

Online platform reporting: increased HMRC scrutiny

Personal tax

OMB



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HMRC's new online platform reporting regime gives advisers greater compliance risks, increased data matching and a narrowing disclosure window.

Key Points

What is the issue?

HMRC is now receiving large volumes of annual data from online platforms and crypto-asset providers, giving it much greater visibility over sellers' income and activity.

What does it mean to me?

Advisers should expect more HMRC nudge letters, compliance checks and enquiries based on data matching. Clients with undeclared or incorrectly reported platform income may have only a limited opportunity to make unprompted disclosures before

HMRC intervenes.

What can I take away?

Advisers should update onboarding and annual review procedures to ask specifically about online selling, platform income and crypto-assets, ensure figures are properly reconciled to the UK tax year, and consider early disclosure where historic liabilities may exist.

Digital platforms have become a normal route to market for individuals and businesses, with almost 4 million sellers using them in 2025. HMRC has recently responded by moving from ad hoc information requests to a standardised annual reporting regime for online marketplace activity. The most important change for advisers is not new tax law, but the increased scale and consistency of third-party data that HMRC can now match against tax returns.

This article focuses on what that means in practice for tax advisers: what HMRC is receiving, how HMRC is likely to use it to help close the tax gap, where the risk areas sit, and how advisers can respond where clients have undeclared or uncertain income linked to online sales businesses.

The reporting regime in brief

Since 1 January 2024, the UK has implemented OECD-style rules for reporting by platform operators through the Platform Operators (Due Diligence and Reporting Requirements) Regulations 2023. The regime requires in-scope digital platforms to carry out due diligence on sellers and report specified information to HMRC annually. The UK rules link to the Model Reporting Rules for Digital Platforms published by the OECD.

The Model Rules define a digital platform broadly as software (including apps and websites) that connects sellers with customers and where the platform holds, can calculate or can obtain the amount paid to sellers. Examples include online marketplaces, short-term accommodation platforms, food delivery, private hire and freelance marketplaces.

Of course, the underlying UK tax rules themselves have not changed. What has changed is the automatic flow of information from platforms to HMRC, and the

likelihood that discrepancies will be spotted earlier and at greater scale.

Similar rules for crypto-asset platforms took effect from 1 January 2026, with the first reports to HMRC due in 2027. The Crypto-Asset Reporting Framework (CARF) involves international revenue authorities (e.g. HMRC) collecting data from resident crypto-asset intermediaries and exchanges that effect transactions for or on behalf of their customers. The data will provide details of the intermediaries' customers (individuals and entities) and their aggregate investments and crypto-asset transactions. The data will then be exchanged between national tax administrations so that each administration will receive data about the crypto-assets of taxpayers who are resident in their country.

If gathering transaction data from online platforms and crypto providers proves to be a profitable exercise for HMRC, one wonders what might come next. The government has announced greater levels of data gathering from merchant acquirers from 2028, reporting card payments between traders and their customers, which would be likely to uncover 'hidden economy' activity, and errors in tax filings, especially in an increasingly cashless society. This payment information is by supplier, not by customer.

What data HMRC is receiving (and why it matters)

Platform operators must collect and verify identification information about sellers. For individuals, HMRC's guidance includes full name, home address, date of birth and National Insurance number (or an overseas tax identification number), and property addresses where relevant. For entities, the requirements include legal name, address, registration identifiers (for example, company registration number), and relevant UK references (for example, partnership UTR or Company Registration Number) depending on the type of entity.

Reporting is based on the calendar year (1 January to 31 December), with information submitted to HMRC by 31 January following the end of that period. HMRC's seller-facing guidance gives the example that data collected for 2024 is reportable by 31 January 2025.

For advisers, that calendar-year reporting creates a predictable practical issue. Clients will often see, and sometimes share, platform summaries that do not align neatly to the UK tax year (6 April to 5 April). Without careful reconciliation, that

mismatch can lead to inaccurate reporting, or to clients assuming HMRC's figures represent taxable profit rather than gross receipts. Advisers should expect more reconciliation queries and more conversations beginning with: 'Why does HMRC think...?'

The legislation also sets reporting triggers for some categories. For sales of goods, details will not be reported where a seller makes fewer than 30 sales in a calendar year and receives less than €2,000 (about £1,700) for those sales. Importantly, these are triggers for platform reporting, not tax thresholds for individual taxpayers.

For crypto-assets, four types of transaction will be reportable under the CARF in 2027:

- an exchange between a crypto-asset and fiat currency;
 - exchanges between crypto-assets;
 - a transfer of crypto-assets (broadly, a transfer between different crypto-asset users' accounts or addresses); and
 - crypto-assets used as payment for goods and/or services exceeding \$50,000.
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The Freedom of Information picture

A Freedom of Information (FOI) response recently obtained by BDO provides a useful snapshot of how much data HMRC has already received and what it has done with it.

HMRC reported receiving information on 1,466,171 sellers for calendar year 2024 and 3,988,892 sellers for calendar year 2025. It also reported total 'consideration' of £25.5 billion in 2024 and £54.8 billion in 2025. HMRC noted that sellers include a mixture of individuals and entities (companies, partnerships, trusts and charities). This demonstrates a huge increase in both the number of sellers and the value of sales, with both more than doubling in one year.

The FOI response also provided context on digital platform reporting volumes. HMRC said it received 806 reports directly from UK-based platform operators for 2024 and 811 reports for 2025. It also received 13 reports from partner jurisdictions for 2024 (with the overseas deadline for 2025 not yet passed at the time of response).

The 'so what?' for advisers is the timing. As at 23 February 2026, HMRC stated that it had not yet taken compliance or enforcement action using this dataset and had

not imposed penalties on platform operators in the categories queried. HMRC's explanation was operational: it was still building systems to automatically extract and analyse the data, and systems were in the final development stages.

That combination of large datasets already received, together with system capability close to delivery, strongly suggests that HMRC compliance and enforcement activity will scale quickly once automated analysis is live. Advisers should plan on the basis that platform reporting will become a routine element of HMRC's risk profiling and enquiry work.

Likely HMRC activity: what advisers should expect

HMRC's Compliance Handbook describes the 'one-to-many' approach as sending a common message designed to influence behaviour, issued directly to customers or via intermediaries such as agents. HMRC notes this is part of its 'promote, prevent, respond' approach and should be proportionate to the risks involved.

In practical terms, platform reporting provides a strong new input for that model. Once automated matching is in place, advisers should expect more instances of:

- prompts to check whether an individual should be registered for Self-Assessment or has included all relevant income streams on filed tax returns;
- nudges triggered by mismatches between platform-reported totals and amounts returned on Self-Assessment or other filings; and
- follow-up checks where HMRC needs evidence to confirm the correct treatment. HMRC notes that if it needs customers to provide additional information, it must open a compliance check under normal procedures.

This means that the window of opportunity for individuals to make unprompted disclosures of unreported income from platforms could be relatively short. With this in mind, when contacting clients for their 2025/26 tax return data, advisers should draw particular attention to the need to declare freelance or ad hoc income earned via online platforms or crypto transactions. If there is something to declare for the last year, or further back, this is something to follow up quickly in order to reduce the overall cost of putting matters right.

Key risk areas

'I'm just selling my own stuff'

HMRC's guidance distinguishes selling personal possessions, often with no income tax arising, from selling goods in a way that looks like trading, and highlights capital gains tax exposure where an item is sold for more than £6,000. HMRC's guidance aimed at 'side hustles' is direct: occasional selling of unwanted items is usually different from buying or making multiple items to sell for profit, which would instead point towards trading.

Of course, the £1,000 trading allowance threshold will exempt many small activities, although it is important to remember that the £1,000 figure is for income before expenses. The platform-reported data is unlikely to be sufficient to make such distinctions, so HMRC nudges could relate to non-trading income and it will be for advisers to verify their clients' facts and intentions.

Services and gig work

The reporting rules explicitly cover services such as food delivery, taxi and private hire, and freelance work, and HMRC's seller guidance includes providing personal services through a platform. Errors in such cases often occur not because of misunderstanding 'trade' but because of basic record-keeping issues: incomplete expense records, multiple platforms, mixed personal and business costs, and weak audit trails.

Property income and short-term letting

Both short-term accommodation and standard residential letting data is being reported. Platform reporting can highlight landlords who have never registered for Self Assessment, or whose reported property income does not reflect generated platform receipts.

Cross-border aspects

As HMRC has already received reports from partner jurisdictions, advisers should be alert to residency and overseas activity issues where a client uses a non-UK platform, travels to provide services, or rents overseas property. Even if the client has declared income overseas, if they are UK resident the reporting position and any relevant double taxation agreements still need to be reviewed.

How advisers can respond

Educate your clients

As always, the best response is to ask clients the right questions early. Even your best clients may not think of platform activity as 'business income', particularly where it is part-time or irregular. Therefore, adding a short 'platform income and cryptos' section in onboarding and annual checklists can help to surface issues early: which platforms were used, what activity took place (goods, services, property), and whether the client received a platform annual summary.

HMRC's guidance materials are a useful reference point for clients because they reflect HMRC's own categorisation of activity. HMRC has also tried to address common misunderstandings in the press and public commentary; for example, a loft or garage sale is unlikely to be taxable income, unlike a trading business. Highlighting HMRC's Guidelines for Compliance 13 (GFC 13) also reminds clients and agents of the importance of providing accurate and complete information on their tax returns. HMRC's YouTube videos 'Online sellers: understanding the reporting rules' and 'Online sellers: do you need to pay tax?' may also be useful resources.

For clients who receive a nudge letter, HMRC's one-to-many guidance can help to frame client conversations. Such letters are intended as a tool to influence behaviour, not an automatic allegation of wrongdoing. Explaining that HMRC may simply be prompting them to check their position, and that a clear, well-supported response is usually the best way to resolve uncertainty, can help to manage expectations.

Disclosures

The FOI response from HMRC suggests that mass data mining and matching is nearing completion. In that environment, bringing historic positions up to date sooner is likely to be easier than doing so once HMRC starts investigating based on matched data. HMRC will also typically apply lower penalty percentages to voluntary disclosures; i.e. where the taxpayer approaches HMRC first without any indication that HMRC is aware, or is about to become aware, of inaccuracies.

It seems unlikely that HMRC will create a specific disclosure opportunity to support this platform data campaign. It already maintains the Let Property Campaign, the

Crypto-asset Disclosure Service and the Digital Disclosure Service. However, it is always important to consider the individual's specific circumstances before choosing the most appropriate disclosure route. For example, the Contractual Disclosure Facility (COP9) may be necessary where they deliberately concealed platform earnings in serious cases, or the Worldwide Disclosure Facility (WDF) where cases involve offshore income, gains or entities.

Prompt action to quantify the position (income, expenses and profit), identify the correct reporting route (amendment, late return or a suitable disclosure route), and make a clear record of why any inaccuracies arose are all essential.

Conclusion

The reporting rules are designed to give HMRC visibility over platform income comparable to more traditional business channels, including through international information exchange. The FOI response shows HMRC already holds datasets covering millions of sellers and tens of billions of pounds in reported consideration. If HMRC is as close to having automated systems to extract and analyse that information at scale as it says, advisers should prepare now for follow-up activity involving taxpayers with platform income, and the scale of the campaign may dwarf past enforcement activity.

Where a taxpayer has undisclosed historic liabilities, these must be disclosed to HMRC. The most appropriate disclosure route will depend on the taxpayer's specific circumstances and specialist tax advice is recommended. It is advantageous for taxpayers to approach HMRC without delay in order to commence the disclosure process.

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