



Breakout Session C: VAT/GST and the Sharing/Gig Economy: Policy responses – Emerging models

OECD Report on the Sharing/Gig Economy (2021)

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Sharing/Gig Economy

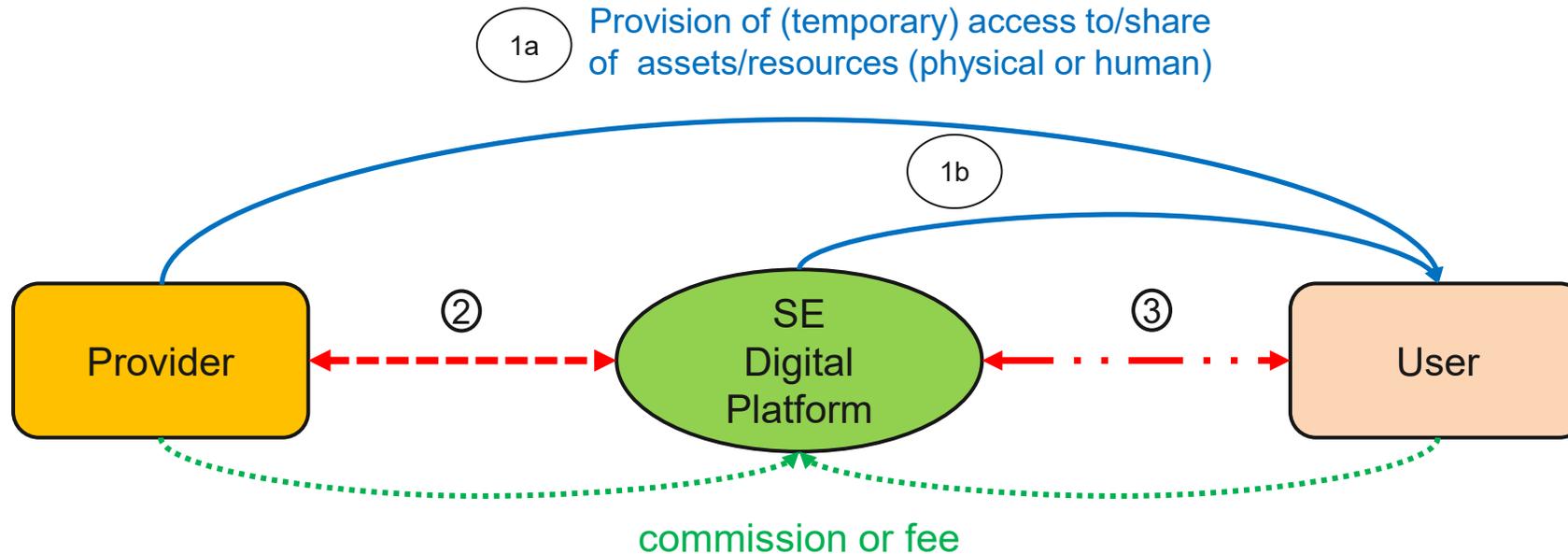
Key VAT/GST relevant features

- The activities may not be new but the means via which they are supplied are.
 - Potentially wide variety of activities
- Digital platforms play a vital role.
 - Facilitate activities, provide trust assurance through technology, have access to data (potentially relevant for VAT/GST purposes)
 - Enable suppliers to reach out from often one or limited number of jurisdiction(s) to customers worldwide
 - Allow suppliers to collectively compete with (even the largest) traditional economic operators
- May involve high numbers of micro-transactions (in the transportation sector in particular)
- Underlying suppliers are:
 - Primarily individuals (likely to be less knowledgeable of their VAT/GST obligations)
 - Often use assets both for sharing/gig economy activities and for private purposes
 - Generally have some presence in the taxing jurisdiction
- Electronic means of payment are the rule.
 - But cash transactions still exist, particularly in developing economies



Sharing/Gig Economy

The basic operation of the sharing/gig economy



Possible interactions among the parties may include:

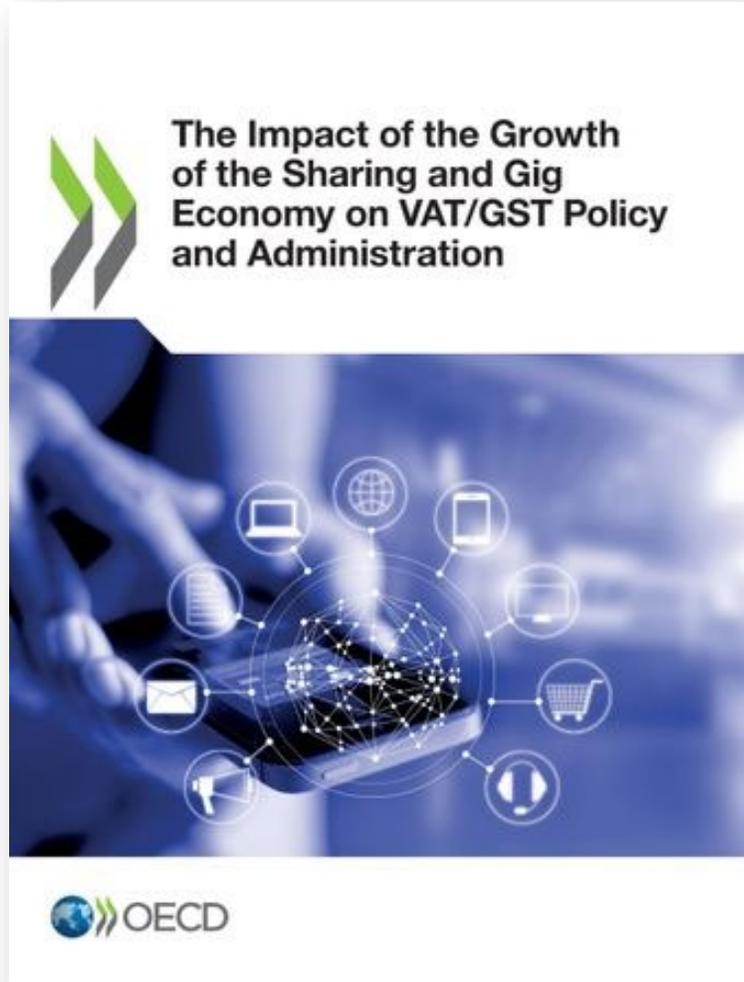
- ① a. Provision of (temporary) access to assets or resources (physical or human) by the provider to the user
- ① b. Provision of (temporary) access to assets or resources (physical or human) by the digital platform to the user
- ② Interaction between the provider and the digital platform
- ③ Interaction between the digital platform and the user



- The crucial “threshold” question...
 - Impact on VAT/GST base? Consequence of displacement of activities/revenues ?
 - How many taxpayers do you bring into the tax net?
 - Trade-off between neutrality, revenue, efficiency of administration and compliance
- What is the status of the underlying supply (characterisation)?
 - Crucial for determining its VAT/GST treatment: place of taxation; taxable/exempt/zero-rated; applicable rate
- What is the status of the sharing/gig actors (providers, platforms, users)?
 - Agent vs. principal question - potential impact on tax base and tax population?
- Input-VAT/GST related challenges/risks?
 - How to determine the VAT/GST to be deducted for assets used for both private and business activity?



OECD Sharing/Gig Economy Report (2021)



- Support tax authorities' **monitoring and analysis**
- Identify and analyse the **main challenges and opportunities** that the sharing/gig economy is likely to create for VAT/GST policy and administration
- Identify and analyse the **potential policy responses** for tax authorities to consider:
 - Key focus on the **role of digital platforms**, while considering other available policy and administration options
 - Accommodation and transportation sectors serve as pilot cases
- The outcome of an **inclusive process involving VAT Global Forum membership (governments and businesses)**.

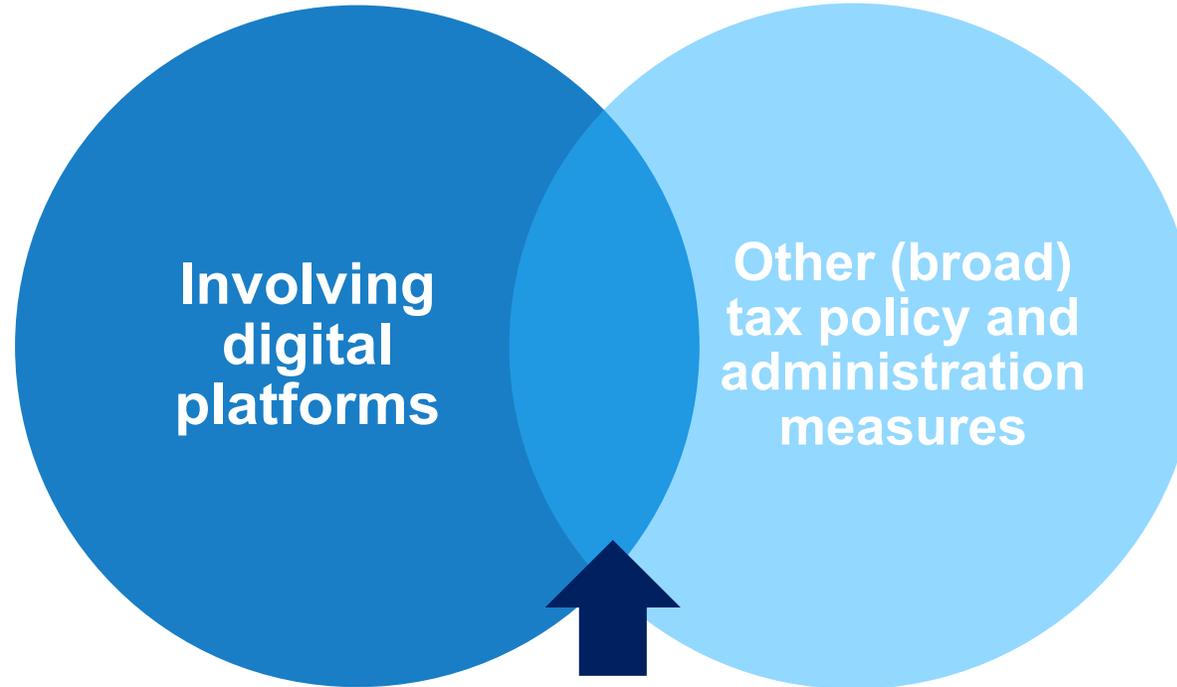
<https://doi.org/10.1787/51825505-en>.



The 2021 OECD Sharing/Gig Economy Report

VAT/GST policy: the “how” question

- Education
- Reporting role (OECD Model Reporting Rules for Digital Platforms)
- VAT/GST collection role



- Thresholds
- Presumptive tax schemes
- Third-party collection and/or reporting obligations
- Registration, accounting and reporting facilitation
- IT solutions
- Educational tools

Combination?

No one-size-fits-all solution

A hybrid/incremental approach could be a possible answer

In light of specific sector/business model + policy objective + national circumstances



The 2021 OECD Sharing/Gig Economy Report

Possible steps in the policy decision making process

Ensuring a good understanding of the size and growth of the sharing/gig economy at national level

- To support evidence-based decision making – proactive and/or reactive
- Consider a framework / methodology for monitoring / data collection



Assessing the need (if any) for policy action (the “why”)

- National policy motivations may vary – not necessarily bringing (all) sharing/gig economy activities within the VAT/GST net
- A clear understanding of the policy objective is critical for determining the appropriate policy responses (type and design)



Design and implement the appropriate policy response (the “how”)

- No one-size-fits-all solution
- No obvious need to diverge from normal VAT/GST rules – test the application of normal rules and address any policy / administration issues / gap
- Mindful of national specificities and (possible) need for a trade-offs (neutrality, revenue, efficiency)