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EBAY SELLERS

ZMARTLY FACTSHEET SERIES

Tax for eBay Sellers

The first tax question on eBay is whether you're actually trading at all. Clearing out your loft is different from buying stock to resell — and HMRC now sees your eBay income directly through platform reporting.

Tax year **2026/27** · Prepared by **Harvey Dhillon** · Last reviewed **14 December 2025** · Sources: gov.uk

TRADING ALLOWANCE	VAT THRESHOLD	VAT RATES
£1,000	**£90,000**	**20% · 5% · 0%**

01 Trading or just decluttering?

The "badges of trade" decide it. Selling your own used belongings, often at a loss, is generally not taxable; buying items to resell for profit is trading and must be reported.

GOOD TO KNOW

One person decluttering and another flipping stock can have identical eBay sales pages but completely different tax positions.

02 The £1,000 trading allowance

If you are trading, the first £1,000 of sales income is covered by the trading allowance. Go over £1,000 and you must register for Self Assessment and report your income.

03 eBay reports to HMRC

Online platforms now share seller income data with HMRC, with the first reports due in January 2025. This creates no new tax — it simply makes your existing obligations visible.

GOOD TO KNOW

A HMRC "nudge letter" doesn't mean you owe tax; it means HMRC has data and expects you to check your position.

04 Managed Payments accounting

eBay's Managed Payments deducts fees before paying you, so reconcile from gross sale value and record the fees separately rather than booking only the net amount received.

05 Switching to a business account

If you are clearly trading, moving from a personal to a business eBay account keeps your records clean and your bookkeeping aligned with what you report to HMRC. Good bookkeeping for eBay sellers reconciles every payout, fee and refund so nothing slips through, and many sellers hand this over to accountants for eBay sellers once the volume builds.

06 VAT once you grow

Cross £90,000 of taxable turnover on a rolling 12-month basis and you must register for VAT, charging the standard 20%, reduced 5% or zero rate as appropriate.

Common questions

Do I pay tax on selling my old clothes and household items?

Usually not. Selling your own second-hand belongings, often for less than you paid, is generally not trading and not taxable. Buying to resell for profit is a different matter.

What is the £1,000 trading allowance?

If you are trading, your first £1,000 of sales income is tax-free and need not be reported. Above £1,000 you must register for Self Assessment and declare it.

Why has HMRC sent me a letter about eBay?

eBay now reports seller income to HMRC, which sends nudge letters where the data suggests you may have tax to report. Check whether your selling counts as trading.

Do I need an accountant or bookkeeper for my eBay selling?

Not always, but it helps once you're clearly trading. Many accountants for eBay sellers handle the gross-versus-net reconciliation of Managed Payments, the trading allowance and Self Assessment for you, while bookkeeping for eBay sellers keeps fees, refunds and income recorded correctly month to month. If your sales are still small and occasional you can usually manage yourself, but as turnover grows toward the VAT threshold, specialist support pays for itself.

NEXT STEP

Get expert eyes on your tax

Book a free 30-minute Tax Health Check — we review your situation, sense-check the figures and show you where you could save.

Scan to book a free call

For guidance only — this factsheet does not constitute professional advice and is not a substitute for advice based on your specific circumstances. Whilst every care has been taken in its preparation, it may contain errors for which we cannot be responsible. Figures are for the 2026/27 UK tax year (England, Wales & Northern Ireland) and may change. Scottish taxpayers face different income tax rates; dividend rates are UK-wide. Last reviewed 14 December 2025.

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