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

- Service User (Customer)
- Service Provider (Independent Contractor)
- Service Platform (Mobile App)

- RIDE-SHARING
- FOOD DELIVERY
- FREELANCING
- LABOR SERVICES
- HOSPITALITY
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
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• 1099-K Requirements:
  – Gross payments exceed $20,000
  AND
  – More than 200 transactions in a calendar year
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 Reporting Uses

- 1099-K Requirements:
  - Gross payments exceed $20,000
  AND
  - More than 200 transactions in a calendar year
## Trend Analysis

### 1099-K Information: 2011 - 2016

<table>
<thead>
<tr>
<th>Data Point</th>
<th>% Growth In Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies Issuing 1099-Ks</td>
<td>163%</td>
</tr>
<tr>
<td>Independent Contractors Receiving 1099-Ks</td>
<td>26%</td>
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</tbody>
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Next Steps

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

What is the gig economy?
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’s called the gig economy. This is also known as the shared, digital, or peer-to-peer economy. Gig economy activity is generally taxable.

Is income received from gig work taxable?
If you receive income from a gig economy activity it’s generally taxable even if you don’t receive a Form W-2, 1099-K, 1099-MISC, 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 principles and rules.

The California Franchise Tax Board encourages taxpayers participating in the gig economy to understand the potential tax issues affecting them.

Related content
California Tax Service Center
IRS Sharing Economy Tax Center
Do I need to file?
California Earned Income Tax Credit
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Other Education and Outreach Efforts

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