. In other words, a willingness to invest in digital tools is necessary to build the infrastructure for data sharing and to enable efficient, real-time access to data across various authorities.

In line with the previous conclusions, the discussion among participants highlighted that by integrating data from multiple agencies, it is possible to reveal underlying patterns in undeclared work that might otherwise go unnoticed. However, it was also stressed that a major obstacle lies in **aligning technical configurations with enforcement needs; effective communication with IT personnel** is essential to ensure that digital systems are adapted to meet the specific requirements of enforcement bodies.

3.3 Policy approaches and examples of good practices by the enforcement authorities for tackling undeclared work on digital labour platforms

Undeclared work on digital labour platforms is a complex problem that needs to be tackled using a holistic approach. This involves national governments joining up the policy fields of labour, tax and social security law at both a strategic and operational level, and cooperation with social partners and other stakeholders, including platforms. Several (non-exclusive) types of policy measures are provided.²¹

► **Improving tax and social security compliance:**

- ▷ Mandating digital labour platforms to collect taxes and contributions: this approach involves enforcement authorities requiring platforms to directly collect tax revenues and/or social security contributions from platform workers, thereby shifting some responsibility to the platforms for ensuring that taxes and contributions are properly collected.
- ▷ Direct engagement with persons performing platform work: enforcement authorities could also contact persons performing platform work directly, advising them to declare their income and make appropriate social security contributions, thereby promoting individual compliance.
- ▷ Simplifying tax and social security laws for both commercial and non-commercial persons performing platform work: this is another (national) option, as it reduces the administrative burden, which in turn could lead to the transitioning of more workers into the formal economy.

► **National regulations to monitor compliance:**

²¹ Williams, C. (2024).



- ▷ National regulations aimed at digital labour platforms: introduction of regulations that monitor compliance regarding the licensing, authorisation, or registration of platforms, persons performing platform work, or users. This could assist in ensuring that platforms operate within legal frameworks and that persons performing platform work and users are appropriately documented.
- ▷ National regulations to appropriately monitor platform workers' working conditions: rules may be implemented to track platform worker numbers, limit the duration of their activities, or distinguish between commercial and non-commercial workers, ensuring clear distinctions that reflect workers' obligations under tax and social security systems.
- ▶ **Mandatory or voluntary responsibility from digital labour platforms:**
 - ▷ Platforms can take on a more active role in ensuring compliance by adopting either mandatory or voluntary measures to ensure that persons performing platform work are licensed, authorised, or registered before starting work. Additionally, platforms could enhance transparency by clearly communicating to workers the differences between commercial and non-commercial activities, and reporting workers engaged in commercial activities to enforcement authorities.
 - ▷ Another option could be state-run and NGO-operated digital labour platforms which may serve as models or alternatives, ensuring a high level of compliance with tax, labour, and social security laws, thus supporting broader efforts to formalise the digital labour economy.
- ▶ **Education and awareness activities**
 - ▷ Education and awareness initiatives play a crucial role in ensuring that all parties understand their rights and responsibilities. Such initiatives could be undertaken by enforcement authorities, platforms, or social partners, targeting platform workers, users, and the platforms themselves to promote compliance.

During the workshop, speakers from several Member States presented their policy approaches and good practices for tackling undeclared work on digital labour platforms.

A representative of the **Croatian Ministry of Labour, Pension System, Family and Social Policy** presented the new legislative framework for platform work, which came into force on 1 January 2024.

Box 5. The new legislative framework for platform work in Croatia

The revised Labour Act²² defines digital labour platforms and aggregators (e.g., intermediaries) and establishes that either can be considered an employer of workers under certain conditions. Notably, the law *imposes joint and several liability* on digital labour platforms for obligations owed to workers by aggregators operating as intermediaries. A *presumption of an employment relationship* is also established when certain conditions are met. If a digital labour platform or an aggregator enters into a contract with a natural person for the performance of work using a digital labour platform and the digital platform or aggregator has the authority on that worker, the latter needs to either be formally employed or treated as an employee by the platform or aggregator, unless it is proven otherwise.

However, this presumption will not apply if the income of the person performing platform work has not reached a certain threshold, i.e. if it amounts to less than 60% of the gross amount corresponding to three monthly minimum wages through work on digital labour platforms within a single quarter. In practice, the digital labour platform needs to carry out a verification from the competent body (Tax Administration) through the JEER system (see Chapter 3.1 above) to determine whether the limit is exceeded. If the limit is exceeded, the natural

²² Labour Act OG 151/22 and 64/23 Article 221a-221p.



person may perform the work with that employer only on the basis of the concluded employment relationship. Furthermore, the revised Labour Act outlines mandatory components for employment contracts, especially when work schedules are unpredictable. It mandates human oversight for automated management systems to safeguard workers' health, safety, and privacy.

Questions from participants sought clarification about the 60 percent income threshold for which the legal presumption of employment does not apply and how that works in practice. The Croatian delegates explained that the aim was not to burden persons who only want to earn extra money, hence the need for a threshold. A robust data system was necessary, connecting the tax office with financial data to monitor income. Inspectors use this data to identify red flags. If a worker earns more than 60 percent of their income through a platform, an employment contract is required.

A representative of the **Union of Autonomous Trade Unions of Croatia (SSSH)** from Croatia noted that while the new legislative framework is beneficial in the fight against undeclared work on the digital labour platforms, it also raises some concerns. The main issue in platform work is the role of 'aggregators', who act as intermediaries between the platform, the person performing platform work and the client. Their status under labour law is unclear, and they are seen as a major driver of undeclared work. Additionally, according to the trade unions, the 60 percent income rule which allows the platform to be notified when the 60 percent income threshold is exceeded, seems to conflict with labour law and the Platform work Directive. Other issues include the definition of an 'employer', which can be either the platform or the 'aggregator' and the electronic tracking of platform work, which lacks detail, making it difficult to identify workers.

The presentation from the **Inspectorate of the Milan Metropolitan Area (Italy)** highlighted critical findings regarding the nature of platform work, particularly in the food delivery sector. Article 2 of Legislative Decree 81/2015 establishes that the rules governing subordinate employment relationships also apply to 'hetero-organised' work, where the client dictates the execution methods. This framework was explicitly expanded in 2019 to include digital platform workers under the concept of 'hetero-organisation', in cases where the platform dictates work methods, locations, and times, primarily through algorithmic management systems.²³ In this context, an inspection campaign of food delivery platforms conducted in the Milan area revealed that these platforms impose significant control over riders through algorithms, ranking systems, and structured work processes, effectively limiting their autonomy. The inspectors concluded that these workers meet the criteria for reclassification, thereby entitling them to protections under employment law. Consequently, the inspectors applied labour protections, including health and safety regulations, training, and social security measures, to these workers, recognising their functional integration into the platforms' operational structures. In October 2023, two landmark rulings by the Court of Milan upheld the conclusions of the inspections against Uber Italy Srl and Deliveroo Italy.

Representatives of the **District Labour Inspectorate in Poznan (Poland)** also presented their experiences and challenges in conducting inspections of persons performing platform work. In 2019, due to an increasing number of reports, labour inspectors conducted comprehensive inspections of **Uber-affiliated entities** across Poland, in cooperation with the Border Guard, Police, and Road Transport sector. Challenges included: difficulties in communicating with persons performing platform work due to language barriers, with many TCNs claiming that they were not employees. Notably, many individuals claimed to operate independently or as undeclared businesses, further complicating enforcement efforts. Also, the inability to stop riders without company sign affiliations hampered effectiveness. Additionally, a significant challenge for the State Labour Inspectorate (SLI) is the need to secure assistance from Border Guard officers or the police, as labour inspectors lack the authority to perform reconnaissance activities crucial for identifying entities that violate regulations. All these limitations hinder the ability to conduct thorough inspections. It was highlighted that the evolving landscape of platform work

²³ Legislative Decree No. 101/2019.



demands innovative enforcement mechanisms and stronger cooperation among agencies to ensure legal compliance and safeguarding workers' rights.

Methods used outside the EU to address informality were presented by an ILO representative. Measures included **social protection incentives** (e.g. Republic of Korea), **awareness raising campaigns** by national competent authorities on their respective websites/social media (e.g. Argentina, Canada, Australia) and by platforms (e.g. Canada, Japan, Malaysia) and **behavioural science approaches**. For instance, in **Japan**, the National Tax Agency cooperates with industry groups with the aim of increasing knowledge and compliance, including through sending reminders for tax filing through the platform.

Interestingly, the ILO representative also noted that the ILO Governing Body decided in March 2023 to place a standard-setting item on the agenda of the decent work in the platform economy of the 113th Session (June 2025). The upcoming discussions at the International Labour Conference (ILC) will be based on the answers provided by countries in relation to questions from a survey already launched regarding measures to facilitate the formalisation of platform workers, tackle undeclared activities and promote fair competition, including by imposing reporting obligations on digital labour platforms.

A representative of the **Estonian Tax and Customs Board (ETCB)** presented the 'entrepreneur account', a preventative measure facilitating tax compliance.

Box 6. The 'entrepreneur account' in Estonia

The 'entrepreneur account' allows individuals²⁴ to engage in a business without having to register a company or keeping separate accounts for income and expenses.²⁵ Income earned through the entrepreneur account is taxed with business income tax, which is divided into income tax, social tax and contribution to mandatory funded pension (if the account holder has joined the funded pension scheme). This solution tackles undeclared work by simplifying the process: income is taxed at the source, eliminating the need for the account owner to handle reporting. Transactions are tracked and taxes forwarded to the Estonian Tax and Customs Board via Estonia's secure X-Road data exchange system. Designed to be bureaucracy-free and affordable, the system ensures the state receives revenue efficiently. Statistics indicate a significant rise in active accounts and tax revenue since the system's inception, with accounts commonly used for services like childcare, photography, and domestic help. With this framework, the entrepreneur account supports informal economic activities' formalisation and thus promotes compliance among individuals engaging in lower-income entrepreneurial activities. Participants asked whether the entrepreneur account could be used for additional jobs alongside permanent employment. It was clarified that while the entrepreneur account can be used for extra jobs, this time does not count towards pensions.

Strategies such as **targeted awareness campaigns** and the **establishment of liability schemes** within subcontracting chains were highlighted by participants as effective tools to tackle undeclared work.

²⁴ The entrepreneur account is useful for a person who provides services to other private persons in the areas of activity that do not involve any direct expenses, or who sells self-produced goods with low costs of materials or acquisition to private persons and legal persons. See for more information [here](#).

²⁵ Regulated in the 'Simplified Business Income Taxation Act' (in force from 01.01.2018). See for more information [here](#).



3.4 Key outcomes of Working Group III

Key questions during the Working Group discussion on policies for tackling undeclared work on digital labour platforms

- ▶ What policy approaches have been most effective in addressing undeclared work among platform workers in your country, and what key factors contributed to their success? Could you give examples of measures to address undeclared work among platform workers which did not work as expected? Do you have any thoughts on why they did not work?
- ▶ What are the main barriers or obstacles that enforcement authorities face when inspecting digital labour platform to address undeclared work? How do these challenges differ from ordinary work?
- ▶ What lessons have your enforcement authority learned from conducting inspections to tackle undeclared work in sectors where digital platforms play a mediating role? These include sectors such as language services, repair and maintenance, accounting, and domestic work.

In relation to the questions above, during the working group discussion, participants highlighted several interesting examples which can be systemised into three pivotal issues/challenges to effectively address undeclared work on digital labour platforms, namely *stakeholder cooperation*, *legislative framework and enforcement practices*, and *communication and operational challenges*.

▶ Stakeholder cooperation:

It was stressed by participants that **multi-stakeholder collaboration** is an effective and necessary strategy for addressing undeclared work on digital labour platforms. Cooperation among various stakeholders, including enforcement agencies (i.e., tax administrations and the labour, working environment and social security enforcement agencies) platforms, social partners, and non-governmental organizations (NGOs) is considered fundamental. Interestingly, in **Belgium**, the labour inspectorate also partners with academic institutions to develop methodologies tailored to platform work and to capture necessary data and information for effective regulation.

▶ Legislative framework and enforcement practices

Several participants highlighted the limitations of the current legislative framework, which hinder the effective conduct of inspections. They emphasised the need for legal updates to accommodate the unique characteristics of digital platform work. For instance, it was stressed that the triangular structure of employment relationships on platforms, often involving intermediaries, creates additional complications for labour inspectorates in identifying and holding responsible parties accountable. Additionally, it was mentioned how inspectors face challenges when attempting to access private residences, such as in cases where cleaning services are provided, to conduct compliance checks.

Within this context, a representative from the Labour Inspectorate in **Spain** highlighted that the country has introduced [legislative changes to its criminal code](#). Article 311 (2) aims at punishing those who, among others, use new technologies in the organisation of the labour market, such as digital platforms, when they have encouraged a form of evasion of business responsibilities by legally camouflaging the work of employees under other formulas that deny workers the individual and collective rights that such status recognises (bogus self-employed), including as criminal conduct the disregard of the call to comply with the law that has been made to the offender by means of a warning or sanction. Additionally, the labour inspectorate created a dedicated team which is focused on inspections specifically within the platform work sector, enhancing enforcement capabilities.

▶ Operational Challenges

Participants noted that insufficient communication and cooperation with TCNs create substantial obstacles to effective enforcement. Additionally, the absence of a fixed workplace in on-location platform work complicates



inspection and monitoring efforts. For instance, during the workshop, participants raised questions regarding the authority of enforcement agencies to inspect persons performing platform work in public locations. For example, in Poland, labour inspectors are not authorised to stop vehicles (e.g. of persons performing platform work performing delivery services), which requires the support of uniformed services (e.g. the Police, Border Guard or the Road Transport Inspectorate). Concerns were also raised about the authority of labour and social security agencies to inspect private premises, with some arguing that such powers are beyond their scope. Participants also noted the difficulties enforcement agencies face in identifying individuals engaged in *online* platform work. The dispersed nature of such work, combined with the reliance on digital interfaces to perform services, makes it challenging for authorities to pinpoint who is working, where they are operating, and under what conditions.

4.0 Key learning outcomes and suggestions

The workshop on ‘Challenges and approaches for tackling undeclared work on digital labour platforms’ provided several key learning outcomes and suggestions for enforcement authorities:

- ▶ The **new Directive will significantly impact** Member States and enforcement authorities that have yet to establish regulations for digital labour platform work. It will require Member States to have appropriate and effective procedures in place to verify and ensure the determination of the correct employment status of persons performing platform work. Additionally, it will be essential to develop strategies to obtain data from digital labour platforms and effectively use this information for risk assessment and enforcement purposes.
- ▶ Actual experience on digital labour platforms reveals the existence of several forms of undeclared work. Considering the triangular (or multi-angular) relationship on digital labour platforms, **several combinations of the different types of un(der)declared work** can occur. One example thereof lies in the phenomenon of so-called ‘**platform leakage**’. During the Working Groups, it was mentioned that this phenomenon is more common for **on-location work**, such as direct payments to babysitters.
- ▶ A significant concern is the widespread occurrence of **identity fraud** and the practice of rented identities, where multiple undeclared workers share or rent the same platform account. This is especially true in the context of (undocumented) TCNs performing work organised through a digital labour platform. In this context, one of the primary challenges faced in the inspection of digital labour platforms includes overcoming language barriers and addressing the involvement of undocumented TCNs. One suggestion put forward by participants to counter the risk of rented identities was the use of **biometric verification** to ensure reliable verification of the identity of persons performing platform work.
- ▶ The **systematic collection, sharing, and analysis of data** can significantly improve the effectiveness of enforcement authorities in detecting undeclared labour, while also supporting broader compliance and prevention efforts. As is the case for other sectors in the economy, effective detection of undeclared work on digital labour platforms relies on adequate cooperation mechanisms and comprehensive data sharing across regulatory bodies, yet challenges remain due to limited access to and interconnection of essential databases. However, unlike traditional sectors, digital labour platforms already collect vast amounts of relevant data as part of their regular business operations, thereby eliminating the need for additional data collection costs. On the other hand, the individualised and geographically dispersed nature of platform-based work makes traditional inspection methods (e.g., workplace visits) challenging. This further necessitates innovative approaches that leverage the available digital data to ensure effective enforcement.

In this respect, working group discussions led to the conclusion that differences in national data-sharing practices underline the need for tailored approaches that account for each Member State’s legal and



administrative framework. The need for targeted data use in enforcement was emphasised, recommending that authorities identify essential data types and collaborating agencies to streamline investigations.

- ▶ Effective data sharing depends on **digitalisation**, which requires both cultural shifts within institutions and political support for building the necessary digital infrastructure. Integrating data from multiple sources can reveal hidden patterns in undeclared work, yet aligning technical systems with enforcement requirements remains a significant challenge. In that context, engaging specialised IT personnel and/or training inspectors on interpreting algorithms and automated decision-making and monitoring systems was another identified need.
- ▶ **Multi-stakeholder collaboration** among various stakeholders, including enforcement agencies (i.e., tax administrations and the labour, working environment and social security enforcement agencies), platforms, social partners, and non-governmental organisations (NGOs) is essential for addressing undeclared work on digital labour platforms effectively.
- ▶ **Limitations of the current legislative framework** should be overcome as they may hinder the effective conduct of inspections on digital labour platforms.



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