

Personal and household services in Belgium

Fact Sheet

Since 1999, **local services** are recognised as a major stake in terms of employment. They are defined as activities creating jobs with the aim of fulfilling individual or family needs in the framework of daily living (housework, childcare, home help for the elderly, ill or disabled people. Public support materializes mainly through the “*Titres-services/Dienstencheques*” vouchers.

The “*Titres-services/Dienstencheques*” vouchers

- Introduced in 2001, the scheme enables private individuals to benefit from domestic help by using services voucher. Each voucher costs **€8,50** and entitles to **one hour** of domestic help.
- The domestic services eligible through the system are : housecleaning, laundry and ironing, sewing, meal preparation and transport for less mobile people. They can only be carried out by employees working for a company recognized as a services voucher company.
- The registered company receives a government subsidy of €13.22 per voucher on top of the €8.50 paid by users. Thus, the total exchange value of a services voucher is **€21.72**.
- Services vouchers’ workers enjoy the same benefits that an employee with a classic work contract, a salary based on the scales in force, and comprehensive social insurance against accidents.
- There is currently a debate on the regionalization of the “*Titres-services/Dienstencheques*” scheme.

General figures

- **17% of Belgian household** used services vouchers in 2011, that is to say 834 959 users. It represents a 10% increase compared with 2010.

- 105 273 001 “*Titres-services/Dienstencheques*” vouchers were reimbursed in 2011.
- In 2011, there was **2 708 services voucher companies**.
- There was **149 827 workers** in the services vouchers scheme in 2011. The Belgian National Office of Social Security estimates that there was more than **63 454 FTE jobs** in the sector in 2012.
- The gross cost of intervention of the system was **€ 1.655,3 millions in 2011** for public finance.
- **Direct and indirect earn-back effects** reduces the price of the system by **45%** :
 - direct earn back effects amount to € 655 978 364
 - indirect earn-back effects amount to € 87 995 888Thus, the net cost of the system amounts to € 911,3 millions in 2011.
- In Belgium, **an unemployed** person related to the benefit of an active person costs **€33,443** yearly.
- In 2011, public authorities had to pay **€ 3 520 net per worker** in the service voucher system (i.e. taking into account direct, indirect and of second best indirect earn-back effects).

Personal and household services in France

Fact Sheet

France has defined personal and household services as being “all activities that contributes to improve the well-being of our fellow citizens in their own environment, be this their home, their workplace or place of leisure”. Implemented in 2005, the Lifestyle and Home Care Services Development Plan (called the “Borloo plan”) contributed to an increase of the demand and supply for personal and household services, an enhanced accessibility to services and an improvement of working conditions.

Today, the sector gathers **500 000 full-time equivalent jobs**.

The scope of the personal and household services' sector

- **25 activities** are defined by the law as personal and household services. They can be classified in three categories :
 - Family services : child minding, childcare outside the home, school help lessons, IT assistance, administrative assistance, etc.
 - Home services : housework/ironing, gardening, DIY, preparing meals, delivering meals and ironed clothes, home maintenance and watch, etc.
 - Services for the elderly, dependents and the disabled : assistance for the elderly people (except medical care), assistance for the disabled people, nursing beauty care, pet care and walks, tele and video assistance, minding mobility and transport assistance, etc.
- Users can either purchase the services through a licensed provider (a company or an association), or directly recruit the worker (in that case, the private individual become the employer). At present, direct employment remains the main form of employment in the sector.

Public supporting measures

- Personal and household services' users benefit from a **50% tax reduction or tax credit** on amounts paid up to €12 000 per household per year.

- A **CESU voucher** (“*Chèque emploi service universel*”) was introduced in order to increase formal employment in the sector while reducing administrative burden for users. It allows private household to declare an employee working at home. It can be pre-funded (totally or partly) either by a company for its employees or by a local authority or a social agency for recipients of a social benefit.

General figures

- **13% of French household** were using personal and household services in 2011. That is to say 3,4 million households.
- **1.7 million workers** in 2010, which amounts at 500 000 FTE jobs.
- In 2011, the sector represented **1,1% of GDP** and **6% employees**.
- The share of **undeclared work** in the market of personal and household **services decrease by 10%**.
- The **gross cost** of supporting measures amounts in 2010 **to €6.3 billion**. The direct and indirect earn-back effects are estimated at €9 billion which results in a **€2.7 billion benefit for the State**.
- In France, an **unemployed** person related to the benefit of an active person costs **€28,737** yearly.
- Supporting measures in the sector amounts yearly to **€11,883 per FTE workers**.

Personal and household services in Germany

Fact Sheet

In Germany there is no broad specific law for personal and household services nor a legal definition of the sector. It appears that the most important form of employment in the sector is either informal work or marginal work through the *Minijob* scheme. Whereas bilateral employment relationships dominate in Germany, formal employment by private household remains unregulated and underdeveloped.

- The compulsory long term insurance for elderly and dependents people (*Gesetzliche Pflegeversicherung*) encourages home care and community-based services. It is designed in a way that promote the role of family carers.
- A **tax deduction** for childcare expenses is allowed. Parents can deduct two-thirds of childcare expenses up to €4 000 per year under the condition that they receive invoices.

The “*Minijob*” scheme

- Private household can **hire a domestic worker** to perform activities such as cooking, cleaning, laundry, ironing, shopping, gardening, care of children, the sick, old and disabled people.
- The monthly pay cannot exceed €400. The employees pay no taxes and social security contributions out of their earnings.
- Private household employers pay a 14.34 % flat rate contribution including shares for health pension and accident insurances. The job creation declaration procedure is simplified (“*Haushaltsscheckverfahren*”).

Other fiscal incentives

- Private households purchasing domestic services (such as gardening or cleaning) can benefit from a **tax reduction** of 20% of the costs of these services, up to a maximum of €4000 per year.
- Private household employers benefit from a partial **deduction** of the **wages cost** from their income taxes: 20% up to €2 550 spent by a household can be refunded.

General figures

- There were **250 000 persons** working in household as “*Minijobs*” employees in 2011.
- The share of **undeclared work** in the market of personal and household services is estimated at **90-95%**.
- There are at least 500 000 to 600 000 informal domestic workers in the households of the elderly.
- An unemployed person related to the benefit of an active person costs **€25,550 yearly**.

Personal and household services in Spain

Fact Sheet

As such, in Spain personal and household services are not perceived to be a specific sector of activity and there is no global public policy to support these services. Services for people dependent on care are the only type of personal care services that are the object of a policy of state support.

However, in April 2012, the Catalan parliamentary group *Convergència i Unió* called on the government to adopt a bill regulating employment within the personal and household services' sector. The Spanish Congress of Deputies (*Congreso de los Diputados*) declared itself in favour of the proposal in June 2012.

The Dependency law

- Public support for people who cannot lead independent lives for reasons of illness, disability or age is guaranteed.
- Depending on their dependency level and after a means tested payment, dependents receive benefit in kind, such as personal alert systems, home help services or day and night centre services.
- The Community of Madrid implemented a services vouchers' scheme for the recipients of the Dependency law. It ensured beneficiaries' freedom of choice and improved the visibility of available services.

Domestic services

- Regulations concerning domestic employees had been reshaped in 2011 with the aim to improve domestic working conditions by bringing them as far as possible into line with those of regular workers.
- Thus labour relationship between a private household and an employee working in the private household's home are strictly regulated (working hours, minimal wages, etc.) and workers are entitled to social security

protection. Nevertheless, domestic workers are not entitled to unemployment benefits.

General figures

- **85%** of domestic work is estimated to be informal. It is estimated that around **one million people** work informally in the personal and household services sector.
- Thanks to the Dependency Law, **125 987 new jobs** were created between 2006 and 2008.
- **An unemployed** person related to the benefit of an active person costs **€19,991** yearly.
- Supporting measures in favor of job creation in the personal and household services' sector is estimated to create **350 000 FTE** jobs in family care services (child care, tutoring, pet care, IT support) and almost **660 000 FTE** jobs in health and quality of life services (services to the elderly, housekeeping, mobile hairdressers).
- In 2008, the personal and household services sector represented a market worth around **€5 billion**.

Personal and household services in Sweden

Fact Sheet

In the past two decades, the demand for household services has increased, due to the decline in institutional and social services and a rising wage differential. The recognition of personal and household services is thus relatively recent, with the introduction of global tax incentives for these services.

The RUT-avdraget

- A **tax deduction** on domestic work is available for the following services on the condition that the service is performed in the taxpayers' home and purchased from a registered company or a self-employed person :
 - cleaning, window-cleaning,
 - gardening, snow clearing,
 - washing,
 - cooking,
 - childminding,
 - basic personal care services, primarily of help nature in the every day life of elderly people¹.
- Users benefit from a 50% tax deduction of labour cost **up to SEK 50 000 (€5 841)** per year per person or SEK 100 000 (€11 682) per year per household.
- Since July 2009 users only pay 50% of the labour cost bill as the provider apply for tax deduction from the tax authority and then get reimbursed for the 50% remaining.

General figures

- In 2012, there was **491 711 users** of domestic services.
- Personal and household services' sector represented almost **€ 509.5 million** of sold services in 2012.
- Among the **13 516 registered domestic services providers** in 2010, 58% were self-employed person and 42% were companies.
- In 2012, there were **14 729 workers** in the housework sector.
- The average cost of the system was **€ 145 millions** for public finance in 2010.
- An unemployed person related to the benefit of an active person costs in Sweden **€26,905** yearly.
- As explained in ORSEU report on housework activities (2013), every euro spent in housework services through the tax deduction would be **reimbursed on a 1:1 par**.
- The market price is between €25 and €35 per hour whereas in the informal economy the price range between € 10 and € 15. However, the RUT tax deduction decreased by at least **10% informal work** in the domestic sector.

¹ Healthcare services performed by trained and educated professional are not eligible.

Personal and household services in United-Kingdom

Fact Sheet

In the United-Kingdom , there is no global public policy to support personal and household services. Thus, the sector is regulated through general labour rules and supporting measures are sectorial and/or indirect. The share of informal work in the personal and household services market was estimated at 50% in 2010.

The Childcare vouchers' system

- Since 2005, the Childcare voucher is an **employee benefit** which help families to afford high quality childcare. Thus it enables parents to continue to work instead of staying at home due to caring obligations.
- Up to **£ 55** (€ 64,5) per week per child can be deducted from the employee gross salary for basic rate tax payers (the amount is lower for high earners). This sum is directly allocated to the payment of childcare expenses. This support is exempted from employers and employees social contributions as well as from income tax.
- Parents are free to choose the childcare facility they want as long as the organization is registered at the Office for Standards in Education (Ofsted).

Other measures

- Both the employers and employees can benefit from a **social contribution exemption** if the worker' wage is below £ 146 a week (€ 171). There is no legal obligation to declare them as they are considered as "**occasional workers**". In addition, workers paid less than £ 125 a week (€ 147) are not liable to income tax.

General figures

- Today, approximately **450 000 individuals** benefit from the Childcare voucher.
- **Savings** thanks to the use of Childcare vouchers' system reach approximately **£ 1,800 per year** for an average family (based on the average cost of childcare of £5,028 per year for 25 hours childcare a week).
- **83%** of childcare vouchers' users are basic rate taxpayers, with the largest take up being among manual and unskilled workers.
- In 2007, the Childcare vouchers' system represented a loss of revenue of **£ 240 million** (€ 281 million) of which around **£ 170 million** (€ 199 million) went to families. Recent changes in the tax benefit systems did not seem to make an overall difference in the loss of revenue induced by tax relief.
- An unemployed person related to the benefit of an active person costs in the United-Kingdom **€18,008** yearly.
- The childcare sector employ **203 215 people** (90% of which are permanent employees).