

## THE COMPLEXITIES OF INTERNATIONAL TAXATION FOR DIGITAL NOMADS AND GIG WORKERS: A CASE STUDY APPROACH

**\* Mr. Piyush Harish Rana**

\* Asst. Prof at Annasaheb Vartak College, Vasai.

### Abstract:

*The rise of the gig economy and the digital nomad lifestyle has created significant challenges for international taxation systems. The independent platform players in form of freelancers and others have changed the economy drastically all over the world. As individuals work remotely across multiple jurisdictions, traditional tax frameworks struggle to address issues of tax residency, double taxation, and compliance enforcement. There are various factors to be considered while taxing the gig workers like expenses incurred, income earned actual and gross, differentiation between personal and professional income etc. This paper explores these complexities through a case study approach, analysing real-world scenarios to illustrate the gaps in current taxation policies. The research provides recommendations for policymakers and gig workers to navigate these challenges effectively.*

**Keywords:** -Gig economy, gig workers, taxation in gig economy, digital platforms

**Copyright © 2025 The Author(s):** This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

### Introduction:

The technological advancements and shifting work preferences has allowed workers to operate across borders with minimal restrictions in the modern era of Gig work. However, tax authorities worldwide face difficulties in categorizing and taxing these mobile professionals. This study aims to analyse the key taxation challenges for digital nomads and gig workers while providing practical solutions. The increasing number of individuals adopting a nomadic work lifestyle raises concerns about the sustainability of existing taxation policies. Many countries struggle to track and enforce tax laws for individuals who move frequently, making tax avoidance a major issue. The involvement of difference in political ideologies, taxation system, currencies are some of the factors to be considered for taxation of Gig workers. Additionally, inconsistent regulatory frameworks complicate compliance efforts, leading to financial and legal burdens for digital workers. Understanding these

challenges is crucial for developing fair and effective taxation policies.

### Review of Literature:

**Beatrice Oyinkansola Adalakun (2024)** studied the challenges in taxation during the era of gig economy through survey and review method. The study revealed the fact that the taxation system required a change with changing scenario in the modern digital economy.

**Nino Grigolaia (2024)** focused the self-employed gig workers and the complications in tax regulations for such workers as well as the government for maximum evasion of tax by people who were self-employed. The study suggested some corrective measures to be adopted for easy taxation and increase government revenue.

**Victory haris kusuma Wardhana at el (2020)** using literature review method studied the need of regulatory reforms with the change in economy rapidly with reference to Gig. The study was based on various

parameters and recommended change in regulations as per the need of time.

**Katerina Pantazatou (2021).** Chaptered in a book the various aspects of platform economy and taxation which covered various aspects from evolution of gig economy, working, taxation, etc. The study recommended including taxation policies for the workers of platform economy.

**Brett Collins et al. (2019)** studied the dramatic change in the economy and nature of job from traditional to modern gig culture for a period of twenty years. It examined the changing nature of work and studied the aspect of taxation on the gig workers.

**Garret Watson (2019)** focused on the improvement of federal tax system for gig workers due to various factors like non bifurcation of personal and business expenses, over or under taxation, tax evasion etc. The study suggested implementation of new policies of taxation for the platform workers.

**Beatrice Oyinkansola Adelakun (2023)** focused light on the requirement of transparent and accountable taxation system of the freelancers of gig economy. Keeping in mind the differences in time, income, efforts etc., the study recommended a transparent and accountable taxing in modern world.

**J.J.Wessels and M Bornman** reviewed various literatures and considered the taxation policies and its challenges in the gig economy. The result of the study was neutral stating the benefits of independent working along with the complications in the tax system which needed up-gradation.

### **Key Taxation Challenges for Digital Nomads and Gig Workers:**

**1. Tax Residency Issues:** Traditional tax frameworks determine liability based on residency. Digital nomads frequently move across jurisdictions, leading to ambiguity in tax obligations. Case studies from Estonia and Thailand highlight how some nations offer digital nomad visas with clear tax

structures, while others create compliance burdens. Tax residency rules vary significantly from nation to nation depending upon their political and economic status. Some nations require an individual to spend at least 183 days per year in their jurisdiction to be considered a tax resident, while others determine tax residency based on citizenship. Countries like the United States impose taxation based on worldwide income regardless of physical presence, further complicating matters for digital workers. This inconsistency creates difficulties for gig workers who frequently change locations.

**2. Double Taxation and Treaties:** The lack of uniform global tax policies often results in digital workers being taxed in multiple countries depending upon their geographical location and income earned. The case of a U.S. freelancer working in Germany underlines the inefficiencies in existing Double Taxation Avoidances (DTAs) and the need for global tax harmonization. While DTAs aim to prevent double taxation, they often fail to address the complexities of digital work. Some treaties only apply to traditional employment arrangements, leaving freelancers and gig workers in legal grey areas. Countries such as Portugal and Spain have attempted to create more flexible taxation policies for remote workers, but challenges persist in international coordination.

**3. Compliance and Reporting Burdens:** Many gig workers struggle to navigate self-reporting obligations. A case study of an Indian freelancer earning through U.S.-based platforms like Upwork and Fiverr demonstrates the complexities of tax deductions, GST obligations, and foreign income reporting. Self-employed individuals face additional difficulties when filing taxes, as they must track income from multiple sources and comply with different tax codes. Many gig workers also have limited access to financial advisors who

specialize in international taxation, leading to unintentional non-compliance. The introduction of automated tax reporting tools has helped alleviate some of these burdens, but regulatory differences remain a significant challenge.

- 4. The Role of Digital Platforms in Taxation:** Some governments require gig platforms to withhold taxes or report user earnings. The case of Australia's new tax compliance laws for gig platforms illustrates how regulatory approaches vary globally. Platforms like Uber, Airbnb, and Fiverr have been required in certain jurisdictions to report freelancer earnings to tax authorities. However, enforcement remains inconsistent, and some platforms do not provide adequate guidance to their users on tax compliance. Governments are increasingly looking at ways to collaborate with digital platforms to enhance tax transparency and prevent underreporting.

#### Case Studies:

##### Case Study 1: The Estonian e-Residency Model: -

Estonia's e-residency program enables location-independent entrepreneurs to establish businesses with tax clarity. However, it still faces challenges in double taxation for residents of non-EU nations. Estonia's initiative has been widely recognized for simplifying tax procedures for digital entrepreneurs. While the program provides clarity on business taxation, personal tax obligations remain complicated for e-residents who hold citizenship in countries with conflicting tax policies. This case study demonstrates the need for more comprehensive international agreements to support remote workers.

##### Case Study 2: The U.S.-India Freelancer Taxation Dilemma:

A U.S.-based Indian freelancer must comply with IRS tax rules while also navigating India's foreign income taxation policies, leading to administrative and financial burdens. India taxes global income for

residents, meaning freelancers who receive payments from foreign clients must comply with both Indian and foreign tax laws. The Foreign Tax Credit (FTC) system is intended to mitigate double taxation, but complex filing procedures often result in confusion and financial penalties. This case highlights the need for simplification in tax reporting for gig workers.

##### Case Study 3: Thailand's Digital Nomad Visa:

Thailand offers a visa specifically for digital nomads, yet taxation policies remain unclear, causing confusion about whether income earned outside Thailand is taxable. Thailand's digital nomad visa aims to attract remote workers by providing legal status and temporary residency. However, tax policies remain vague, leading to uncertainty among visa holders regarding their obligations. Some digital nomads have been required to pay local taxes despite earning income from foreign clients. This demonstrates the need for clearer tax guidelines in visa programs.

#### Recommendations:

- i. Policymakers should create global tax frameworks having a standard parameter of taxation to avoid double taxation. This will make crystal clear concepts of taxes to be paid by a nomad worker on digital platforms too.
- ii. Governments should incentivize compliance by simplifying reporting structures for digital workers. Incentivized compliances will encourage nomad workers to work productively enhancing the quality of work along with revenue.
- iii. Gig platforms should integrate tax calculation features to assist workers in meeting obligations. This will help a gig worker to know his tax liability as and when he earns the income to online media platforms or any other gig work.
- iv. Tax education programs should be developed to help freelancers understand their obligations and navigate international tax laws. This will enhance in understanding and improving the knowledge on

differentiating the domestic and foreign income and tax both.

- v. Countries should collaborate to create standardized tax regulations for gig workers, reducing discrepancies in residency-based taxation. The whole world is on one platform and hence international compliances and uniformities in tax regulations will make the gig workers reliable tax payers of the nations.

**Conclusion:** The rapid expansion of the gig economy demands new tax regulations that accommodate digital nomads while ensuring compliance and revenue collection for governments. Addressing these challenges requires global collaboration and policy innovation. Without standardized taxation policies, digital workers will continue to face uncertainty and risk financial penalties. Governments must adapt to this evolving work model by developing fair, transparent, and enforceable tax policies that balance economic growth with fiscal responsibility.

#### References:

1. Adam, S., Miller, H., Pope, T., & Institute for Fiscal Studies. (2017). *Tax, legal form and the gig economy*.
2. Adelakun, B. O., 2024. (2024). *THE GIG ECONOMY: CHALLENGES FOR TAX SYSTEM* [Article]. *Journal of Knowledge Learning and Science Technology*, 3–3.  
<https://jklst.org/index.php/home>
3. Adelakun, B. O. & Illinois State University. (2023). *Tax compliance in the gig economy: the need for transparency and accountability*. *Journal of Knowledge Learning and Science Technology*, 1(1). <https://jklst.org/index.php/home>
4. Collins, B., Garin, A., Jackson, E., Koustas, D., Internal Revenue Service, University of Illinois Urbana-Champaign, Stanford University, University of Chicago, & Internal Revenue Service. (2019). *Has the Gig Economy Replaced Traditional Jobs Over the Last Two Decades? Evidence from Tax Returns*. IRS SOI Joint Statistical Research Program.  
[https://conference.iza.org/conference\\_files/Statistic\\_2019/garin\\_a28234.pdf](https://conference.iza.org/conference_files/Statistic_2019/garin_a28234.pdf)
5. *Improving the federal tax system for gig economy participants*. (2019). In Tax Foundation (Report No. 672; p. 1). Tax Foundation.  
<https://taxfoundation.org/wp-content/uploads/2019/10/Improving-the-Federal-Tax-System-for-Gig-Economy-Participants-1.pdf>
6. Research portal. (n.d.).  
<https://ujcontent.uj.ac.za/esploro/outputs/conferencePaper/The-gig-economy--challenges-for/9913086107691>
7. Wardhana, V. H. K., Herlina, M. G., Bangsawan, S., & Tuori, M. a. T. (2020). *Regulatory Developments in the Gig Economy: A Literature review*. *The Winners*, 21(2), 141–153.  
<https://doi.org/10.21512/tw.v21i2.6758>
8. Wellbrock, W., Ludin, D., Ministry of Education and Science of Ukraine, & Kyiv National Economic University named after Vadym Hetman. (2024). *Holistic supply chain risk management – Strategic potentials of the German Supply Chain Due Diligence Act*. In *STRATEGIC IMPERATIVES OF MODERN MANAGEMENT* (p. 486). KHEY.  
<https://doi.org/10.35668/978-966-926-500-5>

#### Cite This Article:

**Mr. Rana P.H. (2025).** *The Complexities of International Taxation for Digital Nomads and Gig Workers: A Case Study Approach*. In **Aarhat Multidisciplinary International Education Research Journal**: Vol. XIV (Number II, pp. 1–4).