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Digital platforms have an important role to play in value added tax policy in the sharing and gig economy

19/04/2021 - Digital platforms can play an important role in the application of Value Added Taxes/Goods and Services Taxes (VAT/GST) policies in the sharing and gig economy, according to a new OECD report.

The rise of the sharing and gig economy, powered by digital platforms, has fundamentally transformed several industries within just a few short years, particularly in transportation, tourism and hospitality. Large numbers of new economic operators, often private individuals, have entered the market offering short-term accommodation, transport and other services via digital platforms. This has raised concerns over whether existing VAT/GST frameworks are sufficiently capable to protect VAT/GST revenues and level the playing field with traditional businesses.

[The Impact of the Growth of the Sharing and Gig Economy on VAT/GST Policy and Administration](#) presents a range of solutions for the application of VAT/GST to sharing and gig economy operators. These solutions are designed to ensure a level playing field between operators in the rapidly growing sharing and gig economy and more traditional businesses. The report highlights the central role that sharing and gig economy platforms can play in providing information to tax authorities and collecting the VAT/GST on activities in the rapidly growing sharing and gig economy.

The report also sets out the core components of a comprehensive VAT/GST policy strategy for tax authorities in response to sharing and gig economy growth. It analyses the main business models of the sharing and gig economy and the challenges it creates for VAT/GST collection and administration, presenting a range of measures to address these challenges. The report also includes detailed guidance on effective solutions for sharing and gig economy platforms in providing information to tax authorities and in collecting the VAT/GST on the activities that they facilitate, building on the *[Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy](#)* (OECD 2020).

"The opportunities offered by digital platforms and big data have enabled individuals and businesses to connect with consumers and provide services to them on a larger scale than ever before. Through these new technology-enabled enterprises, tax authorities worldwide have far greater visibility of previously informal activities, creating new opportunities to enhance tax compliance and ensure the effective collection of VAT/GST in this rapidly growing part of the economy," said Pascal Saint-Amans, Director of the OECD Centre for Tax Policy and Administration.

The report is the result of an inclusive process, involving consultation with representatives from more than 100 delegations from countries, jurisdictions and international organisations, as well as representatives from the business community and academia through the *[OECD Global Forum on VAT](#)*.

<https://www.oecd.org/tax/consumption/the-impact-of-the-growth-of-the-sharing-and-gig-economy-on-vat-gst-policy-and-administration-51825505-en.htm>

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