

# The Impact of Manual Tax Withholding on Attitudes Toward Taxation and

## Voting Behavior in the Gig Economy: Uber's Market Entry

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### Introduction:

The automatic withholding of taxes has long been a standard practice in many countries, simplifying the tax process for individuals by having employers deduct taxes directly from employees' paychecks. However, there has been speculation that automatic withholding may contribute to a lack of awareness about the true cost of taxation among the general public. This notion is supported by claims that the introduction of automatic withholding, as advocated by renowned economist Milton Friedman, has inadvertently led to an increase in the size of government. This research project aims to investigate the impact of manual tax withholding on attitudes toward taxation and voting behavior, with a specific focus on the gig economy and the entry of ride-sharing/contractor companies like Uber as they integrate into new markets.

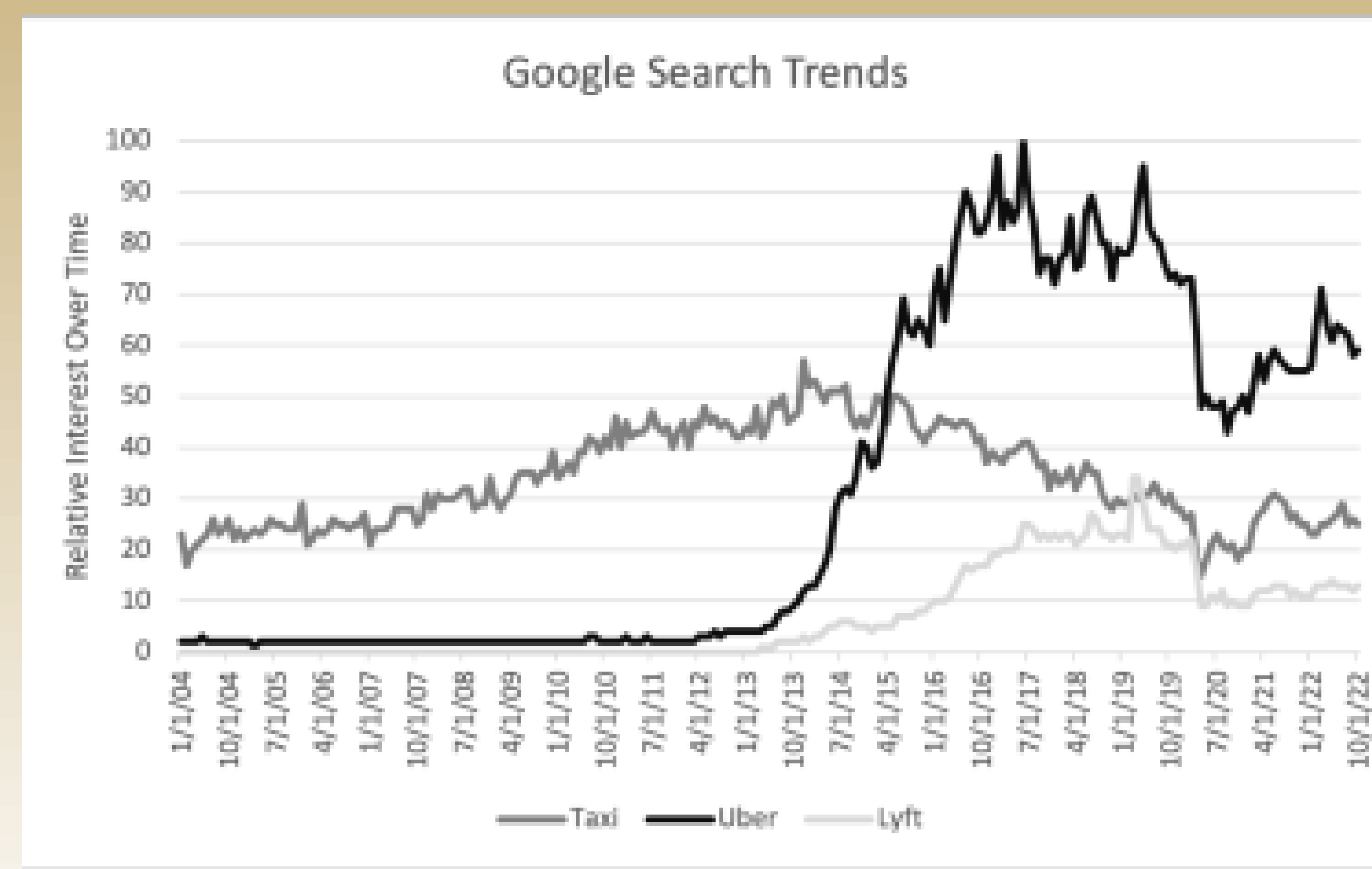
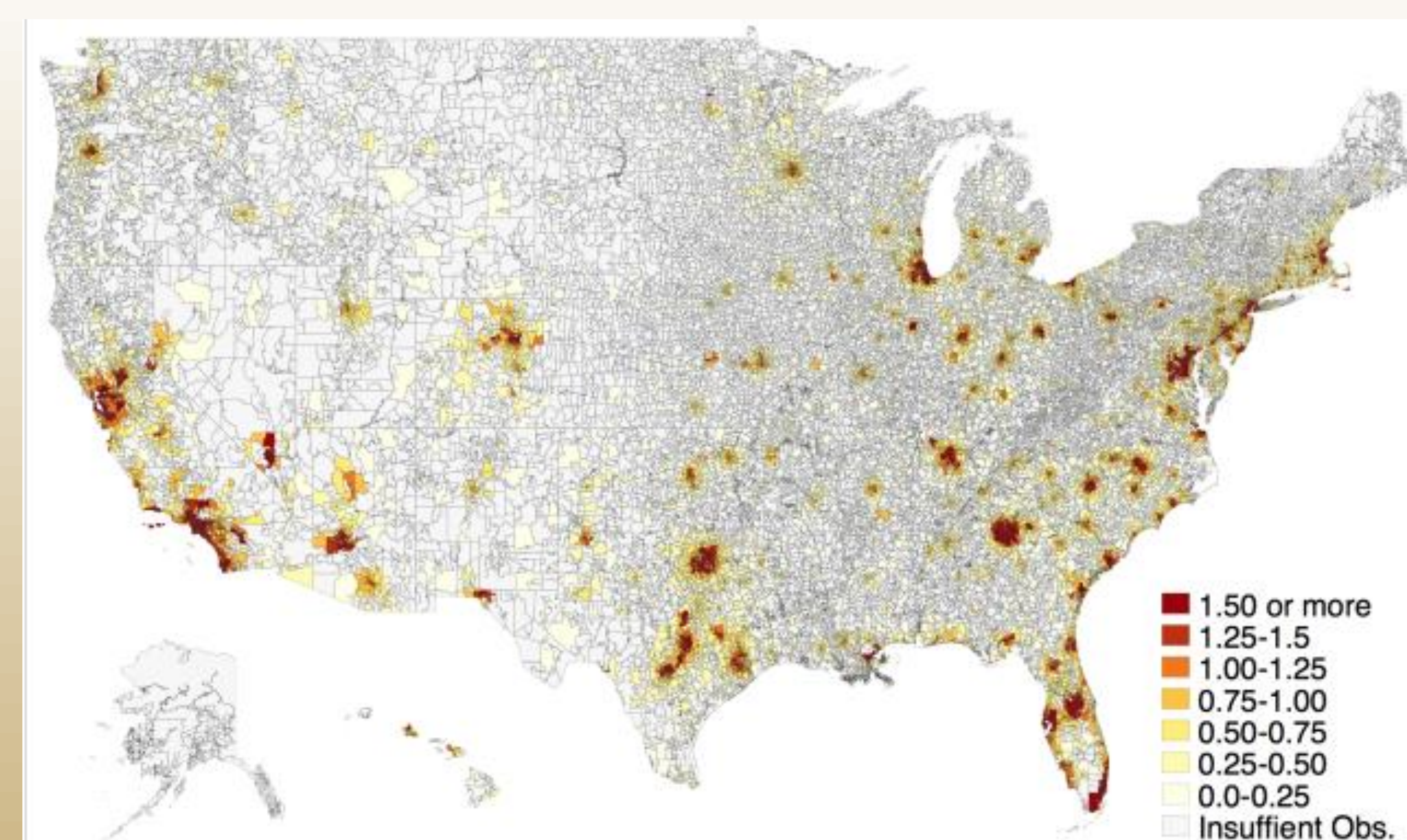
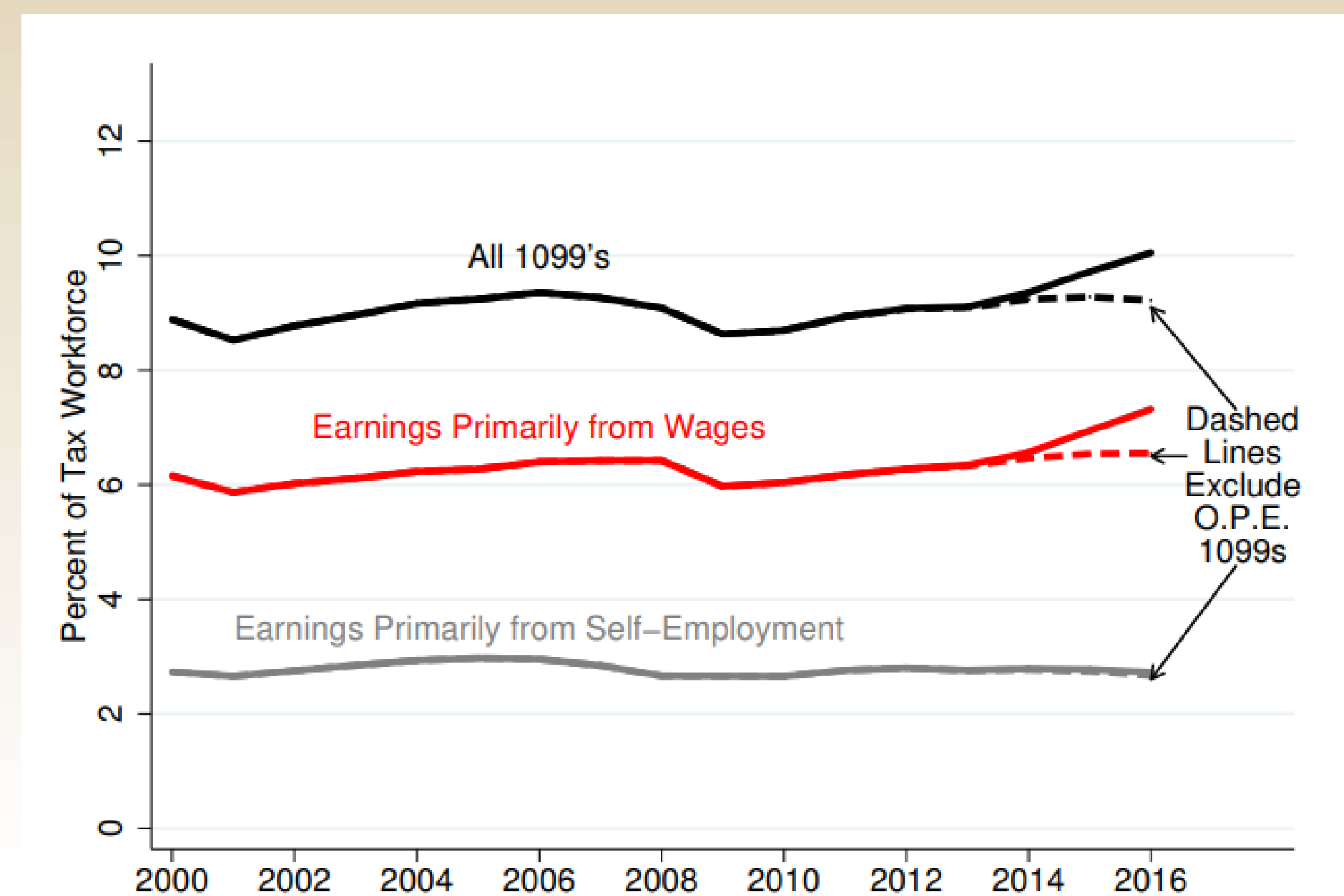
### Research Question:

To what extent does the exposure to manual tax withholding, experienced by independent contractors in the gig economy (specifically those working through platforms like Uber), influence attitudes toward taxation and voting behavior?

### Background:

The gig economy, characterized by short-term, freelance, or independent contractor jobs, has witnessed a significant rise in recent years. Individuals working as independent contractors, earning 1099 income, are responsible for manually withholding their taxes, providing a unique opportunity to study the impact of manual tax management on individual perspectives.

Uber's entry into a new market often leads to a surge in the number of independent contractors, as drivers operate as freelancers rather than traditional employees. This presents a natural experiment, allowing researchers to analyze the effects of increased exposure to manual withholding on a broader scale.



### Methodology:

#### 1. Data Integration:

- Merge Uber entry data with IRS data to identify regions and periods with increased 1099 income.
- Correlate Google Trends data with Uber entry and IRS data to capture public interest and awareness.

#### 2. Statistical Analysis:

- Analyze tax compliance patterns and attitudes toward taxation among independent contractors.
- Examine voting behavior differences between independent contractors and traditional employees.

#### 3. Causality Assessment:

- Use econometric models to assess the causal relationship between exposure to manual withholding and changes in attitudes and behavior.

### Expected Results:

This research aims to contribute valuable insights into the relationship between manual tax withholding, attitudes toward taxation, and voting behavior. Findings may have implications for tax policy discussions and shed light on the broader societal impact of gig economy trends.

### Conclusion:

Understanding how manual tax withholding influences individuals in the gig economy is crucial for policymakers and researchers alike. This research seeks to bridge the gap between taxation practices and public perception, offering a comprehensive analysis of the impact of manual withholding on attitudes and behavior in an ever-evolving economic landscape.

### References

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- Data source: Google Trends (<https://www.google.com/trends>)