zmartly

TIKTOK SHOP SELLERS

ZMARTLY FACTSHEET SERIES

Tax for TikTok Shop Sellers

TikTok Shop blends two income streams: products you sell and commission you earn promoting others. They're taxed differently, and viral growth can push you past the VAT threshold faster than almost any other platform.

Tax year **2026/27** · Prepared by **Harvey Dhillon** · Last reviewed **6 December 2025** · Sources: gov.uk

VAT THRESHOLD	VAT RATES	TRADING ALLOWANCE	CORPORATION TAX
£90,000	**20% · 5% · 0%**	**£1,000**	**19% – 25%**

01 Seller income vs creator commission

Selling your own products is trading income; affiliate or creator commission for promoting other people's products is also taxable, but accounted for separately as service income.

GOOD TO KNOW

Keep product sales and affiliate commission in distinct records — they behave differently for VAT and expenses.

02 Viral growth and the VAT threshold

VAT registration is triggered at £90,000 of taxable turnover on a rolling 12-month basis. A single product going viral on TikTok can cross that line in weeks, so monitor it continuously.

03 VAT rates on what you sell

Once registered, charge VAT at the rate for your goods: standard 20% on most products, reduced 5% on some items, or zero 0% where it applies, such as certain children's clothing.

- Standard 20% — most products
- Reduced 5% — qualifying goods
- Zero 0% — books, children's clothing, most food

04 The £1,000 trading allowance

Small or occasional commission and sales can fall within the £1,000 trading allowance, but once your combined sales income exceeds £1,000 you must register for Self Assessment.

05 Platform reporting

TikTok reports seller and creator income to HMRC under the digital platform rules. This adds no new tax but means your TikTok Shop earnings are visible to HMRC.

GOOD TO KNOW

Content and product income can both appear in HMRC's data, so report all of it consistently.

06 Sole trader or limited company

Rapid scaling may make a limited company worthwhile, with Corporation Tax from 19% to 25% on profits, versus simpler sole-trader Self Assessment while you're smaller.

Common questions

Is my affiliate commission taxed the same as product sales?

Both are taxable, but they are different income types. Product sales are trading income; affiliate or creator commission is service income. Keep them recorded separately.

How quickly could I need to register for VAT?

As soon as your rolling 12-month taxable turnover passes £90,000. On TikTok Shop a viral product can take you there very quickly, so track your turnover often.

Does the £1,000 trading allowance cover my TikTok earnings?

It can cover small amounts, but once your total sales and commission income exceeds £1,000 you must register for Self Assessment and report it.

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 6 December 2025.

Zmartly Ltd · 12 Hammersmith Grove, London W6 7AP · CIMA-regulated · ACMA, CGMA, ACCA, FCCA

020 8175 5145 · info@zmartly.co.uk · zmartly.co.uk