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Article

Tax Collection Dilemma and Optimization for Gig Workers

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Abstract

The development of the digital economy has driven the rise of the gig economy, and the scale of gig workers has been continuously expanding. However, the "decentralized and flexible" characteristics of gig employment are incompatible with the traditional tax collection and management system, which can also lead to issues such as difficulty in identifying taxable entities, low process efficiency, and low compliance. This article analyzes the core issues of tax collection and management for domestic gig workers in terms of worker compliance, system adaptation, and platform responsibility, based on the principles of tax equity and efficiency. It also draws on foreign experiences in platform collaboration and digital tax collection and management, and proposes an optimized path for tax collection and management that is compatible with the characteristics of the digital economy. The aim is to achieve multiple goals, including tax source control, regulation of gig economy status, and protection of workers' rights and interests.

Keywords: Gig economy; Tax collection and administration; Digital economy; Platform governance; System optimization

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1. Introduction

1.1 Research background and significance

The iterative upgrading of digital technology and the widespread application of Internet plus platforms have propelled the gig economy to become an important new business form in China's economic development and employment market. With digital platforms as its core carrier, the gig economy has broken the traditional full-time employment model of "nine to five", achieving instant and efficient matching between labor supply and demand. It has not only become a new engine of China's economic growth but also an important channel for absorbing social employment. As of June 2025, the output value of China's platform economy has exceeded 15 trillion yuan, attracting up to 200 million flexible employees. The economic and social value of the gig economy is increasingly prominent.

The CPC Central Committee and the State Council attach great importance to the healthy development of new employment forms, and always adhere to the development principle of giving equal emphasis to "support" and "regulation". The "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-term Vision for 2035" clearly proposes to support and regulate the development of new employment forms, laying the policy foundation for the development of the gig economy. In October 2025, the State

Council issued the "Regulations on the Tax-related Information Reporting of Internet Platform Enterprises", focusing on the pain points of tax collection and administration in the gig economy. It not only clarifies the obligation of platforms to report tax-related information but also implements tax relief and process simplification for low-income gig workers. At the same time, the Ministry of Human Resources and Social Security and other four departments issued the "Opinions on Strengthening the Construction of the Gig Market and Improving Job Search and Recruitment Services", which incorporates gig information into the scope of public employment services and promotes the standardized and large-scale development of the gig market. At the local level, various supporting policies have also been introduced. For example, Jiangsu Province has incorporated the standardized gig market into the province's unified smart employment platform, and Anhui Province has clarified the labor rights protection of workers in new employment forms and the related responsibilities of platforms, forming a policy framework for the central and local governments to jointly promote the standardized development of the gig economy.

As the gig economy rapidly develops, the compatibility contradiction between it and the traditional tax collection and management system has become increasingly prominent. The characteristics of gig workers, such as ambiguous identities, fragmented income, and non-standardized labor relations, make the traditional tax collection and management model relying on physical bills, withholding and remitting, and tax registration difficult to apply. This leads to issues such as the existence of blind spots in tax collection and management, increased risk of tax source loss, and impairment of tax fairness. As an important means of market supervision and resource allocation, tax collection and management, if unable to keep pace with the development of the gig economy, will not only affect national tax revenue but also hinder the long-term standardized development of the gig economy. Therefore, in-depth research on the difficulties of tax collection and management for gig workers and exploring the optimization path of a tax collection and management system that adapts to the characteristics of the digital economy are not only inevitable requirements for implementing the national policy of "supporting and regulating" the development of the gig economy but also important measures to improve the modern tax collection and management system, maintain tax fairness and efficiency, and safeguard the legitimate rights and interests of gig workers. This has significant theoretical value and practical significance.

1.2 Literature review and commentary

In recent years, with the rapid development of the gig economy, the issue of tax collection and administration for gig workers has gradually become a hot topic in academic research. Domestic scholars have conducted extensive research on the tax characteristics, collection and administration difficulties, and institutional optimization of the gig economy, while foreign scholars have focused on exploring areas such as the definition of gig worker status, platform collection and administration responsibilities, and cross-border tax regulation, resulting in a wealth of research outcomes.

In terms of the characteristics and challenges of tax collection and management in the gig economy, domestic scholar Zhou Jie (2025) pointed out that personal income in the gig economy faces three major challenges: the difficulty in clearly defining its nature, the inapplicability of traditional tax collection and management models, and the imperfection of the expense deduction system. These challenges are typical manifestations of the impact of the digital economy on traditional tax systems. Li Xuhong (2025) believes that the virtual and cross-domain nature of the platform economy makes the definition of tax jurisdiction ambiguous, and the information asymmetry between platforms and tax authorities has become a core obstacle to tax collection and administration. Ding Yuexin (2024) discovered through empirical research that the main issues in tax collection and management of the gig economy are the ambiguity of platform enterprises' responsibilities, the lagging of collection and management methods, and the weak tax awareness of practitioners. Foreign scholars ABI A et al. (2018) proposed that the identity characteristics of the gig economy, which are "like employees but not employees," put workers in an awkward position regarding tax application and rights protection, making it a difficult aspect of tax collection and administration. MARKEY L M (2024) takes the gig economy in Europe as the research object, pointing out that differences in the definition of gig worker status can lead to unfair tax burdens, which is a common issue faced by tax collection and administration in EU countries.

In terms of research on optimizing the tax collection and management system for the gig economy, domestic scholar Mao Maoli (2025) proposed that preferential tax policies for the gig economy should be improved to reduce the tax compliance costs of low-income workers. The research team of the China International Tax Research Association (2025) suggests, through international comparative research, that we should learn from foreign experiences in platform withholding and remitting, as well as the application of digital tax collection and management technology, to promote the digital transformation of tax collection and management in China's platform economy. Yan Xiaochun et al. (2025) proposed promoting deep integration between the tax system and platform data based on the OECD system interconnection concept, to achieve automated collection of tax-related information. In terms of foreign research, practical explorations in countries such as the United States, France, and Australia have provided real-world examples for academic research. Scholars generally believe that classified regulation, platform collaboration, and digital empowerment are key to solving the problem of tax collection and management in the gig economy. For example, the "target large and ignore small" tax collection and management model in the United States, the incentive-based declaration mechanism in France, and the rigid regulatory system in Australia all provide references for tax collection and management in the gig economy in various countries.

In the realm of research on cross-border gig economy tax administration, the policy explorations conducted by international organizations such as the United Nations and the OECD have emerged as focal points. The revision of the "United Nations Model Tax Convention" adopted by the United Nations Committee of Experts on International Cooperation in Tax Matters in 2025 abolished the physical presence requirement and reinforced the tax jurisdiction of the country of income source, thereby providing a regulatory basis for the tax administration of cross-border gig economy services. The "Two Pillars" approach and the "Common Reporting Standard" introduced by the OECD have facilitated the harmonization of global tax rules and the exchange and sharing of tax-related information, offering a framework to address issues such as tax avoidance and double taxation in the cross-border gig economy. Domestic scholars, including Liu Li (2020) and Zhao Tao (2019), have proposed that China should enhance cross-border tax administration collaboration and proactively align with international tax rules, focusing on the OECD's "Two Pillars" reform and international tax management in the sharing economy context.

Overall, existing research both domestically and internationally has yielded numerous valuable conclusions regarding the dilemmas, causes, and international experiences of tax collection and administration in the gig economy, laying a solid theoretical foundation for this study. However, there are still certain deficiencies in existing research: Firstly, some studies lack logical hierarchy in their analysis of the dilemmas faced by tax collection and administration of gig workers, and fail to conduct systematic analysis in conjunction with the current status of collection and administration, resulting in insufficient integration between dilemma analysis and practical implementation. Secondly, some studies focus on optimizing systems or technology in a single dimension, lacking a systematic exploration of collaborative governance among the government, platforms, and workers. Thirdly, research on China's latest gig economy policies and collection and administration practices still needs to be deepened, and exploration of practical issues such as tax relief and process simplification for low-income gig workers needs to be further strengthened.

Based on existing research, this paper adheres to the principles of tax equity and efficiency. It combines China's latest tax collection and management policies and practical status of the gig economy in 2025. Starting from the logic of "current status of collection and management - core issues", this paper systematically sorts out the three major dilemmas of tax collection and management for gig workers. It constructs a governance framework involving multi-party collaboration among the government, platforms, and workers, and proposes a targeted and practical path for institutional optimization. The aim is to compensate for the deficiencies in existing research and provide a reference for tax collection and management practices in the gig economy.

2. The current situation and challenges of tax collection and administration for gig workers

As a revolutionary change in the way labor resources are allocated under the digital economy, the gig economy features flexible employment patterns, blurred labor relations, diversified income structures, and virtualized work scenarios, which significantly conflict with the tax collection and management system based on traditional employment relationships. Currently, the tax collection and management of gig workers in China is at a critical stage of policy improvement and practical exploration. Although policies such as the submission of tax-related information by platforms and tax relief for low-income workers have been introduced, there are still many practical difficulties in the actual collection and management process. This chapter analyzes the collection and management dilemmas at the worker level, institutional level, and platform level from the dual dimensions of current status and core issues.

2.1 practitioner level

2.1.1 current status of tax administration

Currently, the gig worker population in China exhibits characteristics of large scale, complex structure, and strong mobility. It includes both physically demanding gig workers who are fully engaged in food delivery and ride-hailing driving, as well as knowledge-based gig workers who are part-time in design, consulting, and content creation. There are both low-income casual workers and high-income professional gig workers. From the perspective of tax collection and management practice, the overall tax compliance of gig workers is low, with an extremely low proportion of active tax filing. Most gig workers are in a "silent state" of tax collection and management. Tax authorities mainly rely on information reported by platforms to manage gig workers, but due to incomplete and delayed reporting from some platforms, it is difficult for tax authorities to achieve comprehensive and effective supervision of gig workers, resulting in a large number of blind spots in tax collection and management. At the same time, the social security system for gig workers is not yet perfected, with most workers not paying social insurance such as pension and medical insurance, and having to bear the risks of life on their own, further reducing their willingness to pay taxes.

2.1.2 core issue

Firstly, there is a weak sense of taxation, a vague understanding of identity, and an inherent lack of willingness to comply. Many gig workers hold the misconception that "earning some pocket money does not require tax payment", do not regard themselves as legal taxpayers, and even regard platform income as "after-tax income", lacking understanding of basic fiscal and tax knowledge such as their own tax obligations, applicable tax items and rates, and tax filing procedures. Coupled with insufficient promotion and guidance of tax policies, the lack of notification obligations on platforms, and unsmooth channels for information acquisition, this further exacerbates the cognitive dilemma of gig workers. This cognitive bias not only leads to low willingness to comply with taxation among workers, but also increases their tax compliance risks and potential tax liabilities, resulting in unnecessary loss of national tax sources.

Secondly, there is a lack of knowledge about finance and taxation, high taxation costs, and a significant deficiency in compliance ability. The overall cultural level and financial and tax literacy of the gig worker population are uneven. Most workers lack professional knowledge of finance and taxation, making it difficult for them to understand complex tax regulations and expense deduction provisions. Furthermore, they are unable to independently complete the entire process of income recording, cost accounting, tax filing, and tax payment. The cost of hiring a tax agent on their own does not match the income level of gig workers, leading most of them to give up filing taxes due to "not knowing how to pay or not being able to afford it", making tax filing a "rare phenomenon" among gig workers.

Thirdly, there is a lack of rights and interests protection, an imbalance in tax burden perception, and a persistent lack of motivation to comply. As a short-term, flexible employment group, gig workers often have civil cooperative relationships with platforms or demanders, rather than traditional labor relationships. They are unable to enjoy social security, labor protection, and other rights and interests stipulated by labor laws, and have to bear the risks and costs of life and work such as pension, medical care, and work-related injuries on their own. In the absence of corresponding rights and interests protection, gig workers view taxation as a pure expenditure without equivalent returns, leading to a significant imbalance in tax burden perception and a substantial decrease in willingness to pay taxes. They may even exhibit resistance when tax authorities emphasize tax obligations, forming a vicious cycle of "lack of rights and interests protection→lack of motivation to pay taxes→difficulty in tax collection and management".

2.2 institutional level

2.2.1 current status of tax administration

China's current tax collection and management system is built on the foundation of traditional industrial economy and employment labor model, with standardized accounting books, invoices, and tax registration as its core, and with the withholding and remitting by enterprises and institutions as the main collection and management method. It has obvious characteristics of "entity, standardization, and organization". The tax collection and management system for the gig economy is still in the stage of improvement. Although special policies such as the "Regulations on the Submission of Tax-related Information by Internet Platform Enterprises" have been issued, regulating issues such as platform obligations and preferential treatment for low-income employees, the overall tax system design, collection and management methods, and tax services are still not fully adapted to the development characteristics of the gig economy. From the perspective of tax system application, the criteria for defining income from labor services and business income are difficult to apply in the gig economy scenario, resulting in a higher tax burden for some gig workers. From the perspective of collection and management methods, the traditional collection and management model centered on physical bills fails in the virtual and fragmented transaction scenarios of the gig economy. From the perspective of tax services, personalized and convenient tax services for gig workers have not yet been perfected, and declaration systems, consultation channels, etc. fail to meet the actual needs of gig workers.

2.2.2 core issue

Firstly, the tax system lags behind the development of the gig economy, and there are significant deficiencies in its adaptability. On the one hand, the ambiguity in defining the nature of income leads to tax inequities. The current Individual Income Tax Law and its implementation regulations define income from labor remuneration and business income based on traditional employment patterns, which are difficult to apply in the gig economy scenario. For example, the work of full-time online car-hailing drivers and food delivery personnel has a clear business nature, but they are often classified as income from labor remuneration in legal terms, resulting in higher withholding and prepayment tax rates and stricter deduction standards, forming the tax inequity phenomenon of "different taxes for the same labor". On the other hand, the design of expense deductions and tax thresholds is unreasonable, pushing up the actual tax burden. The current tax law's expense deduction of 800 yuan for income from labor remuneration is designed for occasional, one-time labor activities. For practitioners whose main source of income comes from gig work, it cannot fully reflect their actual business costs (such as vehicle wear and tear, communication fees, platform service fees, etc.), resulting in a higher actual tax burden and violating the principle of tax equity.

Secondly, traditional tax collection and management methods fail in the gig economy scenario, significantly reducing the effectiveness of tax collection and management. Traditional tax collection and management rely heavily on physical invoices, accounting records, and tax registration.

However, transaction activities in the gig economy are mostly completed online, characterized by small amounts, high frequency, and fragmentation, with invoices rarely issued. Most gig workers' income does not reach the VAT threshold and tax registration threshold, thus eliminating the need for tax registration. This makes it impossible for tax authorities to establish complete taxpayer profiles for gig workers and incorporate them into the normalized tax supervision system. Invoices, a traditional tool for tax collection and management, lose their effectiveness. Tax authorities find it difficult to verify the true taxable income of gig workers, resulting in a large number of blind spots in tax collection and management, and a significant decrease in tax collection and management efficiency and supervision coverage.

Thirdly, tax services fail to respond to the needs of the gig economy workforce, and there is a notable absence of support in tax collection and management services. A personalized and convenient tax service system tailored for gig economy workers has not yet been established, leaving many ambiguities and service gaps. On the one hand, the tax declaration system has not been optimized to cater to the characteristics of gig economy workers, such as "dispersed income and high demand for operational convenience". The declaration process is cumbersome and difficult to operate, making it difficult to meet the needs of gig economy workers. On the other hand, there is insufficient promotion and guidance on tax policies, as well as unsmooth consultation channels. The popularization of fiscal and tax knowledge and policy interpretation for gig economy workers lags behind, making it difficult for them to timely learn about tax preferential policies and declaration procedures, thus facing numerous obstacles in tax compliance.

2.3 platform level

2.3.1 current status of tax administration

Platform enterprises are the core carriers of the gig economy and serve as a crucial link connecting gig workers with tax authorities. They hold core tax-related information such as gig workers' identity information, transaction data, and income details, and are the "source of control" for the tax collection and administration of gig workers. The "Regulations on the Submission of Tax-related Information by Internet Platform Enterprises," implemented in October 2025, clarifies the legal obligation of platform enterprises to submit gig workers' identity and income information to tax authorities. Some platforms have also begun to attempt to fulfill their obligations of withholding and remitting taxes. However, in actual tax collection and administration practice, the performance of platform enterprises' tax-related responsibilities is not satisfactory. Some platform enterprises evade their obligations of withholding and remitting taxes under the pretext of "service outsourcing," and there are issues with incomplete, untimely, and low-quality information submission. Some platform enterprises take advantage of the differences in domestic regional tax preferential policies and the separation of registration and operation locations to engage in tax arbitrage. The interest game between platform enterprises and local governments further weakens the effectiveness of tax collection and administration, making it difficult for tax authorities to effectively control tax sources through platforms for gig workers.

2.3.2 core issue

Firstly, the definition of tax-related responsibilities of platforms is vague, greatly reducing the effectiveness of implementation. Although the "Regulations on the Submission of Tax-related Information by Internet Platform Enterprises" clarifies the information submission obligations of platforms, at the practical level, there are still no clear and specific institutional regulations regarding the withholding and remitting obligations, information review responsibilities, and standards for penalties for violations of platform enterprises. The division of tax-related responsibilities between platforms and their internal merchants and partners is also unclear, leading to a lack of rigid constraints on the fulfillment of tax responsibilities by platform enterprises. Coupled with the complex internal structure, scattered geographical distribution, and wide range of business scope of platform enterprises, tax authorities find it difficult to quickly grasp their structure and business model, further increasing the difficulty of supervision and making it difficult for the tax-related responsibilities of platform enterprises to be effectively implemented in practice.

Secondly, the role of platforms has become multifaceted, yet the function of source control has not been fully leveraged. Platform enterprises play multiple roles in the tax collection and administration of the gig economy, including "information reporting parties, withholding and remitting obligors, and market operators." However, due to unclear legal positioning, some platform enterprises selectively fulfill their tax-related responsibilities for their own benefit. On the one hand, some platform enterprises evade their withholding and remitting obligations under the pretext of "service outsourcing" and "partnerships," completely shifting the responsibility of tax collection and administration to gig workers. On the other hand, driven by self-interest, some platform enterprises fail to comprehensively and promptly report the tax-related information of gig workers to tax authorities. They even exploit their information advantage to circumvent their obligation to assist in tax collection and administration, exacerbating the tax concealment behavior of gig workers, leading to the loss of national tax revenue and disrupting the competitive market environment of the platform economy.

Thirdly, the quality of information reporting is uneven, which restricts the effectiveness of tax supervision. Although platform enterprises possess vast transaction data of gig workers, due to the lack of effective information verification methods, their ability to verify core tax-related information such as the true identity, cost expenses, and income details of gig workers is insufficient. Furthermore, as the gig economy is still in its early stages of development, with diverse business models and inconsistent data standards across platforms, the cost of information reporting is high, the quality is low, and the reporting standards are inconsistent. This makes it difficult for tax authorities to effectively integrate and utilize the reported information. The quality issue of information reporting directly restricts the effectiveness of tax supervision, preventing tax authorities from accurately grasping the true income situation of gig workers and achieving precise tax collection and management.

Fourthly, the interest game between platforms and local governments weakens the enforcement of tax collection and administration. The platform economy has become an important source of local economic development and tax revenue. In order to attract platform enterprises to settle down, local governments often introduce investment attraction policies such as tax refunds and government subsidies, and adopt a tolerant attitude towards tax supervision. However, platform enterprises take advantage of the local government's investment attraction needs to engage in tax arbitrage and circumvent tax supervision by separating their registered locations from their operational locations and setting up shell companies in different regions. This interest game between platform enterprises and local governments significantly undermines the effectiveness of tax collection and administration policies. According to the tax department, since the public consultation on the "Regulations on the Submission of Tax-related Information by Internet Platforms", the number of related shell platforms has decreased by more than 100, reflecting that it is relatively common for platform enterprises to use information asymmetry to evade tax liability. Even though regulatory measures have been continuously strengthened, platforms continue to seek means of circumvention, forming a continuous game between taxpayers and tax collectors, which greatly increases the difficulty of effectively supervising the taxation of gig economy.

Fifth, algorithms dominate income distribution, leading to implicit tax inequities. Platform enterprises directly intervene in the work arrangements, performance evaluations, and income distribution of gig workers through big data and artificial intelligence algorithms. This algorithm-driven behavior indirectly affects the tax burden of gig workers. For example, the platform's subsidy policies, dispatch mechanisms, and pricing rules directly affect the income level and income structure of gig workers, thereby affecting their taxable income. However, the current tax law has not yet included the implicit impact of algorithms on taxation within its regulatory scope, nor does it require platform enterprises to disclose the impact mechanism of algorithms on income distribution. This leads to a mismatch between the actual tax burden and the true earning capacity of gig workers, creating implicit tax inequities and further exacerbating the difficulty of tax collection and administration.

3. International experience in tax collection and administration for gig workers

3.1 Practical explorations by major countries

The first is the impact of the US's "focus on large and ignore small" tax collection and management model on gig workers. The US adopts a categorized regulatory approach to taxation in the gig economy, with a particular focus on large platforms and high-income gig workers. On the one hand, the Internal Revenue Service (IRS) relies on the 1099-K reporting system, requiring payment settlement organizations (such as PayPal and Venmo) and third-party transaction networks (such as Uber and Airbnb) to submit this form to the IRS and taxpayers when paying more than $600 to the same gig worker. On the other hand, a reporting exemption policy is implemented for small-scale gig workers with annual income below $20,000. This "focus on large and ignore small" approach not only safeguards the main tax sources but also reduces tax collection and management costs, as well as alleviating the reporting burden on low-income gig workers. In addition, some states in the US have launched "gig worker tax education programs" to help gig workers understand and fulfill their tax obligations by simplifying tax forms and providing online calculation tools, thereby enhancing their tax compliance ability.

Secondly, the incentive-based declaration mechanism in France plays a guiding role for gig workers. France has established an incentive system for gig income declaration, offering tax relief benefits to gig workers who proactively and accurately declare their income. The government also requires platform enterprises to submit income information of gig workers to the tax department and open a simplified declaration channel for them. In terms of tax collection and management technology, the French tax department utilizes Application Programming Interfaces (APIs) to achieve seamless integration with platform systems, enhancing the efficiency of data submission and processing, and enabling gig workers to complete their declarations more conveniently and accurately.

Third, Australia's rigid regulatory system imposes norms and constraints on gig workers. The Australian Taxation Office (ATO) adopts a strategy of information-first and strict enforcement. Its "Tax Practitioner Handbook" clearly defines most gig workers who receive orders through platforms as engaging in "business activities," subject to corresponding tax rules. The ATO requires platform companies to regularly and in bulk submit all gig income data, and utilizes data analysis tools to cross-compare platform data with taxpayers' declaration information. It imposes surcharges and penalties on gig workers who fail to declare or declare falsely. This system strengthens the tax constraints on gig workers and also encourages them to declare their income truthfully.

Fourth, the classification regulation model of EU countries defines the status and tax burden of gig workers. The EU adopts a classification regulation model for taxation of the gig economy, distinguishing gig workers as employees or self-employed individuals based on criteria such as job autonomy and economic dependency, thus applying different tax systems. At the level of tax collection and administration, the EU promotes a platform withholding and remitting mechanism (especially in cross-border e-commerce B2C transactions) and requires member states to exchange tax information to prevent gig workers from using tax system differences to avoid taxes. Currently, the EU is exploring the establishment of a one-stop tax service platform for gig workers, hoping to help simplify the tax registration and declaration process for gig workers who operate in multiple member states and reduce their burden.

Table 1. Practical explorations by major countries

Country/Region	Tax Administration Model	Key Practices	Implications
United States	Prioritize key targets while relaxing small ones	1099-K reporting，exemption for low-income workers	Category-based regulation, reduce compliance costs
France	Incentive-based filing	Tax reductions for active filing,API data connection	Positive incentives + digital empowerment
Australia	Rigid supervision	Define business income,cross-data matching	Strict law enforcement + source control
EU	Category-based regulation	Distinguish employees/self-employed,cross-border information exchange	Unified rules + collaborative governance

3.2 Policy coordination of international organizations

The United Nations' tax jurisdiction adjustment plan affects the cross-border income of gig workers, and the United Nations plays a key role in the reconstruction of international tax rules, especially in the adjustment of tax jurisdiction allocation in the context of the digital economy. The revised "United Nations Model Tax Convention" adopted by the 30th session of the United Nations Committee of Experts on International Tax Cooperation in 2025 reconstructs the framework of tax jurisdiction allocation in the context of globalization, focusing on strengthening the tax jurisdiction of income source countries in the digital economy and service trade. The core breakthrough of this revision is the abolition of physical limitations and the clear provision that income source countries have direct taxation rights over cross-border digital service income.

The collaborative governance framework between the OECD and the EU has an impact on the tax management environment for gig workers. According to the report "Digitalization and Digital Transformation Measures for Tax Management" released by the Organization for Economic Cooperation and Development (OECD), over 70% of tax authorities are using artificial intelligence to monitor tax evasion, and nearly 40% of tax authorities can pre fill value-added tax declaration forms. These developments will help tax authorities more effectively regulate the tax revenue of the gig economy and may provide more convenient declaration services for gig workers at the EU level, The "dual pillar" plan promoted by the OECD is gradually being implemented, with pillar one granting new taxation rights to market countries through profit redistribution, and pillar two establishing the lowest global tax rate. For gig workers engaged in cross-border activities, this means that tax rules are more unified, reducing the space for planning based on differences in tax jurisdictions.

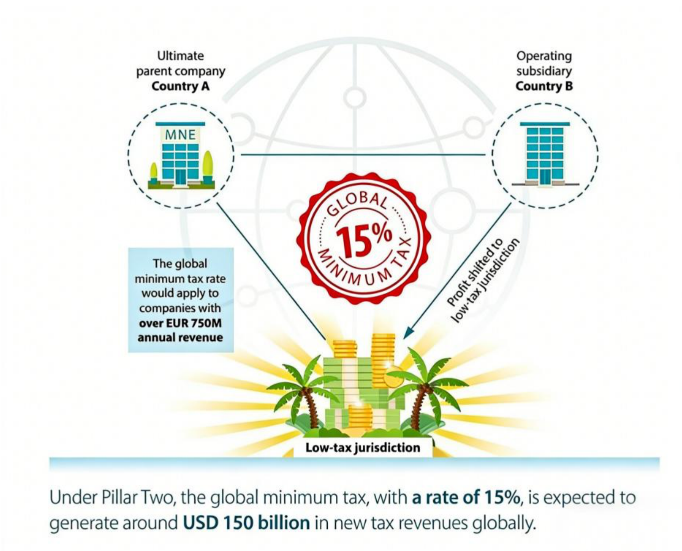

Figure 1 Schematic Diagram II of the OECD One-Pillar Solution

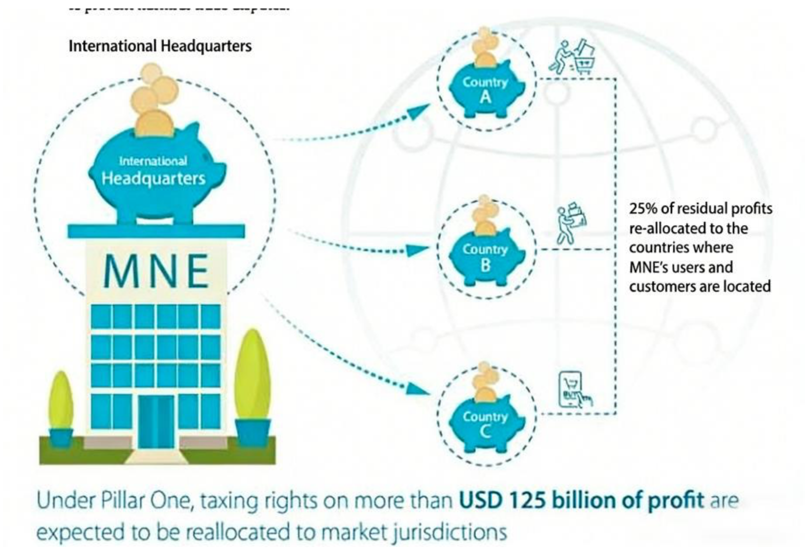

Figure 2 Schematic Diagram II of the OECD Two-Pillar Solution

The international tax information exchange cooperation mechanism strengthens the tax supervision of gig workers. In response to the cross-border tax challenges of the gig economy, the international community has established a cooperation mechanism for tax information exchange. The OECD led Common Reporting Standards (CRS) and Automatic Exchange Standards for Financial Account Tax related Information provide an information basis for cross-border tax supervision of the gig economy. The EU has launched a joint audit mechanism and one-stop service (OSS) system, which allows member state tax authorities to share gig income information submitted by platform enterprises, helping to avoid double taxation and regulatory loopholes for gig workers. These mechanisms strengthen transparency and supervision of gig workers' cross-border income, and require them to comply with tax regulations in various countries more actively.

4. The Chinese Path to Optimizing the Tax Collection and Administration System for Gig Workers

Combining China's national conditions with relevant international experience, optimizing tax collection and management for the gig economy should be centered around gig workers, emphasizing the unity of inclusiveness, collaboration, and incentives. The goal is to build a modern governance system that not only ensures tax fairness but also supports the healthy development of new business forms.

4.1 Establish a collaborative governance framework to safeguard the rights and interests of gig workers

The tax governance of the gig economy requires multi-party governance by the government, platforms, and practitioners. It is necessary to clarify rights and responsibilities to protect the legitimate rights and interests of gig workers, which can be promoted from three aspects:

One is to clarify the tax responsibilities of platform enterprises, which are the key link between gig workers and tax management. China's Provisions on the Reporting of Tax related Information of Internet Platform Enterprises has clarified the reporting obligations of the platform. The regulatory level also emphasizes that the platform must perform the obligation of withholding and remitting according to law, and should not use this as an excuse to charge additional fees from employees. Platforms that perform well in their responsibilities can be encouraged, and platforms that assist in violating the rules will be investigated and punished according to law.

The second is to strengthen cross departmental collaborative support, which requires the joint efforts of taxation, human resources and social security, market supervision and other departments to provide comprehensive support for gig workers covering taxation, social security, and rights protection. For example, the Longyan Longgig platform integrates resources from human resources and social security, taxation, finance and other departments, realizing one-stop services of settlement, invoicing and rights protection, which can provide more comprehensive protection for practitioners.

The third is to enhance the tax compliance ability and awareness of rights and interests of gig workers. Tax related departments should strengthen policy interpretation through easy to understand means such as short videos and live broadcasts. At the same time, they should develop self-service tax calculation tools to help gig workers accurately understand their own tax burden. More importantly, it is necessary to open up channels for safeguarding their rights. For example, the "Dragon Zero Worker" platform has embedded labor arbitration and mediation functions to help gig workers effectively protect their rights in the face of injustice.

4.2 Improve the tax system centered around gig workers

The primary goal of optimizing the tax system is to establish a policy framework that can accurately identify the diversity of gig workers and reduce their compliance burden.

One is to accurately define the income nature of gig workers, with the core of ensuring tax fairness and preventing unfair tax burdens. China has made it clear that platform enterprises shall not transfer their tax obligations to platform employees in any form. In order to prevent illegal conversion of income nature and other tax evasion behaviors, the tax department has also optimized the personal income tax withholding and prepayment methods for labor remuneration income. In the future, international classification experience can be further referenced, combined with factors such as platform control degree and income source dispersion, to provide clearer tax law application guidance for gig workers with different affiliations, while optimizing cost deduction for gig workers.

The second is to improve the tax preferential system, and the key is to reduce the actual tax burden and declaration difficulty of gig workers. In addition to allowing the deduction of work costs based on receipts, a simple standard deduction system can also be explored for gig workers who cannot provide complete vouchers. Currently, for gig workers engaged in convenient labor activities such as distribution, transportation, and household services, if they enjoy tax incentives or do not need to pay taxes in accordance with the law, their income information can be exempted from being reported by the platform, which reflects the inclusiveness of the policy.

The third is to ensure that gig workers fully enjoy tax incentives and that national inclusive policies can directly reach individuals. Currently, the policy of exempting small-scale taxpayers with monthly sales of less than 100000 yuan from value-added tax has been clearly applied to platform workers. For the vast majority of platform workers with lower monthly incomes, they do not need to pay taxes in the personal income tax withholding and prepayment process. In the future, it is necessary to continue to strengthen policy promotion to ensure that gig workers are aware of and conveniently enjoy various tax reduction benefits, including special additional deductions.

4.3 Innovate tax collection and management methods for gig workers

The goal of building a tax big data platform that benefits gig workers is to achieve automated collection and service of tax related information. The country has established a platform enterprise tax related information reporting mechanism, which breaks down the information barrier of separating the platform's economic registration and operation locations. Based on this, we can learn from the OECD system interconnection concept, promote deeper integration between the tax system and platform data, and provide one-stop services such as automatic income summary and tax calculation for gig workers in the future. The promotion of data pre filling and confirmation declaration mode can greatly reduce the declaration cost and compliance difficulty of gig workers. Tax authorities can pre fill declaration forms for eligible gig workers based on the data submitted by the platform, and push confirmation through mobile apps. This can enable gig workers to switch from self reporting to verification and confirmation. For example, the practice of automatic tax calculation and invoicing in salary payment on the "Longling Worker" platform in Longyan, Fujian has also demonstrated the feasibility of a similar process. Implement intelligent risk prevention and control measures to protect law-abiding gig workers, using technologies such as artificial intelligence, blockchain, and big data to establish an intelligent identification and prevention system for tax risks in the gig economy. Cross compare data submitted by the platform with taxpayer declaration data to automatically identify abnormal declaration behaviors. By constructing a gig economy tax risk model, accurately locate high-risk taxpayers.

4.4 Deepen the international coordination of cross-border taxation for gig workers

With the globalization of the gig economy, gig workers engaged in cross-border services may face complex tax issues. This can be addressed from two aspects: On the one hand, we should proactively align with international tax rules, conduct in-depth research on the revised content of the United Nations' "Model Tax Convention" and the OECD's "Two Pillars" approach, and make timely adjustments to China's domestic policies in areas such as the allocation of cross-border tax jurisdiction and profit attribution, to maintain coordination with international rules and avoid uncertainty of double taxation or non-taxation for gig workers. On the other hand, we should strengthen cross-border tax collection and management cooperation, establish a tax-related information exchange mechanism through bilateral or multilateral tax cooperation, and jointly prevent the use of international tax loopholes to evade taxes. This will also help create a stable and fair tax environment for gig workers engaged in cross-border services.

5. Conclusion

The rapid development of the gig economy poses a systematic challenge to the traditional tax collection and management system. Currently, the tax collection and management work of gig workers in China is facing multiple challenges, including low compliance willingness and weak compliance ability, lagging institutional design, ineffective means, lack of services, vague platform responsibilities, ineffective implementation, and interest games. These challenges are intertwined and affect each other, leading to low efficiency in gig tax collection and management, increased risk of tax source loss, and damage to tax fairness. Optimizing the tax collection and management system for gig workers must be based on the actual development of China's gig economy, with tax fairness and efficiency as the basic principles, and gig workers as the center, to build a modern tax collection and management system with "perfect system, technological empowerment, multi-party collaboration, and international integration".

At the institutional level, it is necessary to accurately define the nature of income for gig workers, improve the system of cost deduction and tax incentives, ensure that tax system design is adapted to the characteristics of the gig economy, and guarantee tax fairness; At the level of tax collection and management, it is necessary to rely on digital technologies such as big data and artificial intelligence to build a tax big data platform, promote the data pre filling+confirmation declaration mode, implement intelligent risk prevention and control, and improve the efficiency and accuracy of tax collection and management; At the governance level, it is necessary to clarify the tax responsibilities of platform enterprises, strengthen cross departmental government coordination and protection, enhance the tax compliance ability and rights awareness of gig workers, and build a governance pattern of multi-party collaboration among the government, platform, and practitioners; At the international level, it is necessary to actively connect with the tax rules of international organizations such as the United Nations and OECD, strengthen cross-border tax collection and management cooperation, and create a stable and fair tax environment for cross-border gig work services.

Ultimately, through institutional optimization, technological empowerment, collaborative governance, and international integration, the multiple goals of effective control of tax sources, standardized development of gig economy, and protection of the legitimate rights and interests of practitioners will be balanced, promoting the development of gig economy in a standardized and regulated manner. At the same time, the modern tax collection and management system will be improved, fully leveraging the important role of taxation in resource allocation, income distribution, and market supervision, providing solid support for the high-quality development of the digital economy.

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