

Online Labor Platforms and Taxation: A Scoping Review

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Abstract. *Online labor platforms have been disrupting the landscape of employment in recent years. The efficient model of taxation of this new employment model has, however, lagged. This paper aims to provide an early scoping review of the literature on the taxation of online labor platforms. When observed through the stakeholder point of view, we see that cross- and transnational, government-to-platform, and platform-to-employee relationships are the only topics examined so far. This paper can serve other scholars in navigating their investigations related to the taxation of platform work.*

Keywords. *taxation, online labor platform, scoping review*

1 Introduction

Digitalization has been accelerating the change in employment business models across the globe in the last few decades. As a part of the so-called gig or sharing economy, novel employment models are usually based on independent contractors providing personal paid service to other parties via online platform-run intermediates. This advent of such online platforms is praised by scholars as one of the most significant economic novelties in this century (Van Dijck, 2018) particularly in low- and middle-income countries (Graham et al., 2017).

Recent works on the online labor platform ecosystems usually put upfront stakeholders such as gig workers, job requesters, and platforms – as first-tier actors – and unions, activists, rival platforms, labor regulators, and investors – as second-tier actors (Keegan & Meijerink, 2023). Oddly, revenue services and tax administrations are not recognized as important parties in the ecosystem.

Nonetheless, the research on the interplay of taxation and online labor platforms has been steadily developing over time, both as empirical and theoretical works: [1] When it comes to empirical studies, a scholarly body of knowledge has been developing around different aspects of OLP taxation. Most common are papers addressing the regulatory environment and the status of OLPs considering the legal aspect and publications focusing on the adaptation of concurrent tax systems to the one required by the worldwide digital transformation (Harpaz, 2021) and potential tax evasions in real online labor platforms (Mill & Schneider, 2023). Another important stream of research is the one focusing on the best international practices in OLP taxation, whether through the lens of failure to regulate the platforms (Collier, Dubal & Carter, 2017), examining the flexibility of tax regulations for unconventional forms of employment to include gig workers (Black, 2020), or by focusing on potential “tax dodging” (Wood, Graham & Anwar, 2019). Even some very narrow-focused research advances our knowledge of the effects of taxation on OLPs, such as the impact of taxation changes on the intended labor supply on OLPs (Mol & Molho, 2024), and the potential of OLPs to play a role in collective bargaining (Ilsøe & Larsen, 2023). [2] The underlying theories have been developing at the same pace as the empirical studies. Some of the seminal papers isolate the main theoretical models to analyze the effects of taxation in the digital economy (Bacache et al., 2015). Other papers conceptualize the gig economy which allows for further classifications and regulations (Koutsimpogiorgos et al., 2020).

Even though the body of knowledge on taxation in the realm of online labor platforms has been rapidly developing, high-quality reviews are still a scarce resource. This paper aims to fulfill this lacuna and provide a scoping review of the taxation of online labor platforms. For this purpose, we have browsed

the Web of Science (WoS) core collection and isolated papers dealing with this topic. Accordingly, we have systematized the concurrent knowledge and provided some recommendations for further development of this research field.

The remainder of the paper is organized as follows. Section 2 explains the methodology of the scoping review. Section 3 dissects the main findings. Section 4 contextualizes the results, elaborates the main contributions and implications, and draws conclusions.

2 Methods

In our most recent study (Vukmirovic, Spasenić & Milosavljević, 2023), we presented a comprehensive bibliometric analysis of the OLPs explaining how various aspects of this emerging form of labor engagement are researched from various academic points. The current study offers a further contribution to the scholarly landscape on OLPs with the modification of the focus on the taxation aspect of OLPs. We applied a similar methodology approach as in Vukmirovic, et al. (2023) utilizing the comprehensive WoS and SCOPUS databases. Previous studies in various fields such as business (Qiu & Freel, 2019), finance (Spasenic, Milosavljevic, & Milanovic 2022; Goyal& Kumar, 2020), and share economy (Cheng, 2016; Hossain, 2020) confirmed the reliability of WoS and SCOPUS for various types of academic reviews.

The publication search employed a word string with 15 keywords linked by the Boolean OR operator, covering various facets of online work platforms with the main goal of comprehensively capturing the expanding nature of this research field. The rationale behind selecting the combination of keywords is in detail explained in Vukmirovic et al. (2023). Further, the research string is extended by an additional two words, “Tax” and “Taxation”, to narrow our search exclusively to taxation aspects of OLPs. The search resulted in 11 papers. Keywords are presented in Table 1.

Table 1. Boolean taxonomy for the search (Source: Authors’ work)

Group	Keywords
Group 1	“Platform work” OR “Online labor platform” OR “Digital labor platform” OR “Employment platform” OR “Job platform” OR “Job marketplace” OR “Job posting site” OR “Labor market-place” OR “Gig platform” OR “Freelance platform” OR “Freelancer platform” OR “Task platform” OR “Gig economy platform” OR “Talent marketplace” OR “Remote work platform.”
AND	
Group 2	“Tax” OR “Taxation”

The subsequent phase involved a content analysis of the obtained publications, aiming to refine the research sample to publications specifically centered on taxation aspects of online work platforms. Each author independently reviewed the full text of all 11 publications, selecting titles relevant to the research questions. Following predefined criteria, articles were included if they strictly pertained to the taxation of OLPs and had a full English text available. Conversely, articles were excluded if only marginally related to the taxation of OLPs, unrelated to the study’s focus, or article is non-research publication. The final sample included 10 research papers. We conducted a scoping review by examining the full text of selected papers to (i) clarify key concepts of OLPs taxation, (ii) examine how research is conducted on a specific topic and (ii) identify research gaps.

3 Results

In total, 11 publications were derived from the Boolean search from two representative databases. As seen through the lens of the main stakeholders, we categorized all the papers into three broader streams: [1] Internationalization and supra-governmental factors of taxation, [2] Government-to-platform relations, and [3] Platform-to-employee relations.

As for the first stream of research – internationalization and supra-governmental factors of taxation – papers usually deal with ratifications of international conventions, cross-border platform work, or global displacement of labor. Tkachenko (2019) assesses the challenges faced by the ILO, focusing on the organization's struggle to increase global ratifications of conventions and the persistent low levels of ratifications crucial for social and labor development. The author explores issues arising from the fragmentation of international law, particularly contradictory interpretations, and examines the challenges associated with the latest ILO recommendation on transitioning from informal to formal economies, attributing difficulties to tax burdens on entrepreneurs in numerous countries. Vukorepa (2020) investigates the challenges posed by cross-border platform work, focusing on issues related to the free movement of workers and social security coordination. The main findings underscore the need for improved mechanisms and policies to address the legal and regulatory gaps, ensuring effective coordination of social security provisions and safeguarding the rights of workers engaged in cross-border platform work. Lynn et al. (2021) address the challenges encountered by the global displaced population, emphasizing the discrimination and hurdles associated with refugee status while debunking misconceptions about refugees as financial burdens. The authors propose Nanojobs, a tailored crowd-working platform for refugees, aiming to overcome identity authentication, task matching, training, device heterogeneity, internet connectivity, payment, and tax issues to facilitate their access to work opportunities and benefits.

The second stream of research deals with a government-to-platform relationship taking into consideration specific responses of governments to the taxation conundrum. Bernhardt et al.'s (2023) study utilizes tax data to examine the prevalence and characteristics of independent contracting and self-employment in California. By analyzing tax-related measures, the study sheds light on the growth and distribution of such work, emphasizing the role of tax administration in enforcing accurate reporting. The research underscores the importance of understanding tax implications for independent contractors, particularly in the context of evolving work structures and the need for nuanced policy responses, especially in light of the COVID-19 pandemic's impact on gig work and economic stability. To compare the legal status of the EU and Canadian platform workers, the study by Gebert (2023) critically evaluates the European Commission-introduced directive proposing five criteria to classify platform economy workers as salaried employees, and Canadian experience, where labor law recognizes "dependent contractors" with autonomy, particularly for tax purposes. Despite apparent similarities, challenges arise in implementing uniform protections due to the federal structure of labor law in Canada and the social dimension of the single market. Ogembo and Lehdonvirta (2020) delve into the taxation challenges posed by earnings from the platform economy, proposing the concept of an EU digital single window for income data as a potential solution. The study explores the complexities of taxing income generated through digital platforms and suggests the creation of a centralized system to streamline and share relevant income data across the EU member states, emphasizing its potential benefits in enhancing tax compliance and administration. Chesalina (2020) examines the social and labor rights of "new" self-employed individuals, with a specific focus on self-employed platform workers in Russia. The study delves into the legal framework governing the rights of these workers, exploring issues such as social security, employment protection, taxation, and access to benefits. The main findings highlight the need for policy adjustments to better safeguard the rights and well-being of this emerging category of workers in the Russian context. Inversi (2021) reveals exploitation and illegal intermediation in platform work hiring, known as *caporalato*. The paper highlights findings from the Procura of Milan's investigations and the Tribunal of Milan's decision in the Uber Italy Srl case, exposing the intricate subcontracting system used by platforms that leads to work exploitation and *caporalato*, particularly emphasizing the exploitation of migrant workers within the Uber system through fear tactics, pay deductions, and illegal tax arrangements.

The third stream of research delineates a platform-to-employee relationship. Brown (2019) examines the employment classification of ride-hailing drivers, arguing for their recognition as autonomous independent contractors and advocating for their right to collective bargaining. The main findings highlight the potential positive outcomes of collective negotiation for labor rights and overall working conditions. Finally, Brawley (2017) delves into the pivotal role of industrial and organizational psychology in the gig economy, emphasizing the transformative influence of technology-driven platforms like Uber and MTurk. Challenging conventional views, it emphasizes the integral connection between technology and work in the gig economy, illuminating the precarious nature of such employment. Supported by taxation estimates, the paper highlights a significant and growing portion of the US workforce participating in this evolving work structure.

4 Discussion and conclusions

This paper aims to provide a scoping review of the taxation of online labor platform work. We found that 11 papers from relevant scholarly databases deal directly with the taxation of OLPs. When observed through the stakeholder point of view, we see that cross- and transnational, government-to-platform, and platform-to-employee relationships are the only ones examined so far.

Our paper contributes to the concurrent body of knowledge by providing the first literature review on the taxation of OLPs. Hitherto, only self-employment in a broad sense has attracted scholarly attention (i.e., Boeri et al., 2020; Krajewska & Krajewski, 2021). The stakeholder principle of systematization has been used only for practical purposes (EY, 2020). This study shows that the field of OLP taxation is still underexploited with many opportunities for further investigation, including policy-making for effective taxation (OECD, 2019; Milosavljevic, Radovanovic & Delibasic, 2023), best international practices in taxation and many other.

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