Online sellers urged to check their tax position

Briefings



27 September 2024

Individuals selling online need to make sure they are up to date with their tax affairs before HMRC come knocking, says the ATT.

This follows changes introduced in January this year, under which digital platforms (such as Etsy, eBay, Vinted and Airbnb) will have to make annual reports to HMRC about those who sell goods or services through them.

Senga Prior, Chair of the ATT Technical Steering Group and the Association's President, said: 'It's important to remember that the tax rules for individuals selling goods or services online have not changed. These new rules just mean HMRC will have more information about what taxpayers are doing.'

Information shared with HMRC about sellers will include identifying information and how much they have earned. This will help HMRC to identify those who haven't been paying tax when they should have been.

Senga continued: ‘Just because you sell online, it doesn’t necessarily mean you will have tax to pay. In order to be taxable, you have to be carrying out a trade – for example, buying in or making things with a view to selling them online. If you are just clearing out the attic or selling old clothes you no longer need that shouldn’t be a trade, and tax shouldn’t be payable. Even if you are trading, you can earn up to £1,000 of income (before expenses) a year without having tax to pay.’

ATT is advising online sellers to keep a record of any costs they incur, including buying goods, packaging or postage, as they will be able to claim a deduction for these.