



# The ultimate guide: EU Directive on Platform Workers

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A comprehensive guide for workers, customers, and platform operators  
under the EU Directive on Platform Workers



# Index

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 Click on the titles below for quick access to each section.

01

Introduction

02

Understanding the  
Platform Work  
Package

03

Clarity on  
employment status

04

Transparency on  
algorithmic  
management  
practices

05

Transparency and  
traceability from  
labour platforms

06

Legal certainty  
around collective  
bargaining  
agreements

07

Impact on  
stakeholders

08

Non-compliance  
consequences

09

Case examples

10

How CXC can help  
gig platforms stay  
compliant with the  
EU Directive on  
Platform Workers

11

Seamless and  
compliant payroll  
with CXC:  
Ensuring worker  
classification and  
global compliance

12

Conclusion





# 01. Introduction

In the digital era, labour platforms have revolutionised the way people work by offering on-demand tasks and job opportunities to millions within the European Union. However, this transformation has come with challenges, especially concerning the employment status of platform workers.

The EU Directive on Platform Workers seeks to address these issues and ensure fair working conditions for those engaged in platform work. This comprehensive guide aims to help you navigate the intricacies of the directive and its implications for various stakeholders, including workers, customers, and platform operators.





# What is the European Directive on Platform Workers?

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The European Directive on platform workers is a legislative proposal by the EU Commission to enhance working conditions for individuals employed through labour platforms. It forms part of the broader Platform Work Package, a set of measures introduced in December 2021. The package aims to establish uniform regulations across the EU, striking a balance between safeguarding workers' rights and promoting a fair environment for platform operators.



# What is a digital labour platform?

Digital labour platforms, also known as gig platforms, are web-based or mobile applications connecting workers to various job opportunities. These opportunities can range from location-based services like food delivery and ride-hailing to web-based tasks such as translation, programming, or graphic design.

# Why is the EU Directive Necessary?

With an estimated

**28 million** platform workers

in the EU, projected to increase to

**43 million** by 2025,

the need for regulatory clarity becomes apparent. While many platform workers are genuinely self-employed and value the flexibility of their status, approximately

**5.5 million** gig workers

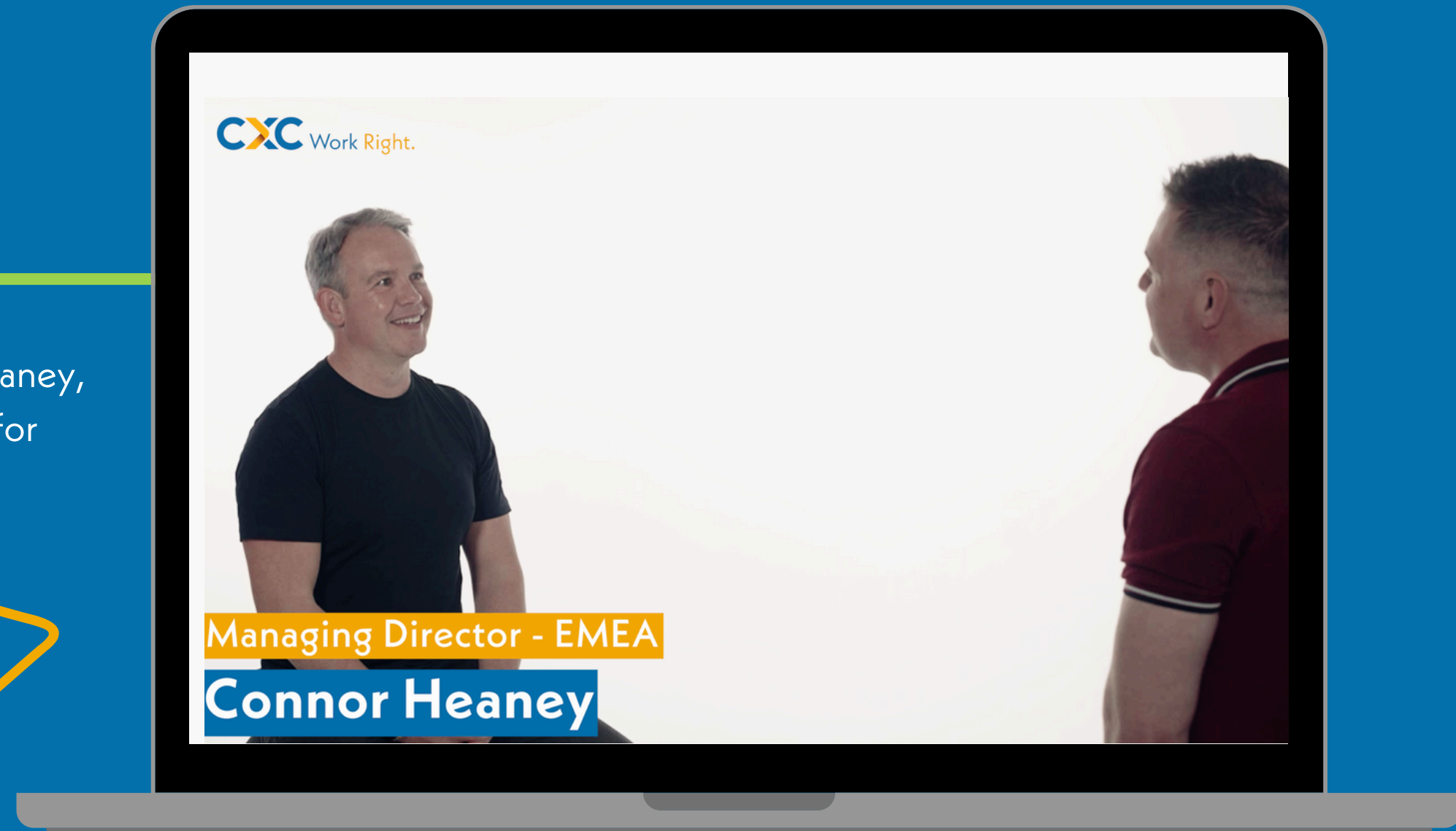
have been misclassified, depriving them of essential employment rights.

The EU Commission aims to rectify this situation and ensure fair treatment for all platform workers through the Platform Work Package.



# Want a crash-course on the European Directive on Platform Workers?

Watch our [interview](#) with CXC's EMEA Managing Director, Connor Heaney, as he provides a simple explanation of the Directive and what it means for workers and the organisations that engage these workers





## 02. Understanding the Platform Work Package

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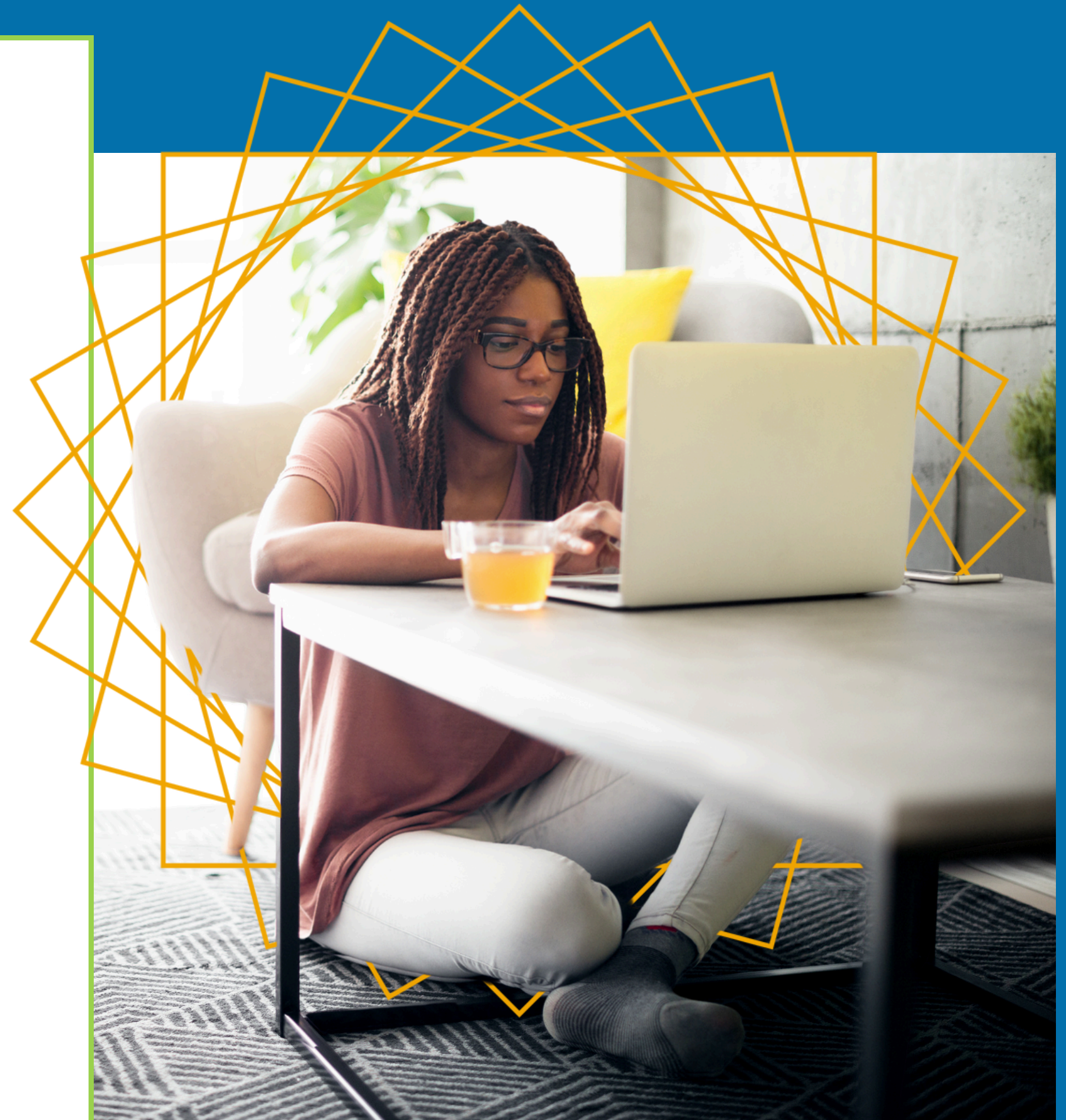




# What does the Platform Work Package include?

The Platform Work Package comprises several elements proposed by the EU Commission, including:

- A communication outlining EU measures and the roles of relevant parties in improving platform work standards.
- A proposed Directive to determine employment status and grant new rights regarding algorithmic management practices.
- Draft guidelines on applying EU competition law to collective bargaining agreements, facilitating better working conditions for solo freelancers.

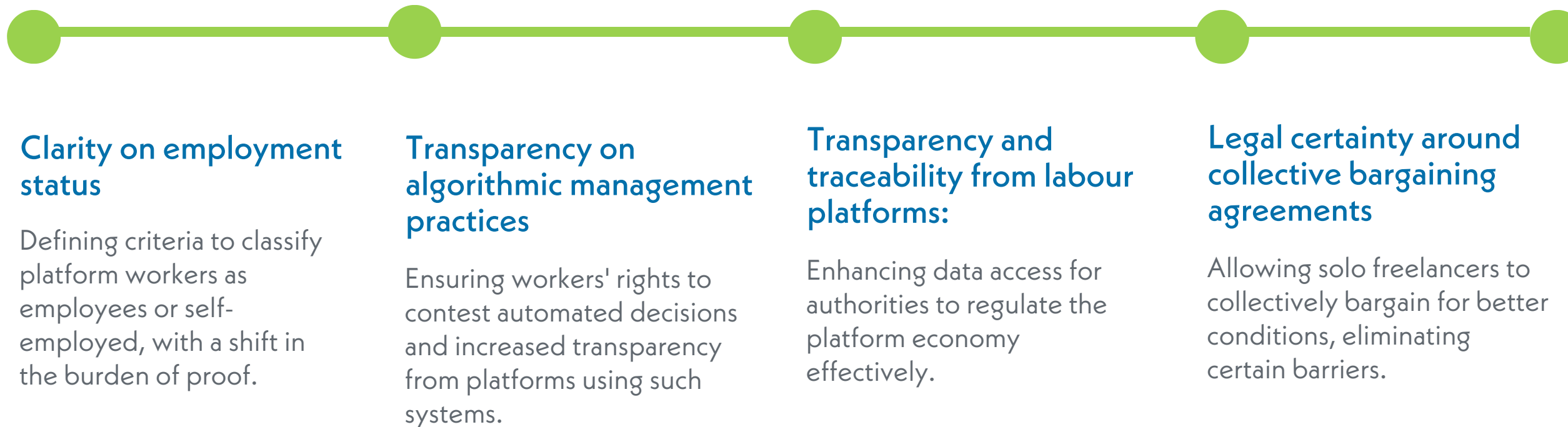




# Changes brought about by the Platform Work Package

The comprehensive measures proposed in the Platform Work Package intend to improve working conditions for platform workers.

## 4 key changes include:





# Prefer video?

Check out the [webinar](#) on EU Directive on Platform work with legal experts from Belgium and Netherlands.



Or if you prefer to listen, tune in into an [podcast episode](#) below by clicking on the image.



# Want to know more?

Watch this [webinar](#) with a legal expert for more useful information.







## 03. Clarity on employment status

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# Defining platform workers' employment status

The primary objective of the directive is to address the misclassification of platform workers. While some genuinely operate as freelancers, others are denied employment rights due to misclassification. The proposed rules outline criteria to classify workers as employees:

- The platform determines the worker's remuneration or sets an upper limit.
- The platform electronically supervises its workers.
- The platform imposes specific binding rules on appearance, conduct, or performance.
- The platform restricts the worker's ability to refuse tasks, outsource work, or choose when and how to complete it.
- The platform hinders the worker's ability to build a client base or work for other parties.

The directive also seeks to shift the burden of proof from the worker to the employer, making it easier for workers to establish their employment status.



# 04. Transparency of algorithmic management practices

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## Challenges with algorithmic management

Algorithmic management, a common practice in labour platforms, poses challenges for workers due to power imbalances and potential biases in decision-making processes. Workers often lack transparency about how decisions are made, leading to potential unfair treatment based on customer reviews.

## Rights for contesting automated decisions

To address algorithmic management concerns, the directive grants workers the right to contest automated decisions. Platforms must provide transparency on algorithm use, which applies to both self-employed workers and newly classified employees. Additionally, platforms will be obligated to ensure human monitoring to adhere to legal working conditions.





## 05. Transparency and traceability from labour platforms

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# Issues with data access and transparency

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The cross-border nature of labour platforms creates challenges for national authorities seeking access to platform data and worker information. This lack of transparency hampers regulation and taxation efforts as authorities are uncertain about the location and identity of workers.

# Obligations for platforms regarding data sharing

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The directive aims to address these issues by requiring platforms to share key data, such as the number of workers and information on working conditions and contracts, with relevant authorities. This measure promotes transparency and enables more effective regulation and taxation.





06.  
**Legal certainty around  
collective bargaining  
agreements**

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# Addressing collective bargaining for solo freelancers

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Under current EU competition law, freelancers are prevented from unionizing and bargaining collectively. The directive introduces guidelines to grant certain solo freelancers the right to collectively bargain for better working conditions, including pay.

## Expanding situations of employee classification

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The guidelines apply to freelancers who meet specific criteria, such as earning 50% or more of their annual income from a single customer, performing similar tasks alongside employed workers, or working through a digital labour platform. Such workers would be considered employees in the context of collective bargaining.



# Want to gain valuable insights from a trusted expert in the field?

Watch our [interview](#) with Michael Freytag, press officer for the esteemed World Employment Confederation







## 07. Impact on stakeholders

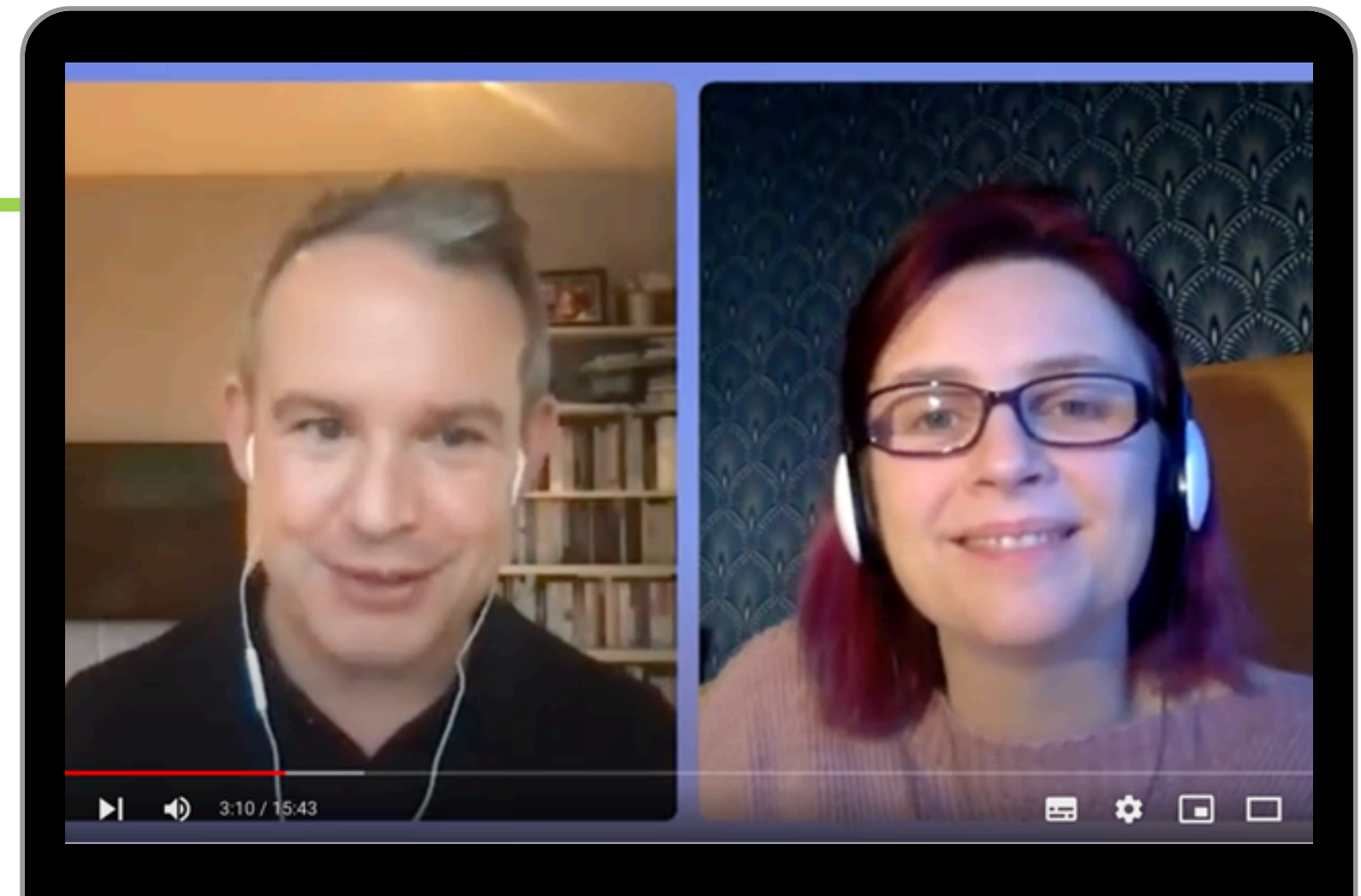
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# Platform workers

The EU Directive on Platform Workers is a welcome initiative for many workers who have been incorrectly classified as freelancers, depriving them of essential employment rights. This is especially significant in the context of the COVID-19 pandemic, where gig workers often lacked the social safety net that comes with employee status.

However, some genuine freelancers express concerns about unintended consequences. They fear being grouped with misclassified workers and potentially losing the freedom and flexibility associated with freelancing. Striking a balance between providing workers with rights and preserving flexibility remains a challenge.



Tune in for an insightful [interview](#) with Julia Kermode, founder of iWork, a leading platform that brings together various independent working arrangements in the UK.



## Platform users (customers)

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For platform users, who often use services without realising they are engaging with a labour platform, the EU's proposed measures should not have a significant impact. In spite of that, there is a possibility that the cost of services might increase in the future. If platforms are required to classify their workers as employees, the added operational costs may be passed on to customers.

## Platform operators

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The directive requires labour platforms to accurately determine the employment status of their workers. For platforms with genuinely self-employed freelancers, the directive is not expected to impose substantial changes.

However, platforms with workers reclassified as employees will need to provide them with the rights and benefits associated with this status. Some platforms may adapt their business models to accommodate genuine self-employment and improve transparency in algorithmic management.



# 08. Non-compliance consequences

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# Sanctions for misclassifying workers

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Once the EU directive is transposed into national law, individual countries will determine the sanctions for misclassifying workers. Consequences for non-compliance may include fines, payment of back taxes and social security, and potential criminal charges.

Additionally, platforms found to have misclassified workers might face lawsuits from affected workers seeking compensation for lost wages and benefits.

## Ready to gain more insights into the EU Directive on Platform Workers?

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Watch our [interview](#) with Lucas Stuurop, Partner at Lexence, and discover the potential impacts and future implications for workers' rights and the gig economy.







## 09. Case examples

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# On-demand delivery app fined for breaching labour law in Spain

In Spain, the on-demand delivery platform

Glovo was fined **€79 million**

for misclassifying workers as self-employed. This penalty, amounting to around

**13%** of Glovo's 2021 revenue,

was the largest of its kind in Spain. The 'Riders' Law', introduced to protect platform workers, could impact the case, but Glovo argues that the breaches occurred before the law's implementation in August 2021.







# Ride-sharing platform ordered to pay damages in France

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In France, a court ordered ride-sharing platform Uber to pay approximately

**€17 million** in damages and lost salaries

to drivers misclassified as self-employed. This decision required Uber to reimburse drivers for expenses like fuel and car purchases and pay for overtime that drivers did not receive.



# Domino's pizza worker misclassification case in Ireland

In Ireland, the Supreme Court heard an appeal over the misclassification of delivery drivers working for Domino's Pizza between 2010 and 2011. The case has been ongoing since 2018, with the workers initially deemed as PAYE employees by the Tax Appeals Commissioner.

The final decision was made, that they were in fact employees, and costs are yet to be decided. This highlights the seriousness with which Ireland addresses employee misclassification issues.





10.

## How CXC can help gig platforms stay compliant with the EU Directive on Platform Workers

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Are you concerned about potential fines and reputational damage resulting from non-compliant contractor engagement practices?

Are you uncertain about whether your workers are correctly classified, potentially misclassifying employees as contractors?

Ensuring compliance with labour laws and regulations, especially in an international context, can be a daunting administrative and legal burden. That's where an experienced compliance partner like CXC comes in to assist you.







# What is a compliance service?

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A compliance service is a solution offered by workforce management organisations, such as CXC, to help businesses maintain compliance while expanding operations internationally or hiring contractors domestically.

Compliance service providers collaborate with legal experts, HR specialists, and tax attorneys to stay up-to-date on international and local regulations, which frequently undergo changes. By partnering with a compliance service provider, such as CXC, you can minimize the risk of fines and legal fees by establishing your operations legally and compliantly.

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# Common compliance challenges for businesses

Compliance encompasses various challenges, including:

- **Engaging workers**  
Determining the appropriate engagement structure for workers, ensuring proper classification, and avoiding potential fines.
- **Providing the right pay and benefits**  
Adhering to each jurisdiction's specific rules regarding minimum pay and benefits entitlements for workers.
- **Vetting and assessing workers**  
Conducting thorough right-to-work checks and background checks to mitigate risks associated with worker engagement.
- **Understanding local labour laws**  
Complying with diverse local labour laws, including minimum wage, rest times, and benefits in different countries.
- **Complying with tax legislation**  
Navigating tax obligations for employees and independent contractors in various jurisdictions.



# Introducing CXC Comply

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To address the compliance challenges faced by gig platforms, CXC has developed CXC Comply, a comprehensive digital platform designed to help businesses navigate the complexities of contractor engagement.

CXC Comply focuses on three critical compliance areas:

## Worker classification

Accurate worker classification is crucial to comply with regulations and avoid financial and legal consequences. CXC Comply ensures that your workers are correctly classified, reducing the risk of misclassification fines and legal fees.

## Right-to-work checks

Ensuring that your workers have the proper work authorisation is essential to avoid significant penalties. CXC Comply conducts thorough right-to-work checks, keeping you updated on international working regulations and minimising compliance risks.

## Background checks

Thorough background checks are crucial for mitigating risks associated with engaging contractors. CXC Comply's comprehensive process includes criminal checks, education verification, work history, international sanctions checks, credit checks, and more.



[Learn more](#)

Learn more about common compliance pitfalls and our all-in-one solution to compliant workforce management.

**CXC** Work Right.





## More about CXC's compliance services

CXC Comply is just one of the tools developed by CXC to help businesses remain compliant while expanding their operations. Beyond CXC Comply, CXC offers corporate compliance consulting and training to identify areas of potential risk.

Our compliance experts work with you to optimise your setup, ensuring compliance with international and local tax legislation, labour laws, and contingent workforce regulations.

As regulations change constantly, CXC continuously assesses the global compliance landscape, providing businesses with timely updates to adapt to changing requirements.





# 11.

## Seamless and compliant payroll with CXC:

### Ensuring worker classification and global compliance

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As you delve into the complexities of the EU Directive on Platform Workers, it's essential to ensure that every facet of your platform operations aligns with compliance and efficiency. Worker classification, a pivotal concern within the directive, is intrinsically linked to how you manage payments and payroll for your platform workforce.

This is where CXC comes into play, offering a comprehensive payroll solution that seamlessly complements our compliance offering, ensuring your platform's adherence to regulations and optimal performance.



# Navigating the Complexity of global payroll

Managing the payments and payroll of a diverse, international workforce demands a deep understanding of local laws, regulations, and payroll customs. CXC's global payroll service simplifies this intricate process by offering the following:





# Seizing the opportunity for compliance and efficiency

As discussions around worker classification intensify, and the implications of misclassification loom larger, transitioning your platform workforce payments or payroll to CXC takes on renewed significance.

Our seamless payroll solutions not only align with compliance but also enhance operational excellence, allowing you to channel your resources into your core business activities.

As you explore the comprehensive insights within the "Ultimate Guide: EU Directive on Platform Workers," consider CXC as your trusted partner in ensuring compliance, optimising performance, and embracing the full potential of your platform workforce. Top of Form





# 12. Conclusion

Maintaining compliance with the EU Directive on Platform Workers is essential for gig platforms to avoid penalties, reputational damage, and legal issues.

With CXC Comply, businesses can ensure correct worker classification, conduct thorough right-to-work checks, and perform comprehensive background checks.

By partnering with us, businesses can minimize the risk of fines, legal fees, and reputational damage, while providing a fair and compliant working environment for their contractors.

Trust CXC to be your compliance partner and stay compliant with confidence.

**Stay compliant**

Avoid costly mistakes with our compliance tools and expert advice.





## Ensure compliance. Expand globally. Mitigate risks.

Our comprehensive suite of solutions, including CXC Comply, is designed to help businesses like yours navigate the complexities of workforce management. From building a contractor workforce to offering corporate compliance consulting and training, we'll ensure you stay ahead of the game.

Take control today and thrive with confidence.

[Speak to our team](#)

