

Bringing household services out of the shadows

Formalising non-care work in and around the house

Hamburg, June 9 2022

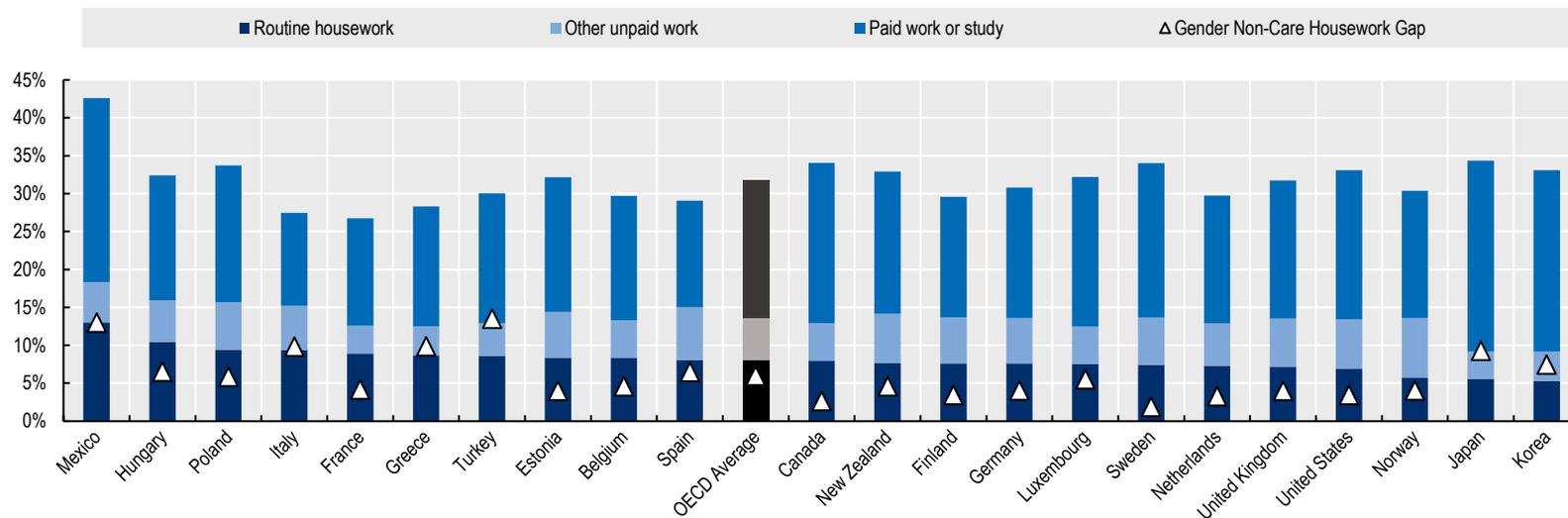
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Housework is unequally distributed between men and women...

Time spent on non-care housework across the OECD

15-64 year olds, latest available data*



Note: Data refers to time-use of 15 to 64 year olds. Countries for which time-use survey data is older than 2010 are not shown here. Data refer to 2018 for the United States, to 2016 for the Netherlands, to 2015 for Canada, Turkey and the United Kingdom, to 2014 for Italy, Korea and Mexico, to 2013 for Belgium, Germany, Greece, Luxembourg and Poland, to 2011 for Norway and to 2010 for Estonia, Finland, France, Hungary, New Zealand, Spain and Sweden.

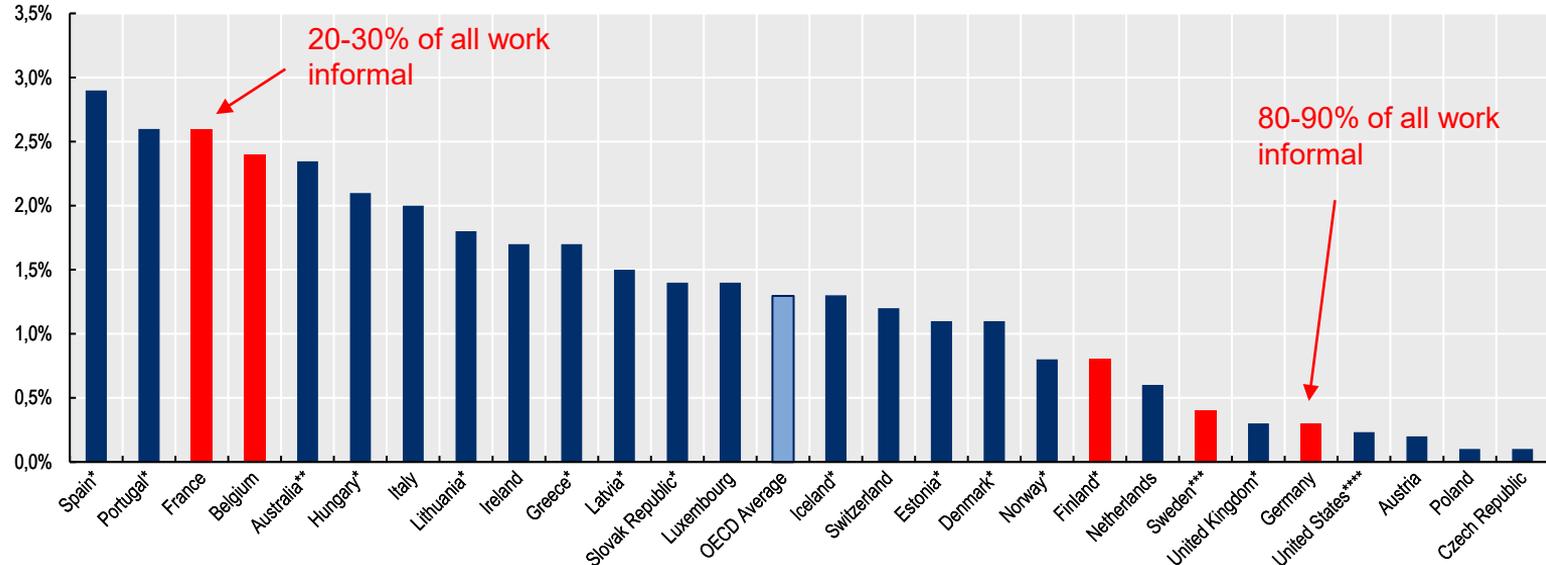
Source: OECD calculations based on OECD Time-Use Database.



The non-care household service sector is large, but many work informal

Registered employment in the non-care household service sector

Share of registered “Domestic Cleaners and Helpers” among total registered employment, 2018 or latest available year



Note: See report for more details.

Source: OECD calculations based on data from the European Union Labour Force Survey, the Australian Labour Force Survey, the European Cleaning and Facility Services Industry, the Economic Policy Institute, and Skatteverket.



Formalisation approaches differ across countries



Tax credits:

- Reduce net service prices by granting a deduction on annual tax liability
- Can be made refundable and granted “at source”
- Used in Finland, France, Germany and Sweden



Social vouchers:

- Entitle recipients to specific services to improve their work life balance
- Can be sold to households or easily targeted to populations in need
- Used in Belgium and France



Other measures:

- Declarative systems that simplify direct employment (France & Germany)
- Exemption from employer contributions (France) or income taxation (Germany)
- VAT reductions (France)



The French Chèque Emploi Service Universel

- *CESU déclaratif*:
 - Declaration system, handling most administrative tasks (e.g. payroll records and social security contributions)
 - Can automatise the payment of wages, offering direct application of the French tax credit (CESU+)
- *CESU préfinancé*:
 - Work-life balance instrument paid for and distributed by employers (*CESU ressources humaines*) or a social benefit distributed by public authorities (*CESU social*)
 - Entitles to service work of a pre-defined value and can pay for work performed under *CESU déclaratif* employment



Household service policies can improve working conditions for domestic workers

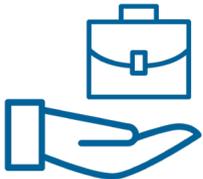
- Differences in working conditions across work arrangements
 - Households as employers: Potentially unaware of their status as legal employer and service workers sometimes partially exempt from social security coverage
 - Intermediary service providers: Full social security coverage and collective bargaining as well as better health and safety provisions
- Design features of tax credits or social vouchers can influence working conditions
 - Sweden and Belgium limit systems to intermediary service providers, Finland grants higher tax credit for intermediary employment vis-à-vis direct employment
 - In France and Germany encouragement of direct domestic employment through declarative systems

Formalisation approaches have shown a number of positive effects



Clear reductions in informality:

- Strongest in countries with generous fiscal support (e.g. France and Sweden)
- Less generous systems, like in Germany, generate no noticeable shifts to declared employment



Considerable employment effects in and outside of the non-care sector:

- Lower-skilled and unemployed face increased employment opportunities
- Higher-skilled women are able to increase their labour force participation



High costs, but sizeable earn-back effects:

- Reduced spending on unemployment benefits
- Increased public revenue through taxes and contributions



Further information



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