

# Legal Risk and Prevention of Sharing Economy under the Internet

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**Abstract:** The vigorous development of the sharing economy has helped China's market economy to make steady progress. The sharing of social idle resources has greatly improved the utilization rate of resources. However, the imperfection of the corresponding legal system makes the legal status of the sharing economy unclear, and the lack of regulatory measures leads to its disorderly development and the waste of a large number of resources, which also brings considerable legal risks to the supply and demand sides of the sharing economy. As a new economic model, the sharing economy still lacks corresponding laws and regulations in terms of laws, so it is prone to legal risks. Therefore, it is necessary to analyze the legal risks existing in the sharing economy and put forward reasonable prevention suggestions in order to promote the development and growth of the sharing economy model.

**Keywords:** Legal Risk; Legal Prevention; Sharing Economy

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## 1. INTRODUCTION

The China Sharing Economy Development Report 2017 defines the sharing economy, that is, the sharing economy, as the sum of the economies that utilize modern information technologies such as the Internet and share the right of use as the main feature, integrate massive and decentralized resources, and meet diverse needs. It mainly has the following characteristics: First, it relies on modern Internet technology to connect operators and consumers; The second is the essence of sharing the right to use; Third, take the rapid allocation of idle resources as a means. The legal essence of the sharing economy is to build a temporary leasing relationship between operators and consumers. With the advent of the information age, people's privacy security has also become the focus. Nowadays, people are even exchanging information and privacy of both parties all the time, and the information has been leaked out unconsciously, so it is difficult to take corresponding protection measures.

The sharing economy, a new economic model, was originally developed by relying on information. From the initial platform to the selection of customers, every step is inseparable from data and information. Therefore, the new model of sharing economy can be said to greatly increase the risk of personal information disclosure. If the owner has different opinions and wants to change the civil property into commercial property, it must be changed strictly according to the change procedure. However, if civilian property is changed to commercial property, it will be associated with more people. At this time, in order to ensure the public interest and property safety of everyone, it is necessary to implement a more comprehensive administrative regulation system for commercial property, especially commercial property involving the nature of business. However, Codagnone and Martens (2016) provide a good conceptual framework to map the collaborative economy (Figure 1).

It is precisely because this sharing economy has changed this in some sense. Compared with online shopping, the sharing economy model has more prominent uniqueness. In the process of online shopping, the online platform only provides trading opportunities for both parties, and will not affect the

trading process, and the online shopping transaction sells the ownership of goods; Under the sharing economy model, the sharing platform will formulate transaction rules, which will affect the transaction process. Moreover, the sharing economy model sells the right to use the goods After the transaction is completed, the intermediary fee will be drawn from it. First of all, Article 424 of the Contract Law stipulates that an intermediary contract is a contract in which the intermediary reports to the client the opportunity to conclude the contract or provides the media services for concluding the contract, and the client pays the remuneration.

## 2. THE PROPOSED METHODOLOGY

### 2.1 Development of sharing economy and regulatory challenges

According to the traditional civil law theory, the broker can obtain remuneration after providing the client with the opportunity to conclude the contract, and there is no requirement to conclude the contract or ensure the effectiveness of the contract. For the existing network platform, its rules specify that the platform can obtain remuneration after the contract is concluded by both parties and supervise the performance process of the contract. The sharing economy model is based on network informatization. Its emergence has indeed made great contributions to China's economic development, but also brought great challenges to China's regulatory authorities. The new model of sharing economy has its unique sharing and diversity, which conflicts with the conventional regulatory methods. Therefore, as the era of data informatization, the regulatory authorities need to change the traditional concepts and innovate the regulatory methods.

The regulatory and law enforcement departments need to update the traditional concepts, break the original framework, and explore effective regulatory means according to the actual situation of China's current sharing economy enterprises. It is also worth mentioning that the challenge of sharing economy to administrative law regulation is far more than that. Because the labor relations under the sharing economy are based on simply participating and getting corresponding rewards. This kind of labor relations under the non-traditional administrative

law management system is difficult to copy mechanically with the traditional management regulations. This will pose a huge challenge to the output of labor and the compensation system of workers. The sharing economy model puts more emphasis on one-time service. Unlike online shopping, demanders do not actually occupy idle resources.

If there are problems in product quality or default behaviors such as delayed delivery during online shopping, consumers can use the return and refund function to protect their legitimate rights and interests. However, under the sharing economy model, if the idle resources of the provider have quality problems, or the information displayed on the sharing platform does not match the goods or services, the demander can only solve this problem in the following two ways: for the development of the sharing economy, the principle of caution should also be adopted. No matter how complex the business model of the sharing economy is, the shared goods and services cannot break through the boundaries of legitimacy, when formulating policies, we should adhere to the bottom line thinking. For new business forms involving personal safety, personal privacy, and market monopoly, we should focus on formulating rules to avoid risks rather than denying new business forms.

## 2.2 Improve the rationalization of laws related to the sharing economy model.

The sharing economy model initially suffered multiple obstacles in China. Due to the imperfection of laws and regulations, the emergence of the new model of the sharing economy has faced various constraints. However, China is also constantly adjusting in the face of the new economic model, and finally gives an attitude of encouragement and support. However, it is also an indisputable fact that the relevant legislation on the sharing economy in China is imperfect and unsound. The new model of sharing economy is significantly different from the traditional enterprise model. It no longer requires a business license or valid certificate, which has a great adverse impact on the supervision of relevant departments. As a newly emerging economic form, the divided economy is not really free from the restriction and control of laws and regulations, but just breaks through the traditional department administrative regulations. No specific detailed laws and regulations have been issued temporarily. The sharing economy is not divorced from the relevant provisions of civil law and administrative law.

There are only no detailed laws and regulations to restrict it. Therefore, as long as there are new regulations in relevant laws and regulations that specifically restrict and restrict the sharing economy, set the right boundary for the sharing economy, and enable the sharing economy to develop smoothly on the normal "track", it is the only challenge and response strategy analysis and solution for the current administrative laws and regulations. In essence, the sharing economy model is to temporarily transfer the use right of idle resources to maximize the use of resources. However, if the provider is not the owner of the resource, but the legal owner of the resource, whether it has the right to share this resource through the sharing platform needs further confirmation.

According to the provisions of China's Contract Law on house sublease, the lessee can sublease the house for a second time. When a new model of the sharing economy emerges, the government departments should take the initiative to guide the healthy development of the new business model. The price war, subsidy war and other unfair competition behaviors that are prone to occur in the sharing economy should be

prevented in advance. The fusion gene of the sharing economy itself does not need to be suppressed. It is only necessary to prevent the behaviors that may infringe the interests of consumers due to monopoly in advance and establish a dynamic supervision mechanism and establish a price supervision mechanism for the new type of business in a multi-pronged way. Therefore, only the operation mechanism that meets the legitimacy and legitimacy can find the soil for sustainable profit in the current legal society. As a new model, the sharing economy is facing various situations such as imperfect laws and inadequate supervision. Therefore, the self-discipline requirements for its industry are more important.

## 3. CONCLUSION

The emergence of new things will inevitably produce certain contradictions and conflicts with the old ones, and so will the sharing economy. The new model of sharing economy is extremely prone to certain legal risks due to inadequate laws and regulations. However, it is not difficult to solve the risks of the sharing economy. It only requires the cooperation of the government and enterprises, and the joint construction of appropriate regulatory methods to improve self-discipline and strengthen supervision, and jointly promote the growth and development of the new model of the sharing economy. The legal status of providers and demanders, and then the corresponding market access system, tax system, insurance system, information registration system, information inquiry system, and security review system should be formulated to achieve legislative perfection. In addition, this paper puts forward some opinions on relevant legal issues under the sharing economy model, hoping to provide reference for relevant research.

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