



Department
for Business
Innovation & Skills

UK non-paper on the sharing
economy

JULY 2015

Contents

UK non-paper on the sharing economy 3

 Supporting a competitive environment 4

 Making it easier for sharing businesses to understand and comply with rules 5

 Approaching the sharing economy with better regulation principles6

UK non-paper on the sharing economy

Sharing economy firms permeate different sectors, and their business models differ substantially, but they have one thing in common: they use online technology to help people share assets, resources, time and skills more efficiently. By helping providers and consumers connect, they create value, streamline commerce, and make accessing markets (and employment) easier.

There are strong opportunities for EU-owned platforms, but also for those individuals and businesses using platforms to connect efficiently with big markets, such as the homeowners listing over 40,000 properties in Paris. [PwC](#) estimated in 2014 that the sharing economy generated £9bn in global revenues, and would generate up to £230bn by 2025. The EU regulatory environment needs to make sure the EU can take its full share of the growth and employment on offer, whilst keeping users, business competition, and employees protected.

The EU needs to make sure that the regulatory environment helps the sharing economy deliver sustainable benefits for the whole of the EU – other businesses, consumers, employees and the self-employed. Sharing economy firms exploit new technologies, and sometimes they are constrained by – or confront – regulations designed without the internet in mind. We must not respond by tabling new regulation designed to protect the status quo, or to halt technological progress. We need a measured approach: putting a hold on reactive bans which don't recognise the reality of internet enabled commerce, and instead looking carefully at the new challenges posed by the sector. In the UK, the Government commissioned an independent [review of the sharing economy](#) from Debbie Wosskow, founder of a UK sharing-economy platform called [Love Home Swap](#), and continues to look closely to see where barriers to sharing economy growth can be tackled. The EU should similarly invite challenge to make sure its regulations across the EU are fit for purpose: protecting competition without harming innovation.

Supporting a competitive environment

The larger the 'regulatory gap' between new and traditional operators is, the greater the potential market fairness problem. This means we should look carefully at the regulation of traditional operators to ensure it is flexible, not burdensome, and minimises barriers to entry.

- The Commission must **enforce existing EU legislation** and infract MS who are disproportionately and therefore unlawfully imposing barriers to the free movement of services. The Commission should issue guidance on how the Services Directive should be applied proportionately to the sharing economy, and ramp up its enforcement on that basis. **Full implementation of the Services Directive** is one of the most important ways in which to close the 'regulatory gap' and ensure a level playing field. Removing barriers to the free movement of services would make more services markets open to innovative new approaches, generating benefits for providers and consumers.
- **Regulation produced in an era of traditional service sectors should also be reviewed** to ensure it is still fit for purpose in a digital age with instant communications, mobile technology and highly developed reviews and reputation systems.
- Any planned sector-specific Commission activity (such as on **tourism**) should foster a competitive environment that allows the industry to flourish, does not create barriers to innovation or new market entrants, delivers benefits for consumers, and streamlines regulations to decrease burdens on business.
- The Commission should use its **platforms assessment** to look carefully at sharing economy platforms, including the fairness of terms and conditions, data usage and exclusivity arrangements. It should examine both the benefits and issues arising from the growth of sharing economy platforms.

Making it easier for sharing businesses to understand and comply with rules

We need to explain more clearly and accessibly how sharing economy businesses can adhere to rules designed to protect consumers and employees.

- **Creating a Digital Single Gateway** in each MS would allow sharing economy participants to easily and quickly access the information and procedures they need – this should incorporate a **single digital process** for businesses to set up across the EU and connect to a **VAT mini-one-stop-shop** with an EU-wide threshold, so that peer-to-peer providers are treated proportionately.
- The Commission and MS should **consider adapting other recommendations** from the UK Sharing Economy Review, including ensuring procurement rules are sharing-friendly and working to make sure the private sector can use government tools (such as e-IDs,) to make business safer and more secure, while protecting individuals' privacy.
- **Insurance** is crucial to making the sharing economy work for everyone. In the UK, the British Insurance Brokers Association issued guidelines to the industry on providing insurance to sharing economy businesses. MS and the Commission should investigate EU-wide cooperation with the insurance industry to ensure sharing economy services providers have access to insurance and to increase clarity on questions of liability.

Approaching the sharing economy with better regulation principles

Evidence-based policy making is essential to encourage innovation and create growth.

- Where issues are identified, our starting point should be cooperation with sharing economy platforms and participants, beginning with thorough **stakeholder consultation**.
- Alternatives to regulation should be strongly considered, including **self-regulation, standards** and **kitemarks** (similar to the kitemark currently being developed by Sharing Economy UK), as the Commission committed to in its May better regulation Communication.
- The Commission must put **better regulation tools** into practice – subjecting all new EU proposals to an SME test and a Digital Test within independently scrutinised impact assessments to ensure they are fit for the purpose of regulating a fast-changing economy, including the sharing economy. It must make full use of evaluations and Fitness Checks to examine existing legislation and identify disproportionate burdens for removal.
- We must **share evidence** to evaluate the economic importance of the sharing economy, and share **best practice** on adapting domestic business environments. This should ensure regulation is proportionate, encourages innovation and disruption, and provides legal certainty. Commission guidance could also play a role here.



© Crown copyright 2015

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication available from www.gov.uk/bis

Contact us if you have any enquiries about this publication, including requests for alternative formats, at:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000
Email: enquiries@bis.gsi.gov.uk

BIS/15/434