



International
Labour
Office

DOMESTIC WORK POLICY BRIEF

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Formalizing domestic work

1. Introduction

Over half the world's workforce is estimated to be in the informal economy. While informality and many of its causes affect sectors across national economies, informal employment may be concentrated in particular sectors, with sector-specific forms and drivers. Domestic work is one such sector: it is characterised by a high incidence of informal arrangements and contributes significantly to informality, especially among women. The ILO estimates that there are 67 million domestic workers, aged 15 years and older, worldwide (ILO, 2015c). 50 million of these are estimated to be in informal employment, making it one of the sectors with the highest share of informal employment. Domestic work is also a sector that is poised to grow: with the aging of the population, continually increasing rates of female labour participation, and a preference for home-based care for the elderly and chronically ill (Eurofound, 2013), families are increasingly turning to domestic workers to care for their homes, children, and ageing relatives.

Domestic work has three particular characteristics within the informal economy: the employment relationship takes place within the private sphere, the household; it can be blurred or disguised by social norms and highly personalised contexts; and it falls outside the

conventional regulatory frameworks of many countries. Recommendation 204 calls on Member States to pay special attention to domestic workers, as one group that is especially vulnerable to the most serious decent work deficits in the informal economy (para 7i). This policy brief explains the principle drivers of formality and informality in the domestic work sector, and presents country-level approaches to formalizing domestic work, including punitive and enabling measures.

2. Dimensions and drivers of informality in domestic workers

Informal employment takes diverse forms, and the criteria used by governments to define and identify informal jobs or workers also varies. According to the International Conference of Labour Statisticians (17th ICLS), waged workers are considered to be in an informal employment relationship if their employment, in law or in practice, is: not regulated by national labour legislation, not covered by social security, not subject to income taxation, or if it does not provide access to certain employment benefits (ILO, 2002; ILO, 2003).¹ Most often, it is defined as the absence of employment related social security, and sometimes together with a lack of annual paid leave or paid sick leave.

¹ *Own account workers, employers and members of producers' cooperatives are considered to have an informal job if the production unit is informal. All contributing (unpaid) family workers are considered to have informal jobs. Activities of persons engaged in the production of goods for own final use, are also considered informal jobs. Note that the ILO defines the broader informal economy as consisting of "all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements."* (ILO, 2002: Para. 3). It encompasses a wide diversity of enterprises, jobs and types of workers. The *Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)* recognizes the diversity of the informal economy across member States, and recommends that the competent authority should identify the nature and extent of the informal economy, as described in the document.

Box 1.

Recommendation 204 explicitly includes workers in unrecognized or unregulated employment relationships in its scope, and includes among its strategies of formalization, the need to put in place appropriate mechanisms to ensure compliance with national laws and regulations, including but not limited to ensuring recognition and enforcement of employment relationships (para 26).

The recognition of the existence of an employment relationship is thus critical. It is through this relationship that workers and employers gain access to the regulations meant to protect their respective rights. In domestic work, the employer may be a private individual or household that directly employs a domestic worker, or may be an organization (private or public, for profit or not), which then sells the services of domestic workers by deploying them to private households. In the first employment model, the private household is both employer and consumer of the outputs of the tasks performed by domestic workers. In the second model, the private household is only a consumer whose contractual relationship is with the service-providing organisation, although the workplace continues to be the private home.

In some triangular employment arrangements (involving a domestic worker, a household and an agency or third party service provider), it may not be so clear who bears the employer obligations towards the domestic worker. The householder may give the instructions to the worker and control the performance of duties, but the agency issues the paychecks and pays the social security contributions. Such arrangements may make it necessary to test where the employer obligations reside. The direct employment model may also disguise the existence of an employment relationship due to the prevalence of informal practices and influence of social norms.

The drivers of formalization and informalization of employment in the domestic work sector may be grouped into four themes: labour regulations, social insurance, other labour market institutions, and social norms.

2.1. Labour regulatory frameworks

Exclusion from, or falling outside the scope of regulatory frameworks (including labour and labour migration laws and policies, as well as enforcement agencies such the labour inspectorate, grievance and dispute settlement machinery), is a key driver of informality. Depending on their design, these regulations and institutions may facilitate and encourage (incentivise), or hamper and discourage, formal or informal practices. ILO research has established that only 10 per cent of domestic workers are

covered by general labour legislation to the same extent as other workers (ILO, 2013).

In some cases, national labour regulations cover domestic workers generally, but exclude particular sub-groups of domestic workers. In the USA, under the 2013 Department of Labor regulations, live-in homecare workers who are privately paid by employing households are excluded from federal overtime protection (Goldberg, 2015). More often, non-standard employment arrangements (such as casual and part-time domestic workers, workers with multiple employers) are not easily reconciled with the provisions of national labour regulations. In Brazil, the jurisprudence current in 2015 was that domestic workers who work two days or less for a household do not have an employment relationship with said employer, and thus are not entitled to social insurance (although Enabling Law 150 is silent on this) (IPEA, 2015).

Conversely, the diversity of employment arrangements is sometimes fully recognized and covered by regulations. In the Swiss Canton of Geneva, the standard contract defines 'workers in the domestic economy' as both full-time and part-time workers, employed regularly or occasionally according to an agreed schedule, which might be hourly, half day, full day or weekly. The legislation of Uruguay on domestic work (Act No. 18.065, section 1) and of Burkina Faso (Decree No. 77-311PRES/FPT of 17 August 1997) recognise that a domestic worker may have multiple employers.

Informality may also be driven by weak enforcement institutions. Indeed, labour inspectorates often face resource constraints even for the formal sector, let alone to conduct visits to private households. Moreover, access to households may be limited, due to the privacy of the household; although several countries have developed ways to overcome these obstacles (see part 3.2 of this brief).

2.2. Social insurance schemes

Domestic workers may be covered by legislation on working conditions but not by social insurance. Entitlement to social insurance may be provided for within labour or social security laws, which define the terms of coverage for domestic workers. These may include minimum thresholds with regard to the length of employment, minimum hours of work, or minimum earnings, which may exclude some categories of domestic workers who do not reach these thresholds. The legislation usually also sets out further parameters, such as the level of contributions and the portability of benefits. Decisions of employers and workers on whether or not to comply with the legislation are also influenced by their awareness about rights and obligations, the accessibility of administrative procedures (registration, payment of contributions), and the credibility and efficiency of the system.

Table 1: Dimensions and indicators of informality-formality of employment in domestic work

Dimensions	Indicators	Informality	Formality
Labour rights legal framework	i) Legal recognition of employee status with associated entitlements as an employee	Not recognized by law; or partly recognized	Recognized and governed by law
Social security rights legal framework ²	ii) Legal recognition of social security coverage of domestic workers ³ Note. Exclusions may still occur due to differences in entry and eligibility requirements (for example in case of exclusion of some categories of part-time workers, those with multiple employers, or those who work less than a certain number of hours per employer).	Not recognized by law	Recognized and covered by law
Declaration & registration with public authorities (social and administrative units, depending on national regulatory system ⁴	i) Social security registration	Not registered	Registered
	ii) Payment of contributions to the social security system	Not paying	Paid
	iii) Registration with administrative unit (depends on national regulations)	Not registered; undeclared work	Declared work
Formal employment practices	i) Employment contract with terms of employment (tasks, wage, hours)	No agreement	Oral or written agreement
	ii) Record of payment; payslip	No Payslip	Payslip

Certain design elements of social security schemes may indirectly exclude particular categories of domestic workers. For example, social security eligibility requirements and contribution structures might be appropriate for workers with single employers or who are employed on a full-time basis, but not for workers with multiple employers or for

employers with part-time workers. For migrant workers who do not have permanent residency or regular status, affiliation to social security in the host country, even if permitted by law, may not be worthwhile or too costly if this is not portable.⁵

² While acknowledging that the terms “social protection” and “social security” are used in different ways in different national contexts, for the purposes of this report, the term social security will be used, and refers to employment-linked contributory social security instruments, namely, social insurance (for a full glossary of terms, see ILO, 2014: 161).

³ Measuring social security coverage is complex with its own methodologies. For the purposes of this report, social security will be dealt not in its entirety, but primarily as an indicator of informality/formality. While this may mask variations in the scope, extent and level of coverage, it serves the purpose of explaining how social security fits within the framework of formalization. The report will also cover issues of effective social security coverage, which is usually lower than legal coverage because of non-compliance, problems with enforcement of legal provisions, or other deviations of actual policies from the text of the legislation, each of which act as their own drivers of informalization (see ILO, 2014: 165-168).

⁴ In countries where domestic workers are legally entitled to social security coverage, a proportion of them might not be actually registered with social security and/or may not be active social security members due to non-payment/non-remittance of contributions by their employers or by themselves; thus their employment is informal on this indicator.

⁵ In the case of Switzerland, foreign workers without a regular residence permit are allowed to be paid through Chèque Service, which grants them all the corresponding entitlements. However, such a system deters migrant workers from declaring the full amount of hours worked as the risk of deportation does not guarantee them the receipt of the accumulated benefits. (Tomei, 2011).

Box 2: Regulatory frameworks in relation to domestic workers

Possible issues:

- Total or partial exclusion from labour and social security coverage
- Partial exclusion of certain categories of domestic workers
- Weak enforcement institutions, inadequate capacities; ineffective or unsuitable procedures; no accessible mechanisms for receiving and addressing complaints from employers or workers; no accessible procedures for resolving grievances and disputes
- Weak or no measures to inform the public about the

regulations, or facilitate compliance.

Potential constraints and disincentives:

- Complicated and time-consuming procedures for compliance; high transaction costs
- Compliance is seen as costly – unaffordable contributions to social security, social charges, legal minimum wage.
- Public administration is unfamiliar or threatening for households and/or workers.
- Lack of confidence in social security institution
- Public mistrust in enforcement agencies and their officers

Box 3: Aspects of social insurance that can engender informality

- Voluntary coverage, which can burden domestic workers with the difficult task of convincing their employers to register them.
- Coverage limited to fulltime workers, excluding part-time, hourly or daily workers.
- Restrictive definition of domestic work in legislation, which can exclude certain occupations within domestic work.
- Exclusion resulting from the characteristics of domestic work, setting differentiated access conditions for domestic workers, such as placing a minimum threshold of earnings or hours worked with a single employer to access some social security benefits.
- Contribution rates equal to those of other occupational categories. Although they seek the same coverage as other workers, domestic workers often have low contributory capacity.
- Complexity of administrative procedures that are costly or difficult to understand act as disincentives to registration.
- Inadequacy of administrative mechanisms for registration and receiving benefits can exclude domestic workers from access to social security when they fail to cover workers who work on an hourly basis, who have more than one employer, or who work abroad.
- Benefits under the responsibility of employers.
- Lack of information and organization. The atomized nature of the workforce makes it difficult for individual workers to meet and exchange information on rights and entitlements.

Adapted from ILO. 2016. Social protection for domestic workers. Key policy trends and statistics.

Social Protection Department, Social Protection Policy Papers No. 16 (Geneva).

2.3. Other labour market institutions

Other institutions can promote or impede formality: i) private and public agencies that recruit and place domestic workers; enterprises, government agencies and non-profit organizations that directly provide households and individuals in their homes with personal care (such as home-based elderly care) and household services (such as cleaning); and ii) domestic workers' organizations and trade unions, and organizations of employers of domestic workers and national employers' organizations that represent the interests of the domestic work sector in social dialogue.

In the case of cross-border agencies, when they are formal, legal entities, regulated by national governments,

they can engender formal employment practices, such as written contracts and official registration of workers at points of departure or entry of migration corridors. However, regulations governing their operation can be so complex (on top of complex immigration rules) and compliance so difficult and costly that agencies, workers and/or employers resort to irregular channels, practices and migration status (Fudge, 2011; Fudge, 2012; Gallotti and Mertens, 2013). Illegal and unethical practices are also known to be common, which can channel migrant domestic workers into exploitative and abusive labour conditions, and forced labour.

In multiemployer relationships, problems arise when there is a lack of clarity in the employment relationship, and over which party (the agency or the private household) carries the employer obligations. Similar challenges occur when

domestic workers are considered as independent, own-account service providers, when, in fact, they provide only their labour and are in dependent, hierarchical relationships vis-à-vis the agency, the household, or both.

Organizations and collective initiatives of domestic workers, within and outside the trade union movement, exist across the world (ILO, 2012a; Hobden, 2015).⁶ Many are behind processes of legal reforms extending coverage to domestic workers, raise awareness about rights and responsibilities, and assist in the implementation of labour and social protections. Employers' organizations also exist in some countries and facilitate formalization through awareness raising and promotion of compliance.

In France, Italy and Uruguay, collective agreements, negotiated by organizations representing domestic workers and employers of domestic workers, set the terms and conditions of employment for the sector. For example in France, the Fédération des Particuliers Employeurs (FEPEM) represents the interests of its members vis-à-vis government and trade unions, including through collective bargaining on terms and conditions of employment of domestic workers (ILO 2015).

2.4. Social dimensions

Certain norms, values, traditions, attitudes and perceptions influence employment relationships in the sector. Employers may think of the worker as an extension of the family, rather than as a worker. Heads and members are generally unfamiliar with labour laws and regulations, and with administrative authorities. Drawing up employment contracts, registering with social security, complying with administrative requirements, and calculating social security contributions are often complex procedures that are difficult to apply. Since the workplace is the private home, conditions of employment of domestic workers are "invisible" to the public, and non-compliance with formal rules could go undetected or ignored. As a result, a majority of domestic work is still kept off books (Farvaque, 2013).

Interactions between the worker and members of the household take place in close proximity, and tend to be highly personalised. Because of the low social status of domestic work, individuals who perform paid domestic work tend to come from groups that face discrimination and inequality on grounds of sex, ethnicity, race and nationality, further reinforcing the social stigma of domestic work. Poverty, lack of employment options, unequal access to available formal jobs for lack of education, skills and resources, and discrimination in the job market, push many to take on low-paying, precarious jobs in domestic work. Labour legislation that sets lower wages and benefits for jobs in domestic

work as compared to other jobs reflects and reinforces the low valuation of domestic work.

3. Approaches to formalization

3.1. Extending scope of law

Extending the scope of labour legislation and social security to cover domestic workers defines the rights and obligations of the employment relationship. Within five years of the adoption of the Domestic Workers Convention No. 189 and Recommendation No. 201 in June 2011, some 50 countries have adopted policy, legislative and institutional reforms aimed at extending labour and social protections to domestic workers, and improving working conditions. Some of these reforms are comprehensive, addressing all domestic workers in an employment relationship, and many aspects of the terms and conditions of employment. Recent examples are the Royal Decree 1602/2011 and Ley 27/2011 on social security of Spain passed in 2011, the Domestic Workers Act signed into law in January 2013 in the Philippines, and the law passed in Argentina in March 2013. Others have introduced or reformed labour standards in one or several aspects of the conditions of employment, such as remuneration or working time. For instance, in Chile, in 2014, the labour law was reformed to limit working time of live-in domestic workers;⁷ in Singapore, in 2013, domestic workers were granted a weekly rest day; and in Thailand, in 2012, a Ministerial Order was adopted that provides paid annual leave, paid holidays, and weekly rest to domestic workers. These measures reinforce the legal recognition of jobs in domestic work as work like any other, involving an employment relationship under State surveillance, not a private matter.

In several European countries, special laws have been adopted to address jobs that fall short of the standard forms of employment that are entitled to full employment and social benefits. These special legal regimes aim to encourage employers and/or workers to declare these jobs by reducing the cost of declaration (for example, through income tax exemption and reduced social security premium) and guaranteeing workers a minimum wage or minimum social benefits. The secondary aim of some of these schemes is to encourage employment of the unemployed and economically inactive persons (such as students or housewives). For example, in Slovenia in the 2000s, a new employment category called "small work" was created for workers who were not participating in full-time employment, i.e. working up to a maximum of 20 hours a week or 40 hours a month with a wage not exceeding 50 per cent of minimum wage. It exempted the employer from drawing up a contract as long as he registered the employee for social

⁶ See also the website of the International Federation of Domestic Workers (IDWF): www.idwfed.org.

⁷ In September 2014, the Chilean Commission of Labour approved a bill of rights for domestic workers and the ratification of the ILO Domestic Workers Convention No. 189. The bill of rights provides important legislation for domestic workers in Chile, for example the reduction of weekly working hours from 75 to 45 as well as Saturday and Sunday as obligatory rest periods.

security and wage-related contributions, and reduced the cost of health and pension contributions, which was covered by the Employment Service instead. About 15% of workers registered through this scheme were domestic workers (Eurofound, 2009b).

Recognizing that migrants can fulfil the demand for domestic services, some countries have formalized these workers through regularization drives. In 2009, Italy carried out a regularization campaign in response to high demand for domestic services (despite the economic crisis), to prevent the imposition of serious legal sanctions on a large number of families employing irregular domestic workers.⁸ Under this campaign, 61 per cent of housekeepers or babysitters, and 39 per cent of family assistants were regularised.

3.2. Deterrent approach

Recommendation No. 204 recommends Member States to “prevent and sanction deliberate avoidance of, or exit from, the formal economy for the purpose of evading taxation and the application of social and labour laws and regulations” (Para 7(l)).

Standard government measures include labour and social security inspections, complaints mechanisms, and dispute settlement systems. Several countries have adapted these to the particularities of the domestic work sector. In the Western Cape of South Africa, so as not to violate the privacy of the household, labour inspectors can summon employers and domestic workers in neutral places for interviews. The National Employment Rights Agency (NERA) of Ireland has piloted a method of sending written requests to employers to give the labour inspector access to the household when a visit takes place. If refused, the employer has to provide an alternative place for the meeting. In Ecuador, ex officio action, such as the organization of blitz visits to selected neighbourhoods, is organized to identify abuses, particularly undeclared domestic work (ILO, 2015b).

Criminal sanctions typically imposed on criminal cases, or cases of forced labour (ILO, 2012b) can also be imposed for violations of labour regulations. In Uruguay, a specialized section was established to monitor compliance with Law No. 18.065, which establishes that household inspections can be conducted with a warrant in the face of a presumption of non-compliance of labour or social security law (ILO, 2015b.) South Africa and Singapore have taken

measures to allow penalties to be directed to the household (employer) or its members, or to the recruitment agencies infringing the law, including the prohibition of agencies engaging in fraudulent practices and abuses (ILO, 2016).

In the EU in recent years, administrative and criminal sanctions have increasingly been used to address undeclared work.⁹ In Hungary, for example, a penalty exists for non-compliance with the declaration of domestic work under Act XC. To detect undeclared work, in Belgium, a portal to crosscheck data about a worker’s nationality, immigration status and registration for social security and tax purposes is available to the labour inspectorate work. In this regard, the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) has stressed that the functions of labour inspectorates are intended to secure workers’ rights under relevant laws rather than concerning themselves with the lawful nature of their employment, and that workers should not be excluded from protection on account of their irregular employment status (ILO, 2015b).¹⁰

3.3. Enabling approach

The enabling approach focuses on removing barriers to the formalization of jobs and strengthening the benefits of formal jobs, thus encouraging compliance. This approach includes three types of strategies: (i) information dissemination and awareness-raising about regulations and the importance of compliance; (ii) reduction of the financial costs entailed in formal arrangements; and (iii) simplification of procedures to cut transaction costs.

Information dissemination

Awareness-raising campaigns, hotlines, and call centres are among the most common options of labour inspectorates to promote compliance in domestic work (ILO, 2015b: 30-31). New York State’s Domestic Workers’ Bill of Rights (passed in 2010) contains a state obligation to plan and implement an outreach strategy, which has come to include working closely with community groups and organisations, and employing varied communication channels.¹¹

Domestic workers’ organizations raise awareness through information materials and radio programmes, phone messaging, social media, and area-based fairs.¹² Employers’ organizations participate in the fairs in Uruguay and Bolivia, for example, and some have detailed webpages, such as

⁸ A new law making irregular stays a criminal offence and introducing harsh sanctions for employers of irregular workers.

⁹ Sanctions for employers accepting workers from third countries with irregular status have become stricter as an effect of EU Directive 2009/52, covering all activities that are or ought to be remunerated, undertaken for or under the direction and/or supervision of an employer, irrespective of the legal relationship. In most countries, the use of irregular migrant workers creates criminal responsibility both for employers and undeclared migrant workers. It should be noted that sanctions do not mean disregard for migrant workers’ rights, for example, an employer should be required to pay to the third country national any outstanding remuneration for the work undertaken, any outstanding taxes, and social security contributions (ILO, 2013).

¹⁰ Taken from 2008 observation on the application of Labour Inspection Convention, 1947 (No. 81) in France as well as the 2006 General Survey on Labour Inspection (para. 150).

¹¹ Department of Labor, State of New York, Domestic Workers’ Bill of Rights, <https://labor.ny.gov/legal/domestic-workers-bill-of-rights.shtm>.

¹² Examples are: fairs in La Paz and other regional centres of Bolivia conducted by FENATRAHOB; the “Dada Jitambue» campaign by the Conservation, Hotel, Domestic and Allied Workers (CHODAWU) of Mainland Tanzania in 2014-15

that of FEPEM (France),¹³ and the Liga de Amas de Casa of Uruguay.¹⁴ In Uruguay, labour inspectors also carried out information dissemination through household visits, providing advice to promote compliance.

Reducing costs, increasing financial incentives

Cost is a major barrier to formalization, for both workers and employers. If the perceived cost of formal arrangements is lower than the cost of informal arrangements, formal employment may be more attractive.

Income tax reductions or tax credits, VAT reduction (for company service providers), wage subsidies, reduced social security contributions, and exemptions are some of the instruments that have been used to reduce the cost or enhance the benefits of formal arrangements. The target recipients may be private households, enterprises, or workers. Incentives can be limited to those who meet certain criteria, for example, households of a set income level, individuals over the age of 65, or domestic workers working below a certain number of working hours. They can also be limited to specific tasks, such as only household or only personal care.

The most common types of incentives are income tax deductions or credits for households that employ domestic workers or pay for domestic services (such as in Belgium, Denmark, Finland, France, Germany, Italy, and Sweden). France and the Netherlands reduce the VAT charges on domestic services provided by enterprises. France and Germany offer reductions or exemptions from social security contributions for domestic workers or employers. Levels vary and a cap on the amount of deduction may be set: France and Sweden allow 50 per cent of the cost of services to be deducted from income tax (Farvaque, 2013). In Finland, households can deduct 45 per cent of the VAT-inclusive total cost of services with a ceiling of 2,400 euros from taxable income for services such as cleaning, home repairs, or eldercare or childcare, provided by either a formal enterprise, a self-employed independent contractor, or an individual worker under an employment contract (Eurofound, 2009a).¹⁵

To support particular groups of employers, the Titres-Services of Belgium allows single-parent families, disabled people, parents with children with disabilities, and elderly people who are receiving dependency allowances to purchase up to 2000 vouchers per year at a reduced rate. Each single “titre-service” unit is entitled to a tax deduction.¹⁶

Financial incentives may also be directed to specific jobs, such as occasional and casual jobs. In Brazil, under Law No. 11.324 of 2006, employers of domestic workers were eligible for tax benefits, provided they could prove the regularity of their workers in the social security system (Tomei, 2011). The amount paid by the employer towards the domestic worker’s social security contribution could be deducted from their income tax, according to the limits set by law, up to an amount of R \$ 1,078.08 (BRL), including 13th salary and holiday.

Measures to reduce the VAT charges to enterprises that employ domestic workers and deploy them to households promotes their role as employers and service providers, and reduces the final price of domestic work for household. In Belgium,¹⁷ households can obtain a Titres-Services voucher from registered companies, through which the companies receive a government subsidy and households qualify for a tax deduction. The subsidy consists of the difference between the minimum hourly wage the company is obligated to pay the domestic worker, and the price of an hour’s voucher paid by the private household (EFSI, 2013: 30).

Measures aiming to reduce costs for the worker have included reducing levels of social security contribution and income tax, resulting in higher “take home pay” (although they may also imply fewer benefits) (ILO, 2016).

Simplification measures and service vouchers

Complex, long bureaucratic procedures mean big transaction costs for employers and workers, are not easily accessible for low literacy populations, and discourage those unfamiliar with administrative offices. Simplifying administrative procedures is an important way of helping and motivating parties to comply with regulations and formalize their employment arrangements.

Some countries have simplified registration and payment systems. In Luxembourg the employer paid the net wage to the domestic worker, filled in a single declaration, and sent it to the social security institution (CCSS), which directly calculated the gross salary and collected the contribution from the employer. Every month, a declaration would be sent to both parties with information of what has been paid (ILO, 2013). In Hungary, most important transactions can be conducted by SMS, including declaration of the compulsory work contract (which can also be registered electronically via the so called client gate system) (Eurofound, 2013a).¹⁸

¹³ Fédération des Particuliers Employeurs de France <http://www.fepem.fr/accueil>.

¹⁴ <http://www.facebook.com/pages/Liga-de-Amas-de-Casa-del-Uruguay/444290175639449>

¹⁵ See also Finnish Tax Administration Website: [https://www.vero.fi/en-US/Individuals/Deductions/Deductions_you_must_claim\(35230\)](https://www.vero.fi/en-US/Individuals/Deductions/Deductions_you_must_claim(35230))

¹⁶ <http://www.titres-services-onem.be/utilisateurs/avantages-fiscaux/> (Accessed on 6/08/2016).

¹⁷ Information on Belgium was drawn from several sources: Farvaque, 2013; EFSI, 2013; and <http://www.titres-services-onem.be> (accessed several times in 2015 and 6 August 2016). The information provided illustrates the functioning of the system at a particular point in time. Aspects of the system may have changed since the time of these writings.

¹⁸ The Simplified Employment Act was introduced on 1 August 2010 and amended on 29 December 2011. See <http://www.eurofound.europa.eu/observatories/emcc/case-studies/tackling-undeclared-work-in-europe/simplified-employment-act-hungary>.

The employer pays a flat rate daily tax regardless of hours worked and actual wage paid. Notification, reporting and payment obligations can all be fulfilled by entering codes into a text message or into the internet-based client gate system.

Countries have also simplified compliance by developing model contracts, payslips and guides on how to conclude an employment contract and calculate social contributions. These can be found on the sites of the labour ministries (see for example Colombia, Portugal, South Africa, Uruguay, among many others).

A growing number of countries use vouchers, which facilitate the formal declaration of a job or worker, ensuring payment of social security contributions; work to channel subsidies or other fiscal incentives to the target populations, thus promoting people's use of these services; and which can also guarantee the domestic worker the stipulated minimum wage and social security coverage.

Under the Chèque Service voucher system in the Canton of Geneva, the household pays the net salary to the worker and communicates the salary paid to the Chèque Service, while disbursing an advance on the social security charges. Social charges are calculated and deducted automatically from the advance, and an annual wage statement is issued to the worker in accordance with a standard employment contract applicable to the sector.

In France, two kinds of Chèque emploi service universel (CESU) simplify hiring procedures and reduce the cost of a range of personal and household services. The CESU déclaratif offers households a 50 per cent tax deduction or credit, capped at various levels depending on household type, and deducts social security contributions automatically. The CESU préfinancé is a cheque that companies and work councils can give to their employees, as a non-monetary bonus to pay for domestic services, or that local authorities and social insurance funds can distribute to people in need, such as senior citizens, persons requiring nursing care, or disabled persons. Companies using the CESU benefit from exemptions from social security contributions, deductibility of charge and tax credit.

4. Conclusion

Domestic work is a highly informal sector wrought with decent work deficits, and one that contributes significantly to informal employment among employees, notably among women. There is good reason to make it a priority in formalization policies. The current brief has demonstrated the various ways in which countries promote formalization of domestic work using sectoral approaches.

In order to be effective, such policies have included extension of labour and social protections as a fundamental step. In this respect, it is critical to recognize and identify an employment relationship in each of the employment models - domestic workers directly hired by households, those who have multiple employers, those who are relatives of the householders, and those in which an agency and private household have unclear obligations towards the worker. Government strategies have also included (i) setting up appropriate mechanisms to implement, monitor compliance with, and enforce the law; (ii) designing efficient systems to register domestic workers; (iii) training government staff in new mandates and (iv) fostering a commitment among the target population to comply with the new standards.

Incentives of formal arrangements must outweigh the benefits of informal employment. Countries have used a combination of deterrent and enabling approaches to this end. Deterrent approaches have included labour inspection, complaints mechanisms, dispute settlement systems, as well as a range of advisory and support services to assist parties to the employment relationship. These systems have been adapted to the domestic work sector, with positive results.

Enabling approaches focus on removing barriers to formalization of jobs, ensuring worker and employer awareness, and increasing the benefits of formal sector work. Income tax deductions or tax credits, VAT reductions (for company service providers), wage subsidies, lower social security contributions and exemptions have played key roles in formalizing domestic work. Simplification of procedures is another method, which takes into account that time-consuming bureaucratic procedures also mean high transaction costs for employers and workers, and which has fewer budget implications than subsidies and tax deductions. Methods under the enabling approach tend to be more effective when packaged with simplification procedures.

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Inclusive Labour Markets,
Labour Relations and
Working Conditions Branch
(INWORK)

International Labour Office
Route des Morillons 4
1211 Geneva 22
Switzerland

Tel. +41 22 799 67 54
Fax. +41 22 799 84 51
inwork@ilo.org
www.ilo.org/inwork