European agenda for the collaborative economy

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PURPOSE: to propose a European agenda for the collaborative economy.

BACKGROUND: the collaborative economy creates new opportunities for consumers and entrepreneurs and would make an important contribution to jobs and growth in the European Union.

The success of **collaborative platforms** are at times challenging for existing market operators and practices, but by enabling individual citizens to offer services, they also promote new employment opportunities, **flexible working arrangements and new sources of income**.

At the same time, the collaborative economy often raises issues with regard to the application of **existing legal frameworks**, blurring established lines between consumer and provider, employee and self-employed, or the professional and non-professional provision of services.

This can result in uncertainty over applicable rules, especially when combined with regulatory fragmentation stemming from divergent regulatory approaches at national or local level.

The collaborative economy is small but growing rapidly, gaining important market shares in some sectors. Gross revenue in the EU from collaborative platforms and providers was estimated to be **EUR 28 billion in 2015** in the five key sectors (short-term letting, passenger transport, household services, professional and technical services, and collaborative finance).

This Communication aims at helping to reap these benefits and to address concerns over the uncertainty about rights and obligations of those taking part in the collaborative economy. It provides legal guidance and policy orientation to public authorities, market operators and interested citizens for the balanced and sustainable development of the collaborative economy.

CONTENT: firstly, the communication proposes a definition of what the term ‘collaborative economy’ means.

It refers to business models where activities are facilitated by collaborative platforms that create an **open marketplace for the temporary usage of goods or services often provided by private individuals**.

The collaborative economy involves three categories of actors:

1. service providers who share assets, resources, time and/or skills — these can be private individuals offering services on an occasional basis (“peers”) or service providers acting in their professional capacity ("professional services providers");
2. users of these;
3. intermediaries that connect — via an online platform — providers with users and that facilitate transactions between them (“collaborative platforms”).

Key issues: the communication outlines a series of key issues raised by the emergence of this new type of economy and attempts to propose a set of regulatory responses that should be further developed:

- **market access requirements**: when assessing whether market access requirements applied to the collaborative economy are necessary, justified and proportionate to meet identified and legitimate public interest objectives, Member States should **take into account the specific features of**

collaborative economy business models. Private individuals offering services via collaborative platforms on a **peer-to-peer and occasional basis** should not be automatically treated as professional service providers. Establishing (possibly sector-specific) thresholds under which an economic activity would be considered a non-professional peer-to-peer activity may be a suitable way forward;

- **rules on contractual and extra-contractual liability**: under EU law, online platforms, as providers of information society intermediary services, are under certain conditions exempted from liability for the information they store. It is therefore suggested that collaborative platforms are encouraged to continue taking **voluntary action** to fight illegal content online and to increase trust;

- **consumer protection**: EU consumer and marketing legislation has been designed to address transactions, in which there is a weaker party that needs to be protected (typically the consumer). However, the collaborative economy blurs the lines between consumers and business. In these relationships, it is not always clear who the weaker party requiring protection may be. The effectiveness and use of online trust mechanisms (e.g. quality labels) to increase trust and credibility should be improved to encourage a more confident participation in the collaborative economy;

- **employment relationships**: the collaborative economy enables people to work according to flexible arrangements. This makes it possible for them to become economically active where more traditional forms of employment are not suitable or available to them. Member States should assess the adequacy of their national employment rules considering the different needs of workers and self-employed people in the digital world;

- **tax rules**: Member States are invited to assess their tax rules to **create a level playing field for businesses providing the same services**. Member States should also continue their simplification efforts, increasing transparency and issuing online guidance on the application of tax rules to collaborative business models. They are encouraged to facilitate and improve tax collection by using the possibilities provided by collaborative platforms, as these already record economic activity. Collaborative platforms should take a **proactive stance in cooperating with national tax authorities** to establish the parameters for an exchange of information about tax obligations.

In the last part of the report, the communication stated that the Commission intends to establish a monitoring framework covering both the evolving regulatory environment and economic and business developments in order to identify possible obstacles and problems encountered, in particular when they arise from divergent national regulations or regulatory gaps.

The Commission also looks forward to engaging in a dialogue with the European Parliament, the Council and Member States to ensure the best possible environment for citizens and businesses in the collaborative economy.