

New gig economy reporting rules

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LITRG and the CIOT have submitted comments on the draft regulations which implement the model reporting rules for digital platforms

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Very broadly, the Organisation for Economic Co-operation and Development's (OECD) model reporting rules for digital platforms will require UK platform operators to collect, verify and report certain details of sellers who work on their platform to HMRC, and to provide a copy of the reported information to sellers. First reports will be due in January 2025 (extended from January 2024).

In LITRG's response, we mainly focus on the requirement that reports must be made to sellers as well as HMRC. This is an important feature of the rules and could help sellers to comply and complete their tax returns correctly. Regulation 4(4) says: 'where a reporting platform operator must make a report for a reportable period including information in respect of a reportable seller, the reporting platform operator must provide that reportable seller with that information by no later than 31 January following the end of the reportable period.'

Although the reporting deadline of 31 January does not fit well with the UK tax year (as workers will not receive information for January, February and March of a particular tax year until the filing deadline), we recognise that the reports will be useful to some workers. We recommend to HMRC that the regulations should stipulate the format in which the data is presented to the sellers to ensure that it is easily understandable and consistent, and so make the reports as user friendly as possible. We also recommend that the government consider asking platforms to signpost to voluntary sector organisations such as TaxAid or Citizens Advice for further help.

We think that 'must provide' in the wording of the regulations is not specific enough. Should a hard copy be sent? Is an email sufficient? In addition, given the plethora of ways that documents can be provided to people these days, and so in which they can pass people by, there should be a requirement on platforms to ensure, *as far as possible*, that the information successfully reaches the target recipient.

LITRG comment that the information given in the report cannot exist in a vacuum. Clearly, workers need to understand the significance of the report that is given to them by the platform. For the information on the report to be used and applied effectively, it must be accompanied by better central tax information for gig workers. We suggest that a page (or hub) on [GOV.UK](https://www.gov.uk) is developed to host better, tailored guidance for the gig economy, which could then be linked to from the report.

In a meeting that the CIOT had with HMRC, the CIOT highlighted that the draft regulations do not currently specify whether there will be any consequences, such as penalties, for platform operators if they fail to provide the sellers with information on a timely basis. The regulations are also unclear on the extent to which platform operators may appeal against information requests. We recommended that the definition of 'consideration' should be clarified to make it clearer whether it is net of refunds and that it would be helpful if the meaning of

'reasonable efforts' in relation to verification could be explained in guidance.

Both LITRG and the CIOT are members of a stakeholder working group set up by HMRC to discuss the implementation of the rules, along with guidance and other practical issues raised by the draft regulations. LITRGs response can be found here: www.litrg.org.uk/ref2711

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