



Etsy Gets Crafty with 3 New Ways to Protect Gig Economy Workers

Insights

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Etsy, the online marketplace, has been a large player in the gig economy for the past 11 years. It currently hosts over 1.4 million sellers offering products like art, photography, clothing, jewelry, food, beauty products, quilts, knick-knacks, and toys for sale. While the sellers on the Etsy platform are not in the “service” side of the gig economy like the workers we see driving with Uber or cleaning homes with Handy, they still face very real problems when it comes to paying employment taxes as well as setting aside funds for medical insurance and retirement. These problems have been a big reason to incentivize gig workers to file lawsuits against the larger gig platforms to assert their status as employees instead of independent contractors.

Etsy sellers are self-employed, running their own “craft shop” on the online bazaar that is Etsy. In an effort to advocate for these sellers, Etsy published a [white paper](#) on Tuesday titled *Economic Security for the Gig Economy: A Social Safety Net that Works for Everyone Who Works*. Besides encouraging changes to the Earned Income Tax Credit to provide a guaranteed minimum income floor, the white paper calls for three major changes to the current system employees utilize for paying taxes and saving for medical benefits and retirement.

First, Etsy suggests that the government creates and runs a new “Flex Portal,” which would allow workers to avail themselves of existing programs like flexible health and commuter spending accounts. A benefit of having a flex account would be that gig workers would not need to transfer retirement or health flex spending accounts each time they changed jobs or worked several “gigs” in one year — a common reality for most gig workers.

Second, Etsy suggests creating legislation that would require companies to withhold taxes if a self-employed worker asks them to do so.

Finally, Etsy urges for a rule that would let gig workers ask companies to withhold additional money and put it into the Flex Portal for retirement or benefits purposes. These suggestions help with common problems experienced by gig workers, such as income fluctuations and lack of affordable benefit packages.

Etsy company leaders were in Washington D.C. this week to lead the discussion on changing the way various laws impact gig workers. While Etsy is clear that its proposals are just meant to start the

conversation and are in no way prescriptive, we can be sure that there will be changes to how workers pay taxes and save for benefits in the not-so-distant future.