



STATE OF CALIFORNIA
Franchise Tax Board

Gig Economy

Management Development Program Project



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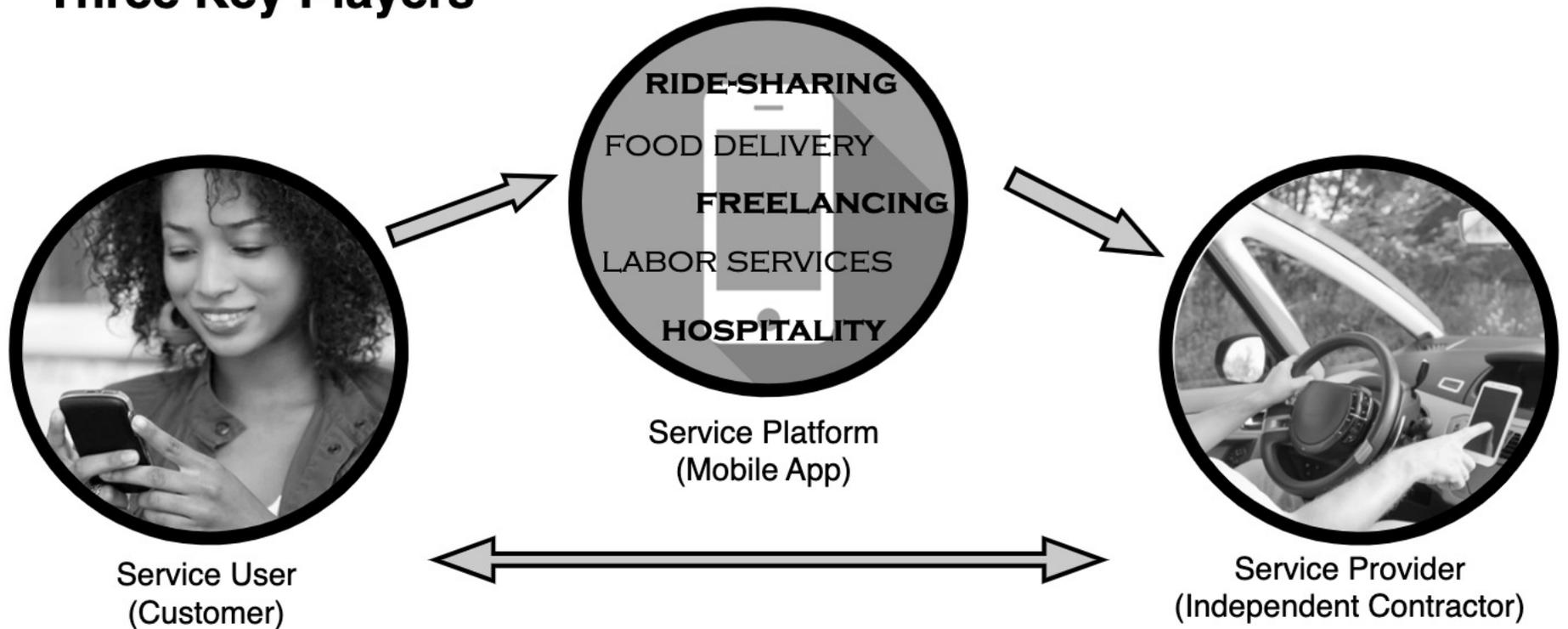
GIG Economy

What is Gig Economy?

[Gig Economy Video](#)
(≈2 minutes)

GIG | Sharing Economy Model

Three Key Players



GIG Economy

Research

- Gig Economy global revenues
 - 2014 = \$15 billion
 - 2025 = Projected \$335 billion
- Challenges for Service Providers
 - Lack of source documents
 - 70% did not receive any tax information
 - 35% did not understand what records they would need

GIG Economy

- 1099-K Requirements:

- Gross payments exceed \$20,000

AND

- More than 200 transactions in a calendar year

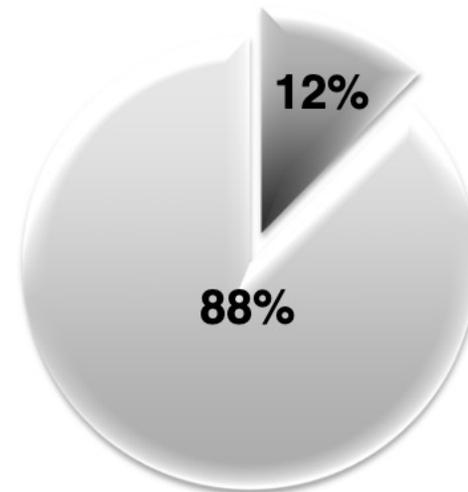
1010		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-2205		Payment Card and Third Party Network Transactions	
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.				FILER'S TIN		2018 Form 1099-K	
				PAYEE'S TIN			
				1a Gross amount of payment card/third party network transactions \$		2 Merchant category code	
Check to indicate if FILER is a (an):				Check to indicate transactions reported are:		3 Number of payment transactions	
Payment settlement entity (PSE) <input type="checkbox"/>				Payment card <input type="checkbox"/>		4 Federal income tax withheld \$	
Electronic Payment Facilitator (EPF)/Other third party <input type="checkbox"/>				Third party network <input type="checkbox"/>		5a January \$	
PAYEE'S name				5b February \$		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2018 General Instructions for Certain Information Returns.	
Street address (including apt. no.)				5c March \$			
City or town, state or province, country, and ZIP or foreign postal code				5d April \$			
PSE'S name and telephone number				5e May \$			
Account number (see instructions)				5f June \$			
2nd TIN not <input type="checkbox"/>				5g July \$			
				5h August \$			
				5i September \$			
				5j October \$			
				5k November \$			
				5l December \$		6 State	
				6 State		7 State identification no.	
						8 State income tax withheld \$	

Form 1099-K Cat. No. 54118B www.irs.gov/Form1099K Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Gap Analysis

Top 100 Platforms in 2016

- 12% Issued 1099-Ks
- Within the 12% - only half issued more than 55 1099-Ks to service providers



■ 1099-K Received

◀ No 1099-K Received

1099-K Reporting Uses

- 1099-K Requirements:

- Gross payments exceed \$20,000

AND

- More than 200 transactions in a calendar year

1010 VOID CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

FILER'S TIN

PAYEE'S TIN

OMB No. 1545-2205

2018

Form **1099-K**

Payment Card and Third Party Network Transactions

Copy A
For Internal Revenue Service Center

File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the 2018 General Instructions for Certain Information Returns.

1a Gross amount of payment card/third party network transactions
\$

1b Card Not Present transactions
\$

2 Merchant category code

3 Number of payment transactions

4 Federal income tax withheld
\$

5a January
\$

5b February
\$

5c March
\$

5d April
\$

5e May
\$

5f June
\$

5g July
\$

5h August
\$

5i September
\$

5j October
\$

5k November
\$

5l December
\$

6 State
\$

7 State identification no.

8 State income tax withheld
\$

Check to indicate if FILER is a (an):
 Payment settlement entity (PSE)
 Electronic Payment Facilitator (EPF)/Other third party

Check to indicate transactions reported are:
 Payment card
 Third party network

PAYEE'S name

Street address (including apt. no.)

City or town, state or province, country, and ZIP or foreign postal code

PSE'S name and telephone number

Account number (see instructions)

2nd TIN not

Form **1099-K** Cat. No. 54118B www.irs.gov/Form1099K Department of the Treasury - Internal Revenue Service

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Trend Analysis

1099-K Information: 2011 - 2016

Data Point	% Growth In Volume
Companies Issuing 1099-Ks	163%
Independent Contractors Receiving 1099-Ks	26%

GIG Economy

Next Steps

- Research and Analysis
 - Education and outreach focus
 - Build gig economy informational webpage

GIG Economy

Education and Outreach



The screenshot shows the California Franchise Tax Board website. At the top left is the CA.GOV logo. In the center is the FTB logo with the text "STATE OF CALIFORNIA Franchise Tax Board". On the top right is a search bar with the text "Search" and "Active Site". Below the header is a navigation menu with links for "Individuals", "Businesses", "Tax Professionals", and "Contact Us". The main content area features a play button icon and the title "California Gig Economy Tax Center". Below this is a large image of a car's interior with a smartphone mounted on the dashboard. Underneath the image is the heading "What is the gig economy?" followed by a paragraph: "If you use one of the many online platforms available to rent a house or spare bedroom, provide car rides, or to connect and provide a number of other goods or services, you're part of what is called the gig economy. This is also known as the shared, digital, or peer-to-peer economy. Gig economy activity is generally taxable." Below this is the heading "Is income received from gig work taxable?" followed by a paragraph: "If you receive income from a gig economy activity it's generally taxable even if you don't receive a [Form 1099-K](#), [1099-MISC](#), [Form W-2](#), or some other income statement. This is true even if you do it as a side job or just as a part time business and even if you are paid in cash. On the other hand, depending upon the circumstances, some or all of your business expenses may be deductible, subject to the normal tax limitations and rules." Below this is a paragraph: "The California Franchise Tax Board encourages taxpayers participating in the gig economy to understand the potential tax issues affecting them." To the right of this content is a section titled "Related content" with a list of links: "California Tax Service Center", "IRS Sharing Economy Tax Center", "Do I need to file?", and "California Earned Income Tax Credit".

GIG Economy

Other Education and Outreach Efforts

- Tax News
- Social Media
- Leverage statewide outreach programs
 - Partnerships:
 - Field Offices
 - State Departments
 - Local Departments

Questions?