

Focus on the 'Gig' economy: What does it mean in terms of tax?

The 'Gig' economy (and its near-relative, the 'Sharing' economy) has been much in the news this year. The Chancellor mentioned it in the Autumn Statement; Parliament's Business, Energy & Industrial Strategy Committee announced a project; and the Prime Minister has asked Matthew Taylor, Chief Executive of the RSA to carry out a study.

The OTS does not seek to compete in any way with all these activities. We are publishing a Focus Paper* to raise some of the tax issues and implications that arise from the gig economy. In doing so we are seeking to promote discussion on the issues and to ensure that tax aspects are considered.

Gig, Sharing & Platforms

These are not synonymous; in short:

- 'Gig' is where organisations and independent workers contract for short-term engagements
- 'Sharing' in this context means generating money by sharing or renting out assets
- 'Platform' is the use of IT systems to facilitate/connect opportunities for gig/sharing

Employment rights are important...

There is much debate about the employment rights of those working in the gig arena. This was the focus of the recent Uber employment tribunal case but the case will not decide on whether the workers are employed or self-employed for tax purposes.

...but we want to raise the tax issues

The OTS considers that tax issues are raised by gig working (and to an extent by sharing) in a number of ways, especially as one's status for tax and for employment rights are not always the same:

- the individual worker who contracts for a gig: are they employed or self-employed for tax purposes? How do they interact with the tax system? Is the system simple for them?
- the platform operator: could they become more involved beyond simply sorting out their own tax position?
- the individual or company who is offering the gig: does the hirer have any role?
- HMRC: the tax system has existing rules, systems to gather data and ways of assessing that will apply to those working in the Gig and Sharing Economies, just as to the generality of taxpayers. But what of the practicalities? What about knowing who the individuals are in the first place and then managing the increased monitoring load?
- the Exchequer: does gig working mean lower tax receipts, particularly of employer NICs?

The OTS will be considering the impact of these issues in our future projects and may carry out further work in the area. We welcome all comments and these will inform our future work.

***The OTS Focus series highlights particular issues through the lens of tax simplification to promote constructive discussion; the full paper is available at:**

<https://www.gov.uk/government/organisations/office-of-tax-simplification>