

Summary of results of questionnaire on provision for self-employed

1. Do the self-employed participate in your country's main social security scheme (or in at least one of them where there are several)? YES 13 NO 0

2. Does your country have a separate social security scheme for the self-employed?
YES 4 NO 9

There is a separate scheme in Belgium, Finland, Italy and Spain

3. Are the self-employed covered for:

1) retirement pension YES 13 NO 0

2) disability benefits YES 12 NO 1 (not in NL)

3) maternity benefits YES 12 NO 1 (not in UK)

4) sickness benefits YES 10 NO 3 (not in IT,NL,UK)

5) accident at work benefits YES 7 NO 6 (not in BE,BU,NL,NO,CH,UK)

4. Are there different arrangements for different categories of self-employed? YES 5 NO 8

5. If there are different categories of self-employed please provide an overview of how they are defined

BE - Globally no, but there are certain specificities for certain categories of self-employed persons (as a principal, as a complement, ...) or for certain fields of activity (medical professions, etc.)

FI - There are two different categories, general self-employed and farmers.

GR - Those who are working full time are insured in OAEE, Those who are working part time, occasionally and have multiple employers are insured under a special regime

HU - Self employed may declare themselves as "Small income taxpayers" for taxation purposes if their annual income is below a limit. They pay reduced contributions to social security and gain proportionally lower rights in the pension system as a consequence.

IT - The categories of self-employed are: artisan/craftsman; retail trader, agricultural self-employed workers; self-employed workers paid with vouchers; semi-independent workers; professionals (e.g. lawyers)

ES - There are some differences between the self-employed agricultural workers and the rest of self-employed workers and the "self-employed economically dependent" or TRADE (when the self-employed worker receives more than 75% of the income from the same client.

UK - Generally not, but there are a few specialist groups with special provisions, such as share fishermen.

6. Is the pension eligibility age for the self-employed the same as for employees? YES 13 NO 0

7. Please provide a short summary of the provisions under which the self-employed participate in the relevant social security scheme (or schemes), particularly with regard to age retirement benefits.

BE - The right to a pension as self-employed has to be proved by the payment of contributions to a social insurance fund or pension fund (this is not a pension fund in terms of 2nd pillar pensions).

BU - The self-employed participate in the social security scheme with the same rights as employees. The main difference is related to the rates and base on which the social security contributions have to be made by them (the minimum required base is lower than the average salary for the country).

FI - Pension benefit rules (accrual rates, benefit types and age limits) are identical for self-employed, farmers and employees. In the past there were some differences between sectors (self-employed, private sector, public sector). These differences may still be reflected in accrued pension amounts, but accruals were harmonized in 2005. Pension benefits include: old age pension, partial old age pension, disability pension (full or half) and survivor's pension.

GR - In EFKA both categories they have exactly the same requirements for pension eligibility even though they accumulate retirement years with difficulty

HR - Pensions, health Insurance including benefits for sick leave (also maternity leave) and accident at work benefits

HU - Self-employed pay personal income tax and social security (pension and healthcare) contributions according to the income which they report for taxation purposes as salary from their business activity. This (monthly) amount represents the basis of their insured status in the social security pension and healthcare systems. The applicable retirement age rules are the same as for all insured: only women with 40 service years may retire early.

IT - Old-age pension (Pensione di vecchiaia)

A minimum qualifying period of 20 years of contributions is required.

During 2018 standard retirement age is as follows:

- self-employed, including those insured with the separate pension fund: 66 years + 7 months;

The retirement age will continue to be gradually increased based on the increase in life expectancy as per law n. 122/2010.

Early pension

When the self-employed has completed the contribution qualifying conditions of 42 years and 10 months for men and 41 years and 10 months for women he can claim for the early retirement pension at whatever age. The early pension contribution qualifying condition will continue to be gradually increased based on the increase in life expectancy as per Law No. 122/2010

NL - flat rate state pension (AOW) depending on the amount of years one has resided in The Netherlands

NO - Both self-employed and employed workers earn right in the public social security scheme. Roughly said the public scheme as a minimum amount and add on based on the amount public tax paid, where there is an upper limit on this add on.

ES - Most benefits for self-employed workers have been aligned (with some slight differences) to those received

SE - Social security in Sweden is based on the declaration of income that is sent to the tax authority. This includes disability, maternity, sickness, accident at work and public pension (pillar I) benefits. This is the same for self-employed and employees.

Self-employed have to save for their own occupational pension (pillar II).

CH - Years as a resident in Switzerland, indexed average salary, min and max annual pension by full insurance of CHF 14'100 resp. CHF 28'200 in 2017

UK - The UK contributory social security scheme is a flat-rate scheme under which the benefits are independent of earnings. The self-employed contribute through their self-assessment tax returns and must meet the same requirements as the employed in terms of number of years of contributions to qualify for a full pension (30 for those coming up to state pension age). However, they do not have access to unemployment benefit (other than means-tested welfare benefits) and have access to different benefits to the employed for sickness and maternity.

8. If the self-employed participate in the general social security scheme or in a separate scheme, how are their earnings defined

a) for the purposes of contributions?

Flat monetary contributions	2
Based on earnings or profit	9
Based on income from house	1
Individual selects earnings level	2

BE - The main principle is that the social contributions are calculated on the professional income of the year. In practice, this income is only officially established by the financial authorities (tax authorities) 1 or 2 years later. To overcome this, a provisional contribution is made based on the income of the year 3 years earlier. As soon as the income is communicated to the social insurance fund by the financial authorities, a regularization is made.

FI - General self-employed: A person her/himself determines a pensionable wage. This wage should be equal to wage paid to outsider with corresponding responsibilities. In practice a significant portion underestimates their wage. (Taxable earnings tend to be higher than pensionable wage). Contribution rate is approximately equal to general mandatory contribution (c. 24,4 %). There is a discount for new self-employed during four years. Farmers: Farm size gives a range in which a person can decide her/his pensionable wage. The contribution rate is lower than the general rate (approximately 13 %).

GR - there is though a minimum amount of about 117,2€ monthly

IT - Contributions are calculated as a percentage of the pensionable annual income with a lower and higher ceiling (minimum pensionable annual income for 2017 = € 15,548; maximum = € 100,324).

CH - in % of annual gross salary

UK - Provided that their taxable profits are more than GBP6,025 in the year, the self-employed pay a flat contribution of GBP148 a year and a contribution based on their taxable profits, which is 9% of profits in the band GBP8,164 to GBP45,000 and 2% of profits above GBP45,000. Taxable profits are as defined for tax purposes. At the simplest level this is gross earnings from self-employment less allowable expenses, but there are a variety of allowances which may be available to offset gross income.

b) For the purposes of pension entitlement?

Flat amount of benefit	2
Accumulation of contributions	3
Number of years as a resident	2
Career average of earnings/profits	4
Average of last few years' earnings/profits	0
Based on declared earnings	5

BE - The same income is used. Except for years prior to 1984 for which a fixed amount is used. A fictional income is used in periods of sickness, disability... The income of each year is adjusted to the evolution of the price index.

FI - Pensionable wage (see above) is a base of the pension.

GR - average incomes from 2002-

HR - Combination of pay as You go system (I pillar, defined by the average ratio of the salary and average salary for the whole period of contributions) and accumulation of contribution (II pillar)

HU - Career average of earnings from 1988 for those started working earlier; or after; Career average for the younger

IT - a hybrid system applies to persons insured as of 1/1/1996 whereby pension calculation is based on both "earnings" and "accumulated contribution"

9. If the self-employed do not participate in a social security scheme, what provision is made for them to gain entitlement to a retirement pension? N/A

GR - 360 euros monthly from 67 and over

10. Are the self-employed permitted to contribute to tax-efficient occupational or personal private pensions?
YES 13 NO 0

11. Please provide a summary of the private pension options available to the self-employed

BU - In Bulgaria everyone is able to use tax benefit making contribution to the private Voluntary Pension Funds up to 10% of the declared income. Additional 10% of the earnings could be used for life insurance contributions with the same tax advantages.

FI - Self-employed person may contribute to private pensions. Tax system is (according to my understanding) EET.

GR - occupational funds private insurance

HR - Contribution system, additional pension saving

HU - Same as for others: Open membership Voluntary Pension Funds (Act XCVI of 1993), Retirement Savings Accounts with banks and pension insurance policies are all tax sheltered Pillar III options open to any working age citizens in Hungary. The contributions/savings is paid from after-tax income. The States contribute to (credit on) the individual pension savings account 30% of the individual contribution up to HUF120,000. (about 400 euros).

IT - Supplementary pension funds most of them managed by private insurance companies.

NL - They can contribute in a 2nd pension fund for a maximum of 10 years if they have left the pension fund from being employed into self employment. There are also 3rd pillar options, collective or individual, at insurance companies or banks

ES - The self-employed can contribute to a private pension scheme just as any other citizen. It takes a form for Defined Contribution Plan, and the tax benefit is given through the reductions of the imposable base for the income tax, which can be reduced up to a limit of 8,000€ per year.

CH - Possibility of affiliation to the pension fund related with employment group if existing. Self-employed have the possibility of choosing an individual solution with an insurance company (pillar 3 instead of pillar 2). In that case, contributions on an individual basis, but max 20% of annual salary or CHF 33'840 in 2017

UK - The self-employed may contribute to a personal pension (Pillar 3), out of pre-tax profits and enjoy access to pooled investment funds and tax-free build-up of investments to retirement age. There is a maximum 'annual allowance' that can be contributed each year and the total accumulated sum at retirement is subject to a 'lifetime allowance' above which higher taxes will become payable. For accumulated amounts below the lifetime allowance the individual may take 25% as a tax-free lump sum and the rest, which is taxable at the individual's marginal rate in the year in which the income is drawn, can be used to buy an annuity, taken as a series of lump sums or invested in a drawdown contract to be drawn down at will for as long as the money lasts out.

12. The ILO defines "non-standard employment" as follows: "Non-standard forms of employment" is an umbrella term for different employment arrangements that deviate from standard employment. They include temporary employment; part-time and on-call work; temporary agency work and other multiparty employment relationships; as well as disguised employment and dependent self-employment. In your country how are those with non-standard forms of employment treated for social security?

As employees	8
As self-employed	4
As a special category	2
In different ways according to contracts	5
Not covered	0

HU - Service period calculated proportionally to full time employment (basically 40 hours a week)

IT - Occasional business relationship on a sub-contracting basis are assimilated to self-employment whereas continued collaboration and repeated work relationship with the same sub-contractor are assimilated to employment.

NL - I find it difficult to understand the disguised employment and dependent employment. Part-time work, temporary work and on-call work are usually arranged with employment contracts.

ES - All types of employment (i.e. temporary, part-time, temporary agency work, etc.) are covered by the general Social Security for employees, if they work for somebody else. Self-employed will be considered any person who carries out, in a regular, personal and direct manner, an economic activity for profit, without being subject to a contract of employment, and even if he sometimes uses the remunerated service of other persons. Self employed are covered in the General Social Security System as well as in a special regime.

CH - Special rules with objective of covering these persons

UK - This is an area of controversy and some continuing litigation

13. Further comments. If you can tell us anything else about how the self-employed get access to social protection which might be helpful for understanding better the situation in your country, please add your comments below:

IT - question 4.

The main legislation defining the special schemes for self-employed include the following:

- social security coverage for independent farmers, colonists and sharecroppers (law of 27 October 1957, no.1047)
- social security coverage for craftspeople (law of 4 July 1959, no. 463);
- social security coverage for tradespeople (law of 22 July 1966, no. 613)

As amended with a major reform law of 2 August 1990, no. 233 providing for new measures applying to self-employed pensions whereby yearly contributions to be paid are a percentage of the annual produced income with both a lower and higher ceiling, thus linking pension calculation to the annual business income.

The two pension systems for employees and self-employed including the three major risks of disability, old-age, survivors' benefits, was further reformed with law of 1 August 1995, no. 335 in a way that the two systems currently coexist. Law no. 335/1995 also introduced the separate pension scheme for other groups of self-employed (see below).

Different categories of self-employed are those registered with the separate pension scheme as per art. 2, par. 26 of law no. 335/1995 and pay social security contributions into the INPS Gestione Separata, namely:

- Occasional business relationship as self-employed (as per law no. 326/2003) whose annual income is above € 5,000 (co.co.co.) as opposed to continued collaboration and project workers (co.co.pro.: collaborazioni coordinate a progetto) who are still registered with the separate pension scheme but are assimilated to employees given the repeated work relationship on a sub-contracting basis;
- Door-to-door sellers whose annual income is above € 5,000 (co.co.co.)
- Administrators, statutory auditors, companies associations and other bodies' auditors, with or without legal status, company liquidators;
- Associates of newspapers, magazines, encyclopaedia and the like;

- Board and commission fellow members;
- Professionals who do not have a private ad hoc scheme (Cassa professionale), that is a specific fund to pay contributions into, are to be registered with the separate pension scheme and have a VAT registration number (they pay 25.72% of their pensionable annual income).

Besides this, private ad hoc schemes exist for a certain number of liberal professions (Casse dei libero professionisti).

question 5.

Differences in both retirement age and insurance record conditions between employees and self-employed are being phased out in view of entitlement to both the old age and the early pension.

As from 2018 age qualifying conditions will be the same.

CH - Answers based on social security except for Q 12, 13 and 14 (pillar 2/3 for these questions)

UK - The self-employed are brought within the social security system to the extent that they prepare self-assessment returns to the tax authorities. Under-declared taxable profits may result in self-employed persons paying less than they should in social security contributions (and in tax) but that is a problem for the tax authorities and provided they pay some contributions they will gain entitlement to retirement benefits.

Chris Daykin
14 September 2017

Annex

Countries included in summary

Belgium
Bulgaria
Croatia
Finland
Greece
Hungary
Italy
Netherlands
Norway
Spain
Sweden
Switzerland
United Kingdom