

## Regulatory Challenges in the Face of the Gig Economy and Cross-Border Remote Work

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### Abstract

*The development of the gig economy and cross-border remote work has significantly changed the face of the world of work but also poses complex regulatory challenges. This research aims to identify and analyse the regulatory challenges faced in the context of the gig economy and cross-border remote work and evaluate the policy responses from various countries. The method used is a literature review by examining scientific literature, national and international regulations, and related policy reports. The results showed that the unclear legal status of workers, differences in regulations between countries, taxation issues, and limited social protection are the main obstacles. This research recommends the need for adaptive regulatory reforms and international collaboration to create an inclusive and equitable legal framework to support sustainable growth of the digital economy and protect workers' rights.*

**Keywords** *gig economy, remote work, labour regulation, cross-border, worker protection, taxation, literature review.*

### INTRODUCTION

The global economy is currently undergoing a massive transformation fuelled by the development of digital technology and internet connectivity. One of the most striking changes is the emergence of the gig economy, which is a short-term project- or contract-based work system facilitated by digital platforms. This phenomenon is not only changing traditional working patterns but also poses new challenges in the world of labour.

On the other hand, the COVID-19 pandemic that has hit the world since 2020 has accelerated the adoption of remote work models. Many companies that previously relied on the physical presence of workers in the office are now shifting to a flexible working system that allows employees to work from anywhere, even across countries. This change has had a significant impact on organisational structures, productivity, and the working relationship between employers and employees (De Stefano, 2021).

The gig economy and cross-border remote work offer various benefits to both workers and employers. On the worker side, flexibility in time and location is a major attraction. Workers can choose projects according to their interests and expertise, and balance their personal and professional lives (Novitz, 2020). Meanwhile, companies can access global talent without geographical restrictions, reduce operational costs, and increase efficiency. However, behind these benefits, there are major challenges that must be faced, especially in the regulatory aspect. The labour law system, which has been designed for conventional employment relationships, is often unable to accommodate the dynamics of the gig economy and cross-border remote work. This creates legal uncertainty for both workers and employers (De Groen & Maselli, 2021).



One of the main issues is the unclear legal status of gig workers. Many digital platforms categorise workers as partners or independent contractors, not permanent employees. Consequently, gig workers do not get social protection, health insurance, or other rights that should be attached to worker status. This condition creates vulnerability, especially for those who depend entirely on platform-based work (Graham & Anwar, 2021). In addition, cross-border remote work presents new challenges regarding legal jurisdiction. Each country has different labour, taxation and social protection regulations. When a worker lives in one country and works for a company in another, there is often an overlap or even a legal vacuum that makes it difficult to enforce the rights and obligations of both parties (Todolí-Signes, 2022).

Taxation issues are also an important concern. Cross-border gig workers and remote workers often face confusion in reporting and paying taxes, both in the country of domicile and the company's home country. On the other hand, the government also faces challenges in effectively collecting taxes from digital economic activities that are cross-border and not physically based. Social protection for gig workers and remote workers across borders also remains a big task. Many countries do not have social security schemes that are inclusive of non-traditional workers. As a result, gig workers are vulnerable to the risk of loss of income, work accidents, or old age without adequate protection. This magnifies social and economic disparities in society (Hickson, 2024).

At the global level, regulatory harmonisation efforts are still very limited. International organisations such as the ILO and OECD have issued recommendations related to the protection of digital workers, but their implementation at the national level is still very diverse. Some developed countries have begun to respond by formulating new policies, such as worker status tests (for example, the ABC Test in California) or the right to disconnect. However, in many developing countries, regulations still lag far behind the development of practices on the ground (E. Afifah, 2025).

Indonesia, as one of the fastest growing digital economies in Southeast Asia, faces similar challenges. Existing labour regulations have not fully addressed the needs of gig workers and remote workers across borders. The partnership model used by many digital platforms often puts workers in a weak and vulnerable position (Mierina & Šūpule, 2024). These regulatory challenges not only impact workers, but also business continuity and competitiveness. Legal uncertainty can stifle innovation, investment and growth in the digital economy. Therefore, serious efforts are needed to formulate regulations that are adaptive, inclusive, and able to protect all parties involved in the gig economy ecosystem and cross-border remote work (Abdullah & et al., 2024).

This research aims to identify and analyse the regulatory challenges faced in the context of the gig economy and cross-border remote work. Using the literature review method, this research will review literature, regulations, and best practices from various countries for comparison and policy recommendations.

## METHOD

This research uses the literature review method by collecting, reviewing, and analysing various literature sources such as scientific journals, books, national and international regulations, and organisational reports related to the gig economy and cross-border remote work. The data obtained was analysed qualitatively through thematic and comparative approaches to identify emerging regulatory challenges, analyse policy responses in various countries, and formulate relevant recommendations based on findings from the reviewed literature (Eliyah & Aslan, 2025) ; (Boote & Beile, 2005).

## RESULTS AND DISCUSSION

### Regulatory Challenges of the Gig Economy

The gig economy has become a global phenomenon that is changing the labour landscape in many countries, including Indonesia. This work model offers flexibility and easy access to work through digital platforms, but behind its advantages are very complex regulatory challenges that have not been fully answered by the existing legal system. One of the main challenges in the regulation of the gig economy is the unclear legal status of workers. Many gig workers are categorised as partners or independent contractors, rather than permanent employees. This status means they are denied basic labour rights such as minimum wage, leave, social security, and severance pay that are usually afforded to formal workers (Mieriņa & Šūpule., 2024)

The unclear status also creates legal vulnerabilities. Because they are not formally recognised as employees, gig workers find it difficult to claim their rights in the event of a dispute or breach of contract. There are many cases where gig workers have to bear the risk of work accidents, loss of income, or even unilateral termination without adequate legal protection. Income uncertainty is the next challenge (Abdullah & et al., 2024). Gig workers' income is highly dependent on the volume of work they receive and fluctuating market demand. The absence of a guaranteed minimum income means that many gig workers have to work longer hours to earn a decent income, putting their physical and mental health at risk. In addition, gig workers also face limited access to social security. Most gig workers have to register and pay social security contributions independently without any contribution from the platform company. As a result, the participation rate of gig workers in social security programmes is still very low, making them vulnerable to social and economic risks (Stewart & Stanford, 2022).

Occupational safety and health protection is also a crucial issue. Many gig workers, especially in the transport and delivery sectors, face a high risk of occupational accidents. However, legal protection on this aspect is still minimal and has not been specifically regulated in existing labour regulations. Another important challenge is the lack of legal protection against exploitation. Digital platforms often have a much stronger bargaining position than gig workers. Without clear regulations, platforms can easily change policies, algorithms, or payment systems without consultation or consent from workers, opening up opportunities for exploitation (De Stefano & Wouters, 2022).



In terms of taxation, the application of taxes for gig workers is also a complicated issue. The existing tax system is generally designed for formal workers with a fixed income, making it difficult to apply to gig workers whose income fluctuates and who often work on several platforms at once. This leads to low tax compliance and potential tax evasion by both workers and platforms (Aloisi, 2022). The lack of transparency of algorithms and assessment systems on digital platforms is also a challenge. Algorithms that determine the division of labour, performance assessment, and payment systems are often not transparent and difficult for gig workers to understand. This can lead to unfairness and discrimination in the work process (De Groen & Maselli, 2021).

The balance between flexibility and protection is a major dilemma in formulating regulations for the gig economy. On one hand, gig workers want flexibility in working time and place, but on the other hand they also need social protection and a stable income. Regulations that are too rigid can reduce the attractiveness of the gig economy, while regulations that are too lax risk exploitation (Arriagada & et al., 2023).

In Indonesia, gig economy regulations still lag behind the development of practices on the ground. The government has started to respond by issuing several regulations, such as the Job Creation Law and social protection programmes for informal workers. However, their implementation and effectiveness are still limited, and have not been able to reach all gig workers, whose numbers continue to grow. Limited worker organisation is also a challenge in the gig economy (Rachmayani Dewi, 2023). Gig workers generally work individually and dispersed, making it difficult to form unions or strong organisations to fight for their rights. As a result, gig workers' bargaining position with platforms is very weak. In addition to challenges at the national level, regulatory challenges also arise in a cross-border context. Many digital platforms operate globally, while labour and tax regulations are still local. This creates legal gaps and makes it difficult to enforce the rights of gig workers working for foreign platforms (ADCO Law, 2023).

Social inequality between gig workers and formal workers is widening due to the lack of social protection and security in the gig economy sector. Without adequate regulatory intervention, the gig economy has the potential to widen the gap and create an economically and socially vulnerable group of workers (Mutengwe & et al., 2024).

Faced with these challenges, adaptive and inclusive regulatory reforms are needed to ensure that gig workers are properly protected without compromising the flexibility that is the main attraction of the gig economy. Governments, digital platforms and workers need to work together to formulate policies that strike a balance between innovation, protection and social justice.

### **Regulatory Challenges of Cross-Border Remote Work**

Cross-border remote work has become an increasingly prominent global trend since the COVID-19 pandemic, fuelled by technological advances and the need for work flexibility. This model allows companies to recruit talent from different countries without geographical restrictions, but at the same time presents very complex regulatory challenges that have not been fully addressed by the existing legal system. One of the main challenges



is legal uncertainty due to the absence of specific regulations governing cross-border remote work in many jurisdictions, including Indonesia. This lack of legal framework means that companies and workers often have to interpret their own labour agreements, rights and obligations (Dealls.com, 2025).

Differences in labour regulations between countries are a significant source of conflict. Each country has different rules regarding working hours, minimum wage, leave, and social protection. When workers are in one country and employers in another, there are often overlaps or legal gaps that complicate dispute resolution and the exercise of workers' rights (Kompas.id, 2025). Compliance with local laws is another challenge. Companies that employ workers from other countries are required to comply with labour and tax regulations in the country where the workers reside. Failure to fulfil these obligations can lead to legal sanctions, fines, or even a ban on operating in the country (Rudycr.com, 2022).

Taxation is a crucial challenge. Determining the tax jurisdiction of a remote worker's income is often unclear, potentially leading to double taxation, both in the worker's country of residence and the company's home country. Double Taxation Avoidance Agreements (DTAs) can help, but not all countries have these agreements and their implementation is often complicated. In addition to income tax, the issue of permanent establishment is also a concern. If remote workers perform activities that are considered business management, the company may be considered to have a permanent establishment in the country and be subject to local corporation tax obligations (Lehdonvirta., 2022)

Social security and labour protection are also major problems. Each country has a social security system with different contributions and coverage. It is unclear which system applies, which can lead to workers not getting optimal health protection, pension, or work accident benefits, or even paying double contributions in two countries. Monitoring and enforcing workers' rights becomes more difficult in the context of cross-border remote work. Governments and labour authorities have difficulty monitoring working conditions, working hours, and compliance with safety standards for workers who are not in their jurisdiction (Putri & et al., 2023).

Data privacy and security is also a challenge. Cross-border work often involves the transfer of personal and business data between jurisdictions with different data protection standards. This poses the risk of privacy breaches and data leaks, which can have legal and reputational implications for the Company (De Stefano & Aloisi, 2021). Cultural differences and time zones also complicate cross-border remote working. Team communication and collaboration become more challenging, potentially reducing productivity and increasing the risk of miscommunication that can lead to workplace conflict (Broughton & et al., 2021).

The balance between flexibility and protection is a major dilemma. On the one hand, workers and companies want flexibility in work location and time, but on the other hand, regulations are needed that guarantee the protection of workers' basic rights without reducing the competitiveness of companies globally. The lack of definition and legal status of remote workers in labour laws means that many remote workers do not receive the same protection as formal workers, in terms of wages, social security, and other rights (Berg & Furrer, 2021).



In some developed countries, governments have started to respond to this challenge by introducing new regulations, such as the right to disconnect and digital nomad visas. However, in many developing countries, regulations still lag behind the development of remote working practices. Adapting company policies is crucial. Companies need to adjust internal policies related to working hours, benefits, use of tools, and supervision mechanisms that are fair and do not infringe on workers' privacy, in order to remain competitive and compliant with laws in various jurisdictions (Koutsimpogiorgos & et al., 2020). These challenges point to the need for comprehensive regulatory reform and international collaboration to create a legal framework that is clear, fair and adaptive to the dynamics of cross-border remote work. Without these efforts, both workers and employers will continue to face legal uncertainty and high socioeconomic risks.

## CONCLUSION

Regulatory challenges in the face of the gig economy and cross-border remote work are very complex, covering aspects of worker legal status, social protection, taxation, and cross-jurisdictional law enforcement. The existing labour law system is generally still oriented towards conventional employment relationships, so it has not been able to accommodate the dynamics and needs of workers in the increasingly flexible and cross-border digital era.

The unclear legal status of gig and remote workers means that many of them do not receive proper protection, whether in terms of social security, minimum wage, or other basic rights. In addition, differences in regulations between countries, the risk of double taxation, and limited supervision and law enforcement increase the vulnerability of workers and make it difficult for companies to ensure compliance with various applicable regulations. Addressing these challenges requires adaptive regulatory reform and cross-border collaboration to create a legal framework that is clear, fair and responsive to technological developments and new working patterns. This effort must involve governments, companies and workers so that the gig economy ecosystem and cross-border remote work can grow sustainably without compromising the protection of workers' rights.

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