



# Exploring Viable Solutions for Freelancer Worker Rights Beyond the Tax Regime

---

Branka Andjelkovic, Tanja Jakobi, Ljubivoje Radonjic



Co-funded by  
the European Union



CN2021/424879

Support to the Promotion of Civil Society regional actions in the Western Balkans



# I. Introduction

## A. Online platform economy in Serbia

The combination of accelerated digitalization and the COVID-19 crisis has contributed to the rise of digital platform work worldwide to unimaginable proportions (Vučeković et al., 2023). It is estimated that there are around 163 million registered and approximately 14 million online platform workers<sup>1</sup> globally (Kässi et al., 2021). For years Serbia has been a global leader in terms of online workers per capita and their share in the domestic workforce (Andjelkovic et al., 2021; 2023; Colovic et al., 2021; Kuek et. al., 2015).

Despite the high number of online platform workers in Serbia, they remained under the radar of Serbia's regulators for years. Until recently they could officially only register as entrepreneurs (sole traders) and pay income tax as lump-sum taxpayers. However, the majority of online platform workers (widely and colloquially in Serbia called "freelancers") conducted their business activities without any registration, consequently not paying taxes and<sup>2</sup> without any social protection. Effective from January 2023 a new taxation model was introduced by the government according to changes to the Personal Income Tax Law and the Law on Social and Disability Insurance allowing online workers to at least get some health, social protection, and disability coverage based on the taxes they pay. Although as some argue the model has its limitations, it is the first government attempt to address and regulate the status of online platform workers and other freelancers based in Serbia.

## B. Objectives of the report

The primary objectives of this report is to assess the current state of online platform work, and propose legislative recommendations aimed at addressing the needs and mitigating the difficulties encountered by these workers.

The report is a part of the Open Western Balkan Collaboratory on Online Platform Work: Serbia, Albania, and Bosnia And Herzegovina, a project supported by the Western Balkans Fund, and implemented by the Public Policy Research Centre (Serbia), Luigj Gurakuqi University of Shkodër (Albania), and the Association for Social, Cultural, and Creative Development Zora from Zenica (Bosnia and Herzegovina). The project aims to foster collaboration and knowledge sharing among educational and research institutions, civil society organizations, and the public sector in Serbia, Albania, and Bosnia and Herzegovina. It focuses on the rapidly growing online platform economy, which is has been attracting a workforce from the Western Balkans for years, with the potential to mitigate brain drain. Furthermore, the project strives to advance gender equality and equal opportunities within this sector by addressing the unique challenges faced by female workers resulting from inequalities and discrimination in the traditional "offline" economy.

Additionally, the project aims to promote good neighborly relations and support European integration in the realms of science, education, and employment policies across the three countries. Specifically, as the

1. An online platform worker is a worker who provides specific services using an online digital platform directly to individuals or organizations. Online platform work is a web-based type of work. Online platform workers are also known as online workers, platform workers, or freelancers.

2. <https://www.vuk-ta.com/freelancers-tax-status-in-the-republic-of-serbia.html>

European Directive on the platform economy is on the horizon, this initiative seeks to bolster scientific and policy resources within these nations. It also aims to stimulate informed discussions about how to incorporate relevant solutions from the Directive into public policies in the Western Balkan countries mentioned above.

Among the introduction and conclusion, this paper is structured around 6 more sections: starting from an overview of the platform economy in the country and then dedicated to quantitative and qualitative analysis, policy and regulatory landscape, as well as policy recommendations and implementation strategies.

### C. Research methodology and data sources

The research on the online platform economy in Serbia utilized both quantitative and qualitative research methods to provide an in-depth understanding of the current state and trends within the online platform market. The quantitative analysis primarily relied on Gigmeter™, a specialized tool tailored for collecting and analyzing data related to the online platform workers. Data were sourced from prominent freelance platforms, including Upwork, Freelancer, and Guru. This data extraction encompassed key variables such as number of workers, their gender, earnings, types of work, and more, allowing for a nuanced comprehension of platform work dynamics in Serbia. However, it is important to note that quantitative data, with its focus on tangible metrics, may not fully capture the subjective experiences and sentiments of the workers.

To address this limitation and provide a more holistic perspective, a series of 20 in-depth interviews were conducted with online workers in our country. Additionally, a round table discussion involved various stakeholders to debate on the characteristics and future of the platform economy in Serbia. This approach facilitated open discussions and exploration of the multifaceted issues concerning platform workers.

The interviews were conducted through the Zoom platform, audio recorded, and subsequently transcribed. The qualitative data gathered through these interviews were analyzed using thematic analysis, identifying key themes such as working conditions, challenges, opportunities, and benefits. It's worth noting that all interviews and discussions strictly adhered to ethical guidelines, ensuring informed consent, confidentiality, and ethical conduct throughout the research process.

To provide a comprehensive context for the findings, the research also incorporated insights from desk research, focusing on literature reviews, previous studies, and reports. This contextualization allowed for a broader understanding of the research findings within the socio-economic landscape of online platform work in Serbia.

## II. Overview of the Platform Economy

### A. Definition and scope of the online platform economy

Platform work often encompasses all forms of labour delivered through, on, or facilitated by digital platforms. In the latest Eurofound definition (2020), platform work is defined as a form of employment in which organizations or individuals use an online platform to access other organizations or individuals to solve specific problems or to provide specific services in exchange for payment. Platform workers and contractors are defined as people who earn income from work facilitated by digital work/services platforms, whether as a main source of income or in addition to other work. This includes independent professionals and people who run their own businesses (World Economic Forum, 2020).

Pajarinen et al. (2018) categorize platform work into two types: the ones requiring the worker's physical presence and governed by Mobile Labor Markets (MLMs) and services where the output of a job task can be transmitted electronically through Online Labor Markets (OLMs).

In this analysis, we focus on online platform work, which from a Serbian perspective, signifies a profound shift in how people access and engage in employment. At its core, this phenomenon revolves around individuals offering services or labour through digital platforms, effectively connecting with clients and customers in an internet-driven

environment. This transformative landscape is progressively reshaping the conventional understanding of work and the dynamics of employment relationships.

Online platform work is facilitated by Internet-based platforms that emerged as business models on the wave of digital innovation. This type of work is organized through online platforms like Upwork, Freelancer, Guru, Toptal, and many others. Within this type of work clients typically interview and select applicants who bid on projects. Freelancers often define clients' requirements and establish payment plans based on project milestones.

One of the most compelling facets of online platform work is its inherent flexibility. Workers in this domain enjoy unparalleled autonomy, empowering them to dictate when, where, and how much they choose to work. This flexible framework has a particularly strong allure for individuals seeking to strike a harmonious balance between work and personal life, those looking to supplement their income, or those desiring the ability to diversify their revenue streams.

While online platform work offers these enticing advantages, it is not devoid of its set of challenges and controversies. Concerns pertaining to worker rights, equitable compensation, job security, and access to fundamental benefits such as healthcare and retirement plans have ignited intense debates. Many platform workers find themselves categorized as independent contractors, a classification that can deprive them of the safeguards and benefits traditionally accorded to full-time employees. Furthermore, the rise of algorithmic management, wherein workers'

tasks and performance are meticulously monitored and regulated by computer algorithms, has given rise to concerns related to excessive surveillance, which, in turn, can lead to elevated stress levels and burnout among workers.

Online platform work constitutes a pivotal component of the broader platform economy, a sector poised for continued expansion in the years ahead. Technological advancements, the proliferation of digital infrastructure, and evolving attitudes toward work are anticipated to drive even greater adoption of platform-based work arrangements. As this evolving landscape takes shape, policymakers, businesses, unions, and legal and tax experts find themselves grappling with the complex task of balancing the benefits of flexibility and economic opportunity with the pressing need for fair labour practices and robust social safety nets. The pursuit of a sustainable and equitable path forward in the digital age of employment represents an ongoing challenge that already shapes the future of work as we know it.

## B. Key characteristics and trends in the country

The most recent data provided by the Public Policy Research Centre (CENTER) (2021) suggests that there are minimum 70,000 individuals in Serbia who dedicate over ten hours per week to platform work, constituting more than 2% of the country's total workforce. These individuals are predominantly young and well-educated, and engaging in platform work has provided them with increased

income and career flexibility. The community of online platform workers exhibits significant diversity, encompassing both those with lower and higher incomes, entrepreneurs, and individuals who engage in part-time work. Over the past decade, their numbers have experienced continuous growth, despite the absence of government attention or public discourse until recently (Golusin, 2021).

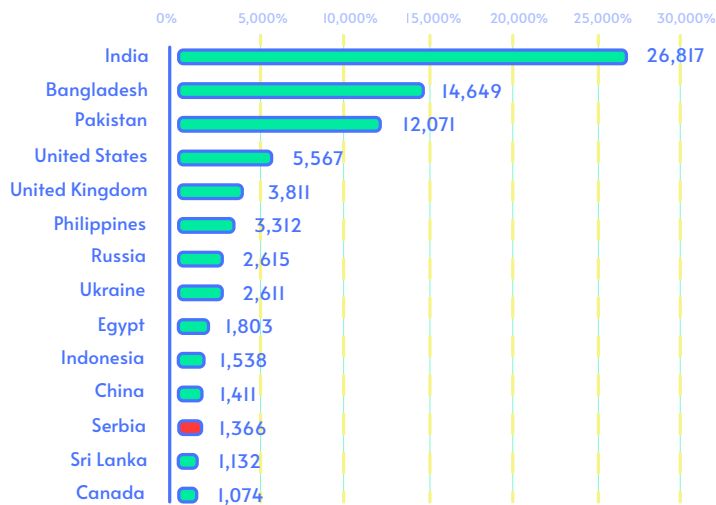
Certainly, Serbian freelancers represent a vibrant and increasingly prominent force within the global freelance community. These professionals have garnered recognition for their diverse skill sets, unwavering commitment, and competitively priced services. The spectrum of offerings from Serbian online workers spans a wide array of disciplines, encompassing web development, graphic design, content creation, digital marketing, software development, and various other specialized domains. Their distinguishing trait lies in their capacity to consistently deliver top-tier work, often at a fraction of the cost compared to their Western counterparts, rendering them highly sought-after contributors in the worldwide freelance marketplace.

## C. Comparison with global and regional trends

While online labour demand comes vvmostlyfrom the United States and other rich countries, the supply of labour on these platforms originates especially from lower- and middle-income countries (ILO, 2021). According to data provided by the Online Labour Index, Serbia has maintained a noteworthy position as one of the foremost

European and global players in the realm of online platform work on international online platforms for an extended period. In fact, if we examine the Figure 1 chart, it becomes apparent that Serbia, alongside the United Kingdom and Russia, stands as one of only three European nations to secure a position within the top 15 countries worldwide in terms of active online workers. This data underscores Serbia's consistent presence among the frontrunners in the global platform economy. The emergence of Serbia in this context highlights not only the domestic workers' digital literacy and skills capacity but also their ability to compete effectively on the global stage.

Figure 1: Global share by country (top 15 countries)



Source: Online Labour index, 2023

### III. Quantitative Analysis (Gigmetar™)

#### A. Size and growth of the platform economy in the country

The most popular online labour platform in Serbia is Upwork – according to Gigmetar™ estimates, approximately half of the online workforce in our country works on or is registered on this platform. The number of online workers per capita (the number of online platform workers per 100,000 inhabitants) has continuously increased during the observed period. Analyses indicate that in February 2021, the estimated number of these workers per capita was 161.5, while in February 2023, there were approximately 250.9 online platform workers per capita in Serbia. While Serbia has the highest number of freelancers on the analyzed platform (Upwork), in terms of the number of online platform workers per capita within the SEE region, North Macedonia, Montenegro, and Albania lead the way. However, the online platform workers' population in Serbia has shown steady growth in recent years and this phenomenon should be the focus of policy-makers and other relevant stakeholders.

In Figure 2 quantitative data on online platform work in Serbia are presented, spanning the last 5 measurements conducted by Gigmetar™.

Figure 2: Most popular platforms

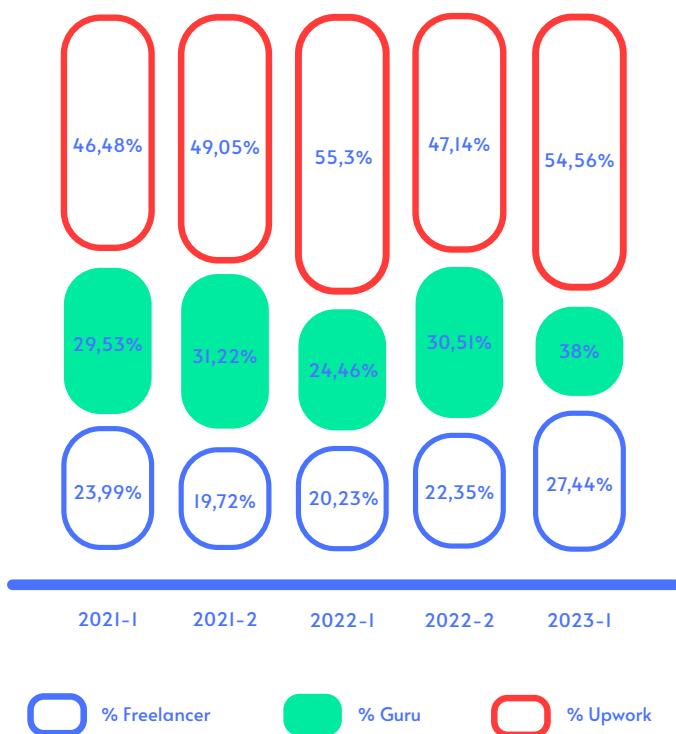
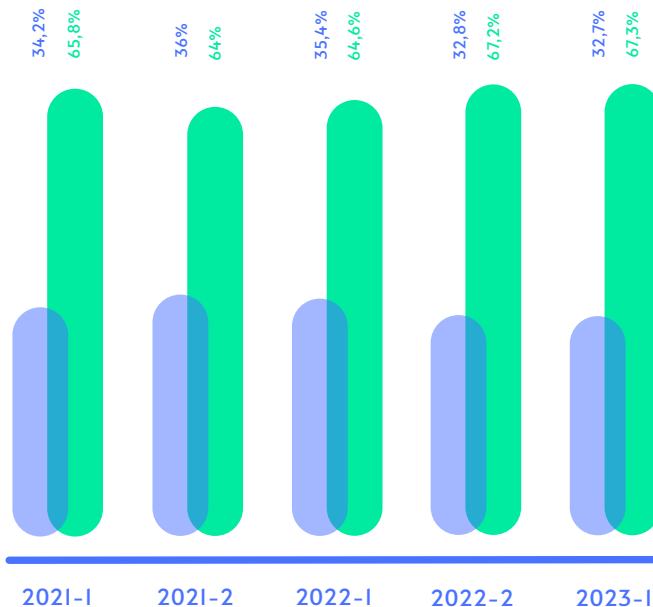


Figure 3: Share of women and men in gig workforce



### B. Demographic profile of platform workers

Gigmetar™ shows the overrepresentation of men compared to women in all SEE countries. Serbia is not an exception in this regard. Certain variations in the male-female ratio partially depend on the measurements. Nevertheless, these variations are mostly determined by the samples used in the analysis, and the gender ratio in the population of online workers remains relatively unchanged. On average, women make up around one-third of the total population of online workers on the most popular platform in Serbia – Upwork (Figure 3). In other words, out of every 10 online workers from Serbia, as many as 7 are men.

### C. Types of platform work and sectors involved

Gigmetar™ uses OLI methodology, which divides the online labour market into six groups of occupations: 1) occupational services, 2) clerical and data entry, 3) creative and multimedia, 4) sales and marketing, 5) software development and technology, and 6) writing and translation (Kässi, & Lehdonvirta, 2018). According to data in previous measurements, the most represented workforce among online workers includes those from creative and multimedia. Over a third of the total online workers population consists of workers from this field, and compared to other occupations their share has been slightly decreasing in recent years. Consequently, according to the most

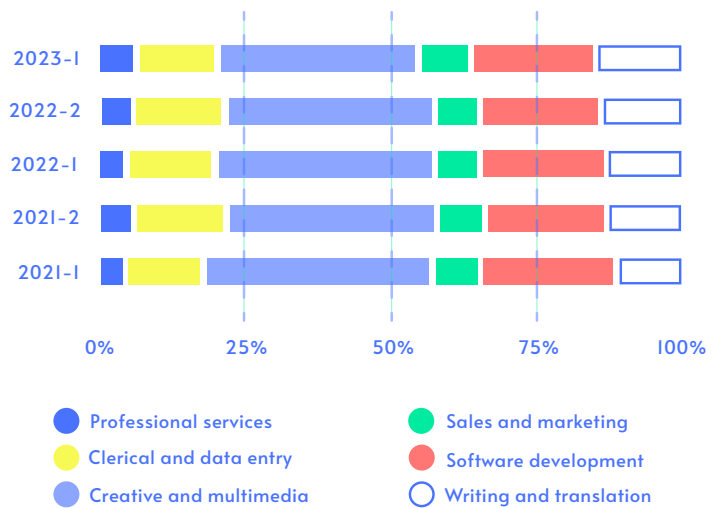


recent analyses (Figure 4), it constitutes 35,3% of the total workforce in Serbia. The share of online workers in software development – the second most represented occupation in our country has also recorded a minor decrease during the observed period. According to data from February 2023, it consisted of 21.7% of the total number of online workers population in Serbia. Online workers in the field of writing and translation make up the third most represented population of online workers - according to the latest measurement, they accounted for 15.2% of the workforce. Online workers in the field of clerical and data entry are at a similar level - 13.5% according to the latest measurement. The two least represented groups of occupations, sales and marketing, and professional services, have also seen an increase in their share of the total workforce on the online platform in the observed period. According to the latest data, workers in sales and marketing make up 8.4%, and workers within professional services make up 6% of the total online workers population.

The significant representation of workers in certain professions is determined by several factors. Firstly, the substantial number of workers in the software development field is a result of the long-standing development of the IT industry in Serbia, as well as globally, with some of the supply and demand shifting from traditional markets to online platforms. On the other hand, the high prevalence of online workers in creative services and multimedia is most likely a result of the mismatch between supply and demand in the traditional labour market. The assumption is that there is a significant labour force population with education and skills in the field of creative services for which there is insufficient demand in the traditional labour

market due to the still underdeveloped creative industries in the Serbian economy. As a result, workers are turning to platform work to earn money and develop their careers on a global scale.

Figure 4: Share of occupation in total online platform workforce



The data indicates an increase in the average hourly wage in the observed period as you can see below (Figure 5). Namely, from 2021 to 2023, the average hourly wage has increased by almost 15% (14.96%), rising from \$18.44 to \$21.20. From the gender perspective, men are able to earn higher average hourly rates in comparison to women. Two key factors contribute to higher wages among male online workers compared to female online workers. Firstly, the greater presence of male online workers contributes to their higher average wages. Secondly, male online workers are more prevalent in higher-paying professions, particularly in the software development field, which includes well-paid online jobs.

Nevertheless, there has been some convergence in wages between men and women during the observed period. In comparison to February 2021 when women were earning around 80% of the average wage of men, the latest measurement in February 2023 shows that the gender gap has reduced, with women potentially earning around 86% of the wage that men were earning.

Serbian male online workers earn much higher incomes compared to female online workers. The gender differences in income levels are determined by the differences in average hourly rates between men and women, as well as the higher representation of men in the online market. On average, women achieved around 43% of the income level of their male counterparts.

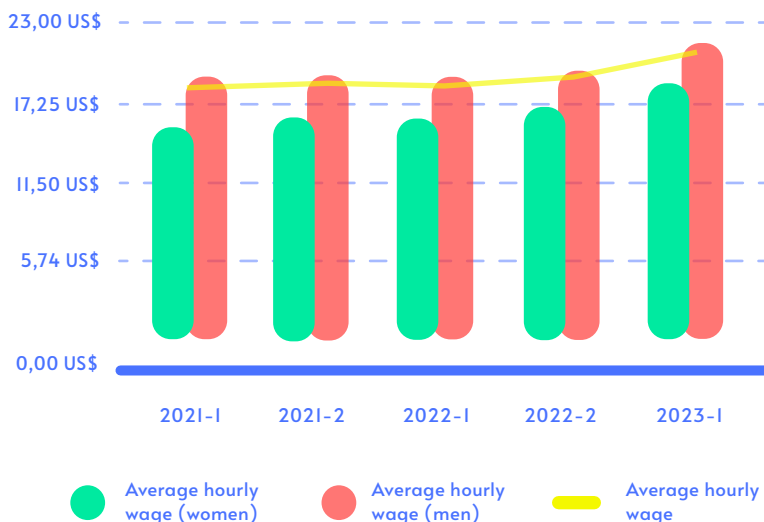
## IV. Qualitative Analysis (workers interviews + round table)

### A. Work conditions and challenges faced by platform workers (interviews)

In the qualitative research, a total of 20 workers participated, 10 males and 10 females. The study mainly included online workers from Upwork, while two participants were workers from teaching platforms, and one participant was from Toptal. The average age of all interviewees is 33.8 years. The average age of males is 31.7, while that of females is 35.9 years. The interviewed workers can be categorized into 5 OLI occupations: 6 in professional services, 3 in creative services and multimedia, 1 in sales and marketing, 5 in software development, and 4 in writing and translation. The average work experience of the interviewed workers ranges from 5 to 6 years. The highlights and main conclusions from the interviews can be presented in following topics:

### D. Income levels and earnings of online workers

Figure 5: Average hourly wage



### Income Stability and Taxation:

Several of the online workers mention the challenge of fluctuating income. Some struggle with tax-related issues, such as confusion over tax regulations and the burden of taxation on their earnings. They often have to navigate complex tax systems and may not receive the same benefits as traditional employees, such as maternity leave or access to loans.

### Lack of Employment Benefits:

Many freelancers do not have access to traditional employment benefits like health insurance, social security, and paid leave. This leaves them financially vulnerable in cases of illness or emergencies and restricts their access to loans and financial services.

### Platform Fees:

Some workers, particularly those on freelancing platforms like Upwork, express dissatisfaction with the fees charged by these platforms, which can range from 10% to 20% of their earnings. This reduces their overall income and motivates some to seek direct client relationships to avoid these fees.

### Legal and Tax Confusion:

Many online workers struggle to understand and navigate the legal and tax implications of their freelance work. They often find the abundance of information from various sources confusing and believe that governments should provide clearer guidance and resources on taxation for freelancers.

### Dependency on Platforms:

Several online workers heavily rely on specific online platforms for their livelihood. This dependency can make them vulnerable to changes in platform policies or market conditions, and they may not have the same job security as traditional employees.

### Flexibility vs. Stability:

Online workers value the flexibility that freelancing offers, allowing them to work on their terms and set their own schedules. However, this flexibility often comes at the cost of job stability and traditional benefits.

### Competition and Market Saturation:

Some freelancers note that increasing competition on online platforms has made it more challenging to secure opportunities and maintain steady income. They also mention concerns about overseas freelancers offering services at lower rates.

### Future Uncertainty:

Many online workers express uncertainty about the future of their work, given rapid technological advancements like AI. They wonder how these changes might affect their job prospects and financial stability.

## B. Impact of platform economy on employment (interviews)

### Alternative to Traditional Employment:

Many of the individuals interviewed turned to platform work as an alternative to traditional employment. They often found that platform work offered them more flexibility, freedom, and sometimes even higher earnings than their previous jobs. For example, one interlocutor mentioned that her earnings on Upwork far exceeded her salary in her previous job, and she found the work more enjoyable. A significant number of interviewees emphasized that working on the platform was a necessary choice due to the inability to find employment in the traditional market.

### Flexibility and Independence:

Online workers on platforms such as Upwork, Toptal, and online teaching platforms highlighted the flexibility and independence that platform work provides. Interviewees appreciated the ability to set their own

schedules and work from home. This flexibility was a significant draw for many, as it allowed them to balance work with personal life, education, or other commitments.

#### Main or Additional Income:

Several interviewees initially took up platform work to supplement their income from regular jobs. This supplemental income often became their primary source of earnings over time, as they found the online work more rewarding and financially beneficial.

### C. Opportunities and Benefits for Workers and the Economy (Round Table)

The discussions among various experts and stakeholders in the field of platform work in Serbia revolved around several key points:

#### Tax Policies and Workers' Rights:

The conversation focused on moving beyond tax policies to create other policies that can provide more rights to freelancers. It was acknowledged that freelancers often lack interest in pursuing additional rights, especially in labour and social domains. Education was seen as crucial for online workers to better understand their rights, and efforts have been made to educate freelancers on these matters.

#### Estimating the Number of Digital Workers:

The Statistical Office of the Republic of Serbia started implementing a new methodology for estimating the number of digital workers. The initial estimates seemed unrealistic, and further instructions from

Eurostat were awaited to address this issue. In such an environment, the role of Gigmetar™ remains important.

#### Long-Term Engagements:

Research showed that a significant portion of workers on platforms like Upwork is open to establishing long-term collaborations with clients. These workers tend to be among the higher-paid individuals on the platform.

#### Challenges in Traditional Employment:

The structure of the Serbian economy and the conventional labour market pose challenges for platform workers to secure traditional employment, especially in creative services and multimedia – individuals with such skills and knowledge are often forced to seek engagement and employment on platforms.

#### Supranational Solutions:

Participants also discussed the challenge of legal jurisdictions and the need for supranational solutions to recognize and protect the rights of platform workers. The EU was mentioned as recognizing the need for such solutions.

#### Umbrella Companies:

One of the participants emphasized interesting concept of umbrella companies, where these entities serve as the employer and negotiate with platforms on behalf of freelancers, was highlighted as a potential model to tackle the status of freelancers and protect their rights.

Overall, the discussions focused on the complex issues surrounding platform work in Serbia, including the need for better

regulation, workers' rights, tax policies, and the unique challenges faced by digital workers. Education and research were seen as crucial tools in addressing these issues effectively.

## V. Policy and Regulatory Landscape

### A. Existing policies and regulations related to the platform economy in the country

Serbian labour law has been designed based on a traditional, two-sided, standard, and indefinite employment structure. As a result, its applicability falls short when addressing the frequently unorthodox working structures inherent in the online platform economy.

In general, legal systems across Europe were cautious when considering diverse policy options. These options included rewriting the prevailing employment definition to include online platform work, expanding the scope of employment and social protection regulations

to explicitly cover such work, or implementing targeted (self-)regulatory measures to offer customized safeguards for individuals involved in online platform work (Garben, 2019). Instead, many jurisdictions were opting for sector-specific solutions that primarily targeted on location platform work (with focus on ride-hailing or food delivery services) (Božičić, 2022). Alternatively, they were attempting to categorize these services under existing labels, such as "employee-like persons" or dependant self-employed, either within or outside the framework of labour laws (Božičić, 2020).

The legislators in Serbia appear to lean towards established solutions that inadvertently exclude nonstandard forms of work from labour law. Furthermore, Serbian legislation doesn't recognise self-employed individuals other than entrepreneurs<sup>3</sup>. As per Serbian legislation, an online platform worker who provides their professional services to multiple employers concurrently or sequentially, without entering into a long-term employment commitment, has three main choices. They can either opt to register as an entrepreneur (also known as sole proprietors)<sup>4</sup>, or establish limited liability

3. Law on Companies (Official Gazette of the Republic of Serbia Nos. 36/2011, 99/2011, 83/2014, 5/2015, 44/2018, 95/2018 and 91/2019)

4. According to the Law on Personal Income Tax in Serbia, Official Gazette of the Republic of Serbia", No. 24/2001, 80/2002, 80/2002 - consolidated text, 135/2004, 62/2006, 65/2006 - corrected, 31/2009, 44/2009, 18/2010, 50/2011, 91/2011 - decision of the Constitutional Court, 7/2012 - adjusted amount in dinars, 93/2012, 114/2012 - decision of the Constitutional Court, 8/2013 - adjusted amount in dinars, 47/2013, 48/2013 - corrected, 108/2013, 6/2014 - adjusted amount in dinars, 57/2014, 68/2014 - consolidated text, 5/2015 - adjusted amount in dinars, 112/2015, 5/2016 - adjusted amount in dinars, 7/2017 - adjusted amount in dinars, 113/2017, 7/2018 - adjusted amount in dinars, 95/2018, 4/2019 - adjusted amount in dinars, 86/2019, 5/2020 - adjusted amount in dinars, 153/2020, 156/2020 - adjusted amount in dinars, 6/2021 - adjusted amount in dinars, 44/2021, 118/2021, 132/2021 - adjusted amount in dinars, 10/2022 - adjusted amount in dinars, 138/2022, 144/2022 - adjusted amount in dinars, and 6/2023 - adjusted amount in dinars. (2001), every resident (a person staying in Serbia for 183 days or more within 12 months) is obligated to pay taxes. Residents are taxable on their worldwide income, this encompassing online workers on digital platforms.

Serbian labour law has been designed based on a traditional, two-sided, standard, and indefinite employment structure. As a result, its applicability falls short when addressing the frequently unorthodox working structures inherent in the online platform economy.

In general, legal systems across Europe were cautious when considering diverse policy options. These options included rewriting the prevailing employment definition to include online platform work, expanding the scope of employment and social protection regulations

to explicitly cover such work, or implementing targeted (self-)regulatory measures to offer customized safeguards for individuals involved in online platform work (Garben, 2019). Instead, many jurisdictions were opting for sector-specific solutions that primarily targeted on location platform work (with focus on ride-hailing or food delivery services) (Božičić, 2022). Alternatively, they were attempting to categorize these services under existing labels, such as "employee-like persons" or dependant self-employed, either within or outside the framework of labour laws (Božičić, 2020).

The legislators in Serbia appear to lean towards established solutions that inadvertently exclude nonstandard forms of work from labour law. Furthermore, Serbian legislation doesn't recognise self-employed individuals other than entrepreneurs<sup>3</sup>. As per Serbian legislation, an online platform worker

who provides their professional services to multiple employers concurrently or sequentially, without entering into a long-term employment commitment, has three main choices. They can either opt to register as an entrepreneur (also known as sole proprietors)<sup>4</sup>, or establish limited liability companies. Other than that they can manage their tax obligations through contracts that hold an obligational essence,<sup>5</sup> i.e. contractual arrangements for specific services rendered or for works protected by copyright.<sup>6</sup>

Before 2020, only a few freelancers opted for above mentioned choices due to various reasons (Baturan, 2020). Some were unaware of their tax obligations, while others found the tax burden too heavy in relation to their earnings. Certain freelancers lacked contracts with platforms, which hindered their ability to file taxes (Andjelkovic et. al., 2021). Moreover, some freelancers worked for a single employer (as seen with English teachers on language platforms), fearing that doing so might jeopardize their compliance with the entrepreneur independence test<sup>7</sup>.

In December 2020, the government initiated the collection of outstanding taxes from freelancers, amounting to 56% of their earnings, including contributions for social security insurance. This situation generated concern due to the imposition of high-interest rates, which could reach up to 80% of the income earned over the past five years. The implications of these measures were felt

5. Law of contract and torts (Law on Obligations) ("Official Gazette of the SFRY", No. 29/78, 39/85, 45/89 – decision of the USJ and 57/89, "Official Gazette of the SRJ", No. 31/93, "Official Gazette of the SCG", No. 1/2003 – Constitutional Charter, and "Official Gazette of the RS", No. 18/2020)

6. The Law on Personal Income Tax in Serbia Ibid

7. In December 2019, the National Assembly of the Republic of Serbia ratified revisions to the Personal Income Tax Law. These amendments include the implementation of an entrepreneur independence assessment. One of the key objectives behind these adjustments is to differentiate between "independent" and "dependent" entrepreneurs. This distinction is enacted through a taxation structure where a "dependent" entrepreneur's earnings from services rendered to an unregistered employer are subject to higher tax rates compared to the income of an "independent" entrepreneur generated from their own self-employment endeavors. The entrepreneur independence test has been in effect since March 2020.

acutely by online platform workers, prompting swift organizing efforts once the initial bills were dispatched.

In response, freelancers initiated multiple strikes from January 2021 to April 2021. These collective actions yielded outcomes in April 2021 when the government conceded to concessions and formed the Freelancer Working Group<sup>8</sup> which encompassed all interested parties including freelancers' associations. During the initial discussions within the Freelancer Working Group, the classification of online workers as employees or self-employed individuals took center stage. However, attention swiftly shifted to the pivotal matter of an appropriate tax burden. After freelancers presented their preferred solutions, the government proposed its version, which received unanimous support (Baturan, 2020).

On December 9, 2022, the Serbian Parliament passed amendments to the Personal Income Tax Law and the Law on Mandatory Social Security Contributions, effective from January 1st, 2023. Subsequently, freelancers acquired the option to choose between two income taxation models, granting them quarterly flexibility in selection based on their situation. The electronic platform created to aid freelancers in fulfilling their obligations became functional at the beginning of July 2023, prompting freelancers to address their tax responsibilities for the initial and subsequent quarters of 2023 by the deadline of July 31, 2023.<sup>9</sup>

According to informal sources, only around 2,000 freelancers out of an estimated 75,000 (Colovic et. al., 2021) have fulfilled their obligations thus far.<sup>10</sup> Various explanations have been provided, including a lack of information among freelancers, the delayed launch of the electronic platform, and conflicting guidance from institutions such as the tax authority and the Central Registry of Compulsory Social Insurance.<sup>11</sup>

## B. Gaps and challenges in the current regulatory framework

The presented tax solution represents a rare legal approach tailored to the needs of freelancers. Developed in close collaboration with representatives of various freelancer groups, it effectively lightens the tax burden and improves access to health care and social benefits, such as pension insurance. Nevertheless, there are important gaps that still have to be addressed.

First and foremost, the Personal Income Tax Law refrains from offering a direct definition of the term "freelancer," focusing instead on prescribing the obligation of self-assessment, modalities for such assessment, and the methods for fulfilling tax duties. However, for the electronic portal's context, an informal definition of a freelancer has been established. In the framework of this portal, the term "freelancer" will encompass three categories of individuals:

8. The Working group consisted of representatives of the two representative trade unions and the Serbian Association of Employers as well as the representatives of the Ministry of Labour, Ministry of Finance, Tax authority, and representatives of various governmental bodies and agencies dealing with tax and social contributions. Two research organizations (Public Policy Research Centre and NALED), and four major groups of freelancers were also included in the WG: Digitalna zajednica, Udruzenje radnika na internetu (URI), Internet Radnici Srbije (IRI), Udruzenje frilensera i preduzetnika Srbije (UFPS).

9. <https://frilenseri.purs.gov.rs/>

10. <https://novaekonomija.rs/vesti-iz-zemlje/pitanje-je-ko-liko-frilensera-zna-da-porez-placaju-preko-specijalizovanog-portala>

11. Ibid

— Domestic natural person - resident of the Republic of Serbia, who earns income by working in the Republic of Serbia, from payers of income from abroad (legal entity, entrepreneur, or natural person), or from another domestic natural person, or from another entity that does not calculate and pay tax and contribution obligations in the Republic of Serbia upon income payment.

— Domestic natural person - resident of the Republic of Serbia, who earns income by working in another country, from payers of income from abroad (legal entity, entrepreneur, or natural person), or from another entity that does not calculate and pay tax and contribution obligations in the Republic of Serbia upon income payment.

and

— Foreign natural person - non-resident, who earns income by working in the Republic of Serbia, from payers of income from abroad (legal entity, entrepreneur, or natural person), or from another domestic natural person, or from another entity that does not calculate and pay tax and contribution obligations in the Republic of Serbia upon income payment.

This lack of official legal definition creates ambiguity and challenges in precisely categorizing individuals within the scope of the term "freelancer." (Baturan, 2022).

During the initial discussions within the Freelancer Working Group, the possibilities of introducing rights for extended sick leave, maternity leave, and issuing kindergarten

certificates were deliberated. However, these rights were not yet addressed. These were primarily of interest to female freelancers, who constitute a significant portion of the freelancer community in Serbia (about 30%) and generally face greater vulnerabilities due to lower earnings and engagement in lower-paid roles (Anđelković et. al., 2023). Since this solution was not adopted, women continue to remain in vulnerable positions.

Furthermore, the current solution doesn't recognise any of numerous occupational safety and health (OSH) concerns faced by freelancers, such as psycho-social hazards, encompassing isolation, stress, technostress, technology dependency, information saturation, burnout, postural issues, and cyberbullying (Garben, 2019).

In summary, while the implemented adjustments promptly eased the situation for freelancers and enhanced their healthcare and certain social benefits, online platform workers continued to face a precarious position, especially affecting women.

### C. International best practices and policy approaches (EU Directive)

The upcoming Directive of the European Parliament and of the Council on Improving Working Conditions in Platform Work, along with related legislation<sup>12</sup>, introduced by the European Commission in December 2021 and with the Council adopting its position on June 12, 2023, aims to enhance conditions for

12. This refers to the bundle of strategies unveiled by the Commission on December 9, 2021, with the intention of enhancing the working circumstances of platform workers and bolstering the sustainable expansion of digital platforms. Among them are the Communication on Better Working Conditions for a Stronger Social Europe, which emphasizes maximizing the advantages of digitalization for forthcoming work dynamics; the preliminary guidelines outlining the implementation of EU competition regulations for collective agreements involving solo self-employed individuals (endorsed by the European Commission on September 29, 2022); and the Directive



platform workers in both app-based and online platform work. Its aim is to unify criteria that classify a worker as an employee across Europe, and expand the situations in which platform workers will be considered to be employees.

The directive introduces two main enhancements for platform workers. Firstly, it addresses employment status: It aims to determine the accurate employment status for individuals engaged in digital platform work by establishing criteria. If three of the seven outlined criteria are met, the person is considered a worker. These criteria include factors such as the platform's influence over remuneration, work supervision, and restrictions on working hours and tasks. Platforms would need to prove the absence of an employment relationship in cases of dispute. Workers recognized as employees under this directive would gain relevant labour and social rights, including minimum wage, collective bargaining, and protections against work-related risks. Secondly it refers to algorithmic management. Recognizing the use of algorithms by digital labour platforms for human resources management, the directive emphasizes transparency in algorithmic usage, ensures human monitoring of working conditions, and grants the right to contest automated decisions for employees and genuinely self-employed workers.

Additionally, the directive addresses issues of enforcement, transparency, and traceability. To address the challenge of accessing data on platform workers, the directive mandates platforms to clarify obligations to declare work to national authorities and provide essential information about their activities and workers to enhance transparency.

Overall, the directive seeks to create a fairer and more transparent environment for platform workers across Europe.

However, right from the start, it was evident that while the Directive could have a significant impact on how app-based work conducted on-site is perceived within individual countries, its influence might be considerably weaker when dealing with global online platforms that operate beyond the jurisdiction of both European and national legislative bodies. (Purificato, 2023, Andjelkovic & Jakobi, 2023). The transnational nature of these online platforms creates a particularly challenging scenario for identifying the parties involved in the activity and their geographical locations. Consequently, in such situations, the lack of information necessary to assess the extent of this phenomenon at the national level, the prevalent types of contracts between the parties, and the specific content of terms and conditions imposed by digital platforms magnify the difficulties faced by national authorities in effectively enforcing national regulations. This pertains to both working conditions and taxation (Purificato, 2023).

Consequently, the establishment of criteria primarily influenced by familiar experiences in the realm of on-demand work through applications leads to a situation where the majority of crowd workers are unable to avail themselves of the protections linked to the acknowledgment of employed status as outlined in the suggested directive (Purificato, 2023).

## VI. Policy Recommendations

### A. Enhancing worker protection and rights

The position of freelancers is likely the most vulnerable when it comes to digital workers, and in the years to come, significantly greater attention will need to be devoted to this issue (Reljanović, & Misailović, 2021). The term "freelancer" is employed to describe individuals (workers) who pursue their careers without committing to long-term work obligations to a single employer. As a result, they are frequently also known as self-employed, independent, or freelance workers. However, none of these terms accurately equate to the concept of a freelancer. This is primarily because their (legal) status lacks significant independence and freedom (Božičić, 2020).

While the Directive may not provide the ultimate solution for regulating platform work, it does serve as a powerful catalyst for further deliberation on revising the traditional, two-sided, standardized, and indefinite employment structure. This aligns with the emergence of digital work<sup>13</sup> as a multifaceted category that doesn't conform to existing norms (Reljanović & Misailović, 2021). Consequently, it is imperative to consider revising the concepts of both worker and employer to more accurately reflect the nature of work in the 21st century, while adhering to the principles of decent work (Božičić, 2020). The upcoming Labour law in

Serbia offers the potential for better encompassing all forms of non-standard and new work arrangements within the scope of labour regulations.

Furthermore, the diverse forms of employment call for changes in the nature and combination of sources of financing for social security benefits including the financing methods and administrative mechanisms for collecting revenue to fund benefits for workers in new forms of employment (Schoukens & Weber, 2022).

### B. Strengthening Collaboration and Dialogue Among Stakeholders

Building upon the insights gleaned from the aforementioned discussions, there emerges a pressing need to fortify collaboration and foster open dialogue among all relevant stakeholders. With the freelancers' vulnerable position in the digital work landscape becoming increasingly evident (Reljanović & Misailović, 2021), it is imperative that the attention dedicated to this matter extends beyond current tax solutions.

The complexity of situating platform work within the labour necessitates collaborative efforts involving policymakers, labour advocates, businesses, academics and freelancers themselves. A robust dialogue centered on comprehensive and contextually relevant terms, regulations, and protections must be fostered. Only through this collaborative endeavor can we effectively navigate the intricate landscape of platform work, ensuring equitable treatment, sustainable progress, and the realization of

13. The term "digital workers" is here used as a generic term, encompassing the broadest group that includes all workers who use ICT in performing their tasks.

decent work principles in the evolving world of labour.

This necessitates a more comprehensive discussion regarding the evolving responsibilities among traditional employers, workers, platform companies, and various government departments (such as tax authorities and social security agencies) in terms of revenue declaration and collection.

## VII. Implementation and Monitoring

### A. Strategies for implementing the recommended policies

#### Policy Clarification and Definition:

Begin by defining and clarifying the policies related to online platform work in Serbia. This primarily includes defining the online platform work and revising existing labor to provide a clear legal framework for the online platform workers.

#### Regulating the Realm of Online Platform Work in Serbia:

Furthermore, the following challenges surrounding online platform work should be addressed: access to fair compensation, work life balance, access to equal opportunities, right to collective bargaining and unionization (Labour Law); Health and safety at work (Law on Safety and Health at Work Serbia); Prohibition of discrimination (Law on the prohibition of discrimination, Law on Professional Rehabilitation and Employment of Persons with Disabilities); Career development, skills development and

learning opportunities; opportunities for disabled workers (Labour Law, Law on Professional Rehabilitation and Employment of Persons with Disabilities) Access to medical care (Health Insurance Law); Privacy and data protection (Personal Data Protection Law and Labour Law); Access to unemployment benefits (Law on Employment and Unemployment Insurance); At the same time, , and Ministry of Health Financial Support to workers with children (Ministry of Family Welfare and Demography), access to health insurance (Ministry of Health)

#### Taxation Models:

Follow up on the implementation of the two taxation models introduced in January 2023 allowing regular yearly monitoring and adjustments. Ensure that these models are effectively communicated to freelancers.

#### Electronic Platform:

Continue to develop and improve the electronic platform designed to aid freelancers in fulfilling their tax obligations. Ensure it is user-friendly, informative, and accessible.

#### Education and Awareness:

Launch an education and awareness campaign targeting freelancers. This should include information about their tax obligations, rights, and benefits under the new policies.

#### Collaboration with Stakeholders:

Collaborate with relevant government and non-government stakeholders including freelancers' associations, research community and international and EU organizations to gather input, address

concerns, and tailor policies to the specific needs of online platform workers.

#### Collaboration with Stakeholders:

Collaborate with relevant government and non-government stakeholders including freelancers' associations, research community and international and EU organizations to gather input, address concerns, and tailor policies to the specific

## B. Roles and responsibilities of relevant stakeholders

#### Government:

The government, primarily the Ministry of Labour, Employment, Veteran and Social Policy is responsible for drafting and implementing most of the policies relevant for the online platform work. Ministry of Finance, particularly tax authorities, are important for providing necessary guidelines and support to online platform workers /freelancers to ensure their tax compliance. At the same time, the Ministry of Family Welfare and Demography, and the Ministry of Health are instrumental in ensuring financial support to workers with children (both men and women) and access to health insurance.

#### Freelancers/online platform workers:

The government, primarily the Ministry of Labour, Employment, Veteran and Social Policy is responsible for drafting and implementing most of the policies relevant for the online platform work. Ministry of Finance, particularly tax authorities, are important for providing necessary guidelines and support to online platform workers

/freelancers to ensure their tax compliance. At the same time, the Ministry of Family Welfare and Demography, and the Ministry of Health are instrumental in ensuring financial support to workers with children (both men and women) and access to health insurance.

#### Freelancers' Associations and Trade Unions:

These organizations play a role in advocating for the rights and interests of online workers/freelancers, providing support and education, and facilitating communication with the government.

#### Platform Companies:

Online platform companies at minimum should cooperate with national tax authorities, provide necessary data, and ensure transparency in their dealings with freelancers regardless of the place of their registration.

#### Research organizations and academia:

They are responsible for providing evidence-based insights into the status of online platform workers in Serbia and comparative practices from the Western Balkans, EU and globally that are relevant for Serbia. They should also provide guidelines and recommendations to the government institutions on potential regulatory solutions aimed at bettering the status of online platform workers.

#### International and regional stakeholders:

International Labour Organization (ILO) is instrumental in setting new standards for decent work in the sphere of digital economy. ILO has made a decision to place decent work in the platform work for standard-setting on the agenda of the 113th Session in 2025.

### The European Commission, Parliament and Council:

The EU initiated the Directive on improving working conditions in platform work in 2021. The EU Council agreed its position on 12th June 2023. The Directive is still negotiated in so called triologue process. The Government of Serbia should follow these developments and play active role in new policies given its high supply of online labour force.

## C. Mechanisms for monitoring and evaluating policy effectiveness

### 1 Data Collection:

Establish a robust data collection system to track the number of freelancers/online platform workers, their compliance with tax laws, and their utilization of the electronic platform.

### 2 Feedback Mechanisms:

Create channels for freelancers to provide feedback on the policies' effectiveness, for example on the functionality of the electronic platform, and any challenges they encounter.

### 3 Regular Reviews:

Conduct periodic reviews of the policies to assess their impact on freelancers, tax revenue, and social security contributions. This can help identify areas for improvement.

### 4 Research and Surveys:

Commission research and surveys to gather insights into freelancers' experiences,

satisfaction, and economic well-being under the new policies.

### 6 Collaborative Forums:

Continue to hold collaborative forums involving government representatives, freelancers' associations, research organizations and academia, international organizations, trade unions and if possible platform companies to discuss policy outcomes and make necessary adjustments.

### 7 Comparative Analysis:

Compare Serbia's policies and outcomes with international best practices and EU practices to ensure alignment and identify areas where further harmonization is needed.

## VIII. Conclusion

### A. Summary of key findings and recommendations

Online platform workers in Serbia have faced numerous challenges in the past related to tax obligations, misclassification, and limited legal recognition. Serbian labor law is ill-suited to address the unique working structures of the online platform economy. Instead of revising existing definitions of employment, Serbia has recently leaned towards practical but limited solutions in regulating their tax status and social, disability, and health contributions.

While 2023 tax reforms have lightened the tax burden for freelancers, important gaps remain. Key challenges for the online

platform workers include the lack of a clear legal definition for "freelancer/online platform worker," the absence of certain rights like sick leave and maternity benefits, and inadequate recognition of occupational safety and health concerns. Many of the following issues still remain to be addressed: work life balance, access to equal opportunities, right to collective bargaining and unionization, career development, skills development and learning opportunities; access to unemployment benefits, etc.

Given the dynamic nature of the platform work landscape, Serbia should actively pursue ongoing learning from international best practices. This proactive approach will enable the country to pave the way for improving the conditions and status of online platform workers. The EU Directive on improving working conditions in platform work aims to unify criteria for classifying platform workers as employees, expand their labor and social rights, and address algorithmic management. However, its impact may be limited in addressing global online platforms that operate beyond EU jurisdiction.

## B. Implications for the future of the platform economy in Serbia

The recent policy changes and tax reforms represent a step toward greater clarity and inclusivity for online platform workers in Serbia. Clearer definitions and tax models provide a foundation for a more stable and organized platform economy. Future policies could further enhance worker rights, including addressing issues related to sick leave, maternity benefits, occupational safety and health, etc.

Serbia's experience reflects challenges in regulating global online platforms that operate beyond national and EU jurisdictions. In this context, the emphasis on collaboration and dialogue among stakeholders is essential for shaping future policies. Engaging with freelancers/online platform workers, trade unions, research community, and international organizations will be crucial to developing effective regulations. Continued alignment with international and EU practices may support Serbia's resolution to regulate the online platform work given its recognized status of major suppliers of this type of labour globally.

Addressing remaining gaps and challenges while fostering collaboration among stakeholders will be critical for ensuring a fair and sustainable platform economy in the country.

## References

- Andjelkovic, B., Sapic, J., & Skocajic, M. (2019). Digging into Gig Economy in Serbia: Who are the digital workers from Serbia and why do they work on global platforms? Public Policy Research Centre, Belgrade, Serbia
- Andjelkovic, B., Jakobi, T., & Kovac, M. (2021). Decent or not? The socio-economic position and status of digital workers on global platforms from Serbia. In: Changing skis for a changing world: Understanding skills demand in EU neighbouring countries. Turin: European Training Foundation.

Andjelkovic, Jakobi (2023) Platform work in the EU and beyond: Exploring Differences and Limitations [https://medium.com/@reshaping\\_work/platform-work-in-the-eu-and-beyond-exploring-differences-and-limitations-a7a338a62c](https://medium.com/@reshaping_work/platform-work-in-the-eu-and-beyond-exploring-differences-and-limitations-a7a338a62c)

Anđelković, B., Jakobi, T., Ivanović, V., Kalinić, Z. & Radonjić, Lj. (2023). Gigmetar Serbia, May 2023, Public Policy Research Center, <http://gigmetar.publicpolicy.rs/en/serbia-2023-1/>.

Baturan I (2022), Oporezivanje " frilensera" - digitalnih radnika - Prednosti i mane kratkoročnih rešenja i mogući pravci dugoročnog uređivanja njihovog statusa, Centr za istraživanje javnih politika Beograd

Božičić, D. (2022). Radnopravni status platformskih radnika iz ugla sudske prakse. *Radno i socijalno pravo*, 2/2022, 124.

Božičić, D. M. (2020). Digitalne platforme i njihov uticaj na odnose povodom digitalnog rada. *Zbornik radova Pravnog fakulteta u Novom Sadu*, 54(1).

Colovic P., Andjelkovic B., Jakobi T. (2021) Koliko ima digitalnih radnika u Srbiji? Prva nacionalna procena populacije radnika na globalnim onlajn platformama, Public Policy Research Center

Eurofound. (2023). Platform work. Retrieved September 14, 2023, from <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/platform-work>

Garben, S. (2019). Online Platform Work at European Level. *Geneva Global Policy Briefs*, No. 3/2019.

Golusin, S. (2021). Gig Work in CEE's Platform Economy: the Protests of Serbian Freelancers and the Possibilities of Digital Labour Struggles, <https://lefteast.org/author/slobodan-golusin/>

ILO. (2021). ILO report: The role of digital labour platforms in transforming the world of work. Retrieved September 14, 2023, from <http://onlinelabourobservatory.org/paper/ilo-weso-report-2021/>

Kässi, O., & Lehdonvirta, V. (2018). Online labour index: Measuring the online gig economy for policy and research. *Technological Forecasting and Social Change*, 137, 241–248. <https://doi.org/10.1016/j.techfore.2018.07.056>

Kässi O, Lehdonvirta V, and Stephany F. (2021). How many online workers are there in the world? A data-driven assessment. *Open Research Europe* 2021, 1:53. <https://doi.org/10.12688/openreseurope.13639.3>

Kuek, Siou Chew; Paradi-Guilford, Cecilia; Fayomi, Toks; Imaizumi, Saori; Ipeirotis, Panos; Pina, Patricia; Singh, Manpreet. (2015). *The Global Opportunity in Online Outsourcing*. World Bank, Washington, DC. <http://hdl.handle.net/10986/22284>

Online Labour Index (2023). Supply. Retrieved September 04, 2023, from <http://onlinelabourobservatory.org/oli-supply/>

Pajarinen, M., Rouvinen, P., Clausen, J., Hakanen, J., Kovalainen, A., Kretschmer, T., Poutanen S., Seifried, M. & Seppänen, L. (2018). *Upworkers in Finland: Survey Results*. ETLA Report No 85. Available at: <https://pub.etla.fi/ETLA-Raportit-Reports-85.pdf>

Purificato, I. (2023). Individual and collective protection challenges in digital work: the case of crowdwork. In *Law, Technology and Labour* (pp. 186–203).

Reljanović, M. L., & Misailović, J. M. (2021). Radnopravni položaj digitalnih radnika-iskustva evropskih zemalja. *Strani pravni život*, 65(3), 407–432.

Schoukens, P., & Weber, E (2022), Now is the future for social security, Social Europe, published November 8, 2022, accessed 27.08.2023 URL: <https://www.socialeurope.eu/now-is-the-future-for-social-security>

Silberman, M. S. (2023). The Definition of 'Digital Labour Platform' in the Proposed Platform Work Directive. Verfassungsblog. <https://doi.org/10.17176/20230718-231126-0>

The Promise of Platform Work: Understanding the Ecosystem. (2020). World Economic Forum. Retrieved September 14, 2023, from <https://www.weforum.org/whitepapers/the-promise-of-platform-work-understanding-the-ecosystem/>

Urdarević, B. (2022). Frilenseri i problemi u njihovom pojmovnom definisanju. Centar za istraživanje javnih politika, Beograd, Srbija

Vučeković, M., Avlijaš, G., Marković, M. R., Radulović, D., Dragojević, A., & Marković, D. (2023). The relationship between working in the "gig" economy and perceived subjective well-being in Western Balkan countries. *Frontiers in Psychology*, 14. <https://www.frontiersin.org/articles/10.3389/fpsyg.2023.1180532>

World Economic Forum (2020). The Promise of Platform Work: Understanding the Ecosystem. World Economic Forum. Retrieved September 14, 2023, from <https://www.weforum.org/whitepapers/the-promise-of-platform-work-understanding-the-ecosystem/>



CN2021/424879

Support to the Promotion of Civil Society regional  
actions in the Western Balkans

Branka Andjelkovic, Tanja Jakobi, Ljubivoje Radonjic

September 2023

WBF grants are co-funded by the European Union  
through the IPA – Instrument for Pre-Accession.

This publication has been produced with the financial  
assistance of the European Union. The contents of this  
publication are the sole responsibility of the beneficiary  
and can in no way be taken to reflect the views of the  
European Union.