Independent Contracting, Self-Employment, and Gig Work Evidence from California Tax Data

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We use de-identified data from California personal income tax returns to measure the frequency and nature of independent contracting and self-employment work in California. We identify this work by the presence of a Schedule C on the tax return and/or the receipt of a Form 1099 information return. We estimate that 14.4% of California workers aged 18-64 in tax year 2016 had some independent contracting or self-employment income; about half of these workers also had earnings from traditional W-2 jobs during the year. We find that only a small share (1.4%) of workers had earnings from online labor platforms (often called gig work). Workers with low earnings were significantly more likely to earn independent contracting or self-employment income and to rely primarily or exclusively on that income. We explore the characteristics of workers engaging in independent contracting and self-employment and their distribution across family type, geography, and industry.