



#Tax2024 #EntEd

Advising students & graduates

Do you need to change your advice to your entrepreneurs?

*Do you know a student with a side-hustle?
Do you advise graduate starts to test-trade?
Do your freelancers have multiple income streams?*

1st January 2024 has seen changes in the data that HMRC will collect from online traders, such as eBay, Vinted, Etsy, Folkysy etc, so if you have been giving advice to students, graduates, and entrepreneurs, either formally or informally in class, **then read this!**

HM Revenue & Customs (HMRC) set new rules which require all digital trading/selling platforms to report sellers' income. This change might mean that you need to be clearer with your students, graduates and starts as to the information, and potentially tax money, they need to be keeping, to ensure that they are compliant. This simple guide is to help you if you are currently/planning to be:

working with students, graduates, or would-be entrepreneurs, especially those creating, making, developing, or trading goods or digital content

likely to advise test-trading, market-testing, or start-up through sites such as eBay, Vinted, Etsy, Folkysy

suggesting that students explore an entrepreneurial lifestyle by test trading or selling online

working to support creative ambitions, freelancers or starts, recognising the need for additional income streams, or those with a side-hustle.

From 1st January 2024 all digital platforms will be legally required to give all sales data to HMRC. [These new rules](#) will apply to sales of goods such as small production/handcrafted products, clothes, and traded items as well as services including taxi hire, food delivery and short-term accommodation lets.

Remind your students that they need to check if they need to tell HMRC about income that's not from your employer, or not already included in their annual Self-Assessment Tax return (when you [work for yourself](#)).

This may include money from things like:

- selling things, for example at car boot sales or auctions, or online
- doing casual jobs such as gardening, food delivery or babysitting
- charging other people for using your equipment or tools
- renting out property or part of your home, including for holidays (for example, through an agency or online)
- creating content online, for example on social media

These rules haven't changed, but the requirement that the online sites/platforms share the information means that you need to be clear with your students/starts as the implications.

The key wording in the new rules relates to "trading" rather than "one off selling". Everyone has a personal annual £1,000 tax-free allowance for this type of "trading" income. This allows for one offs, clear outs such as selling new or second-hand items online which [means](#) you can earn up to the threshold without paying income tax or National Insurance.



However, if this “wardrobe clear-out”, test-trade, or pilot continues and becomes “trading”, sites will pass on data to HMRC automatically. Typically, this *might* mean if you're selling 30 or more items a year OR have total earnings on such sites/digital content and casual jobs over the equivalent of £1,770, this would be seen as trading and subject to tax.

A private seller selling their own personal items isn't subject to this. To clarify HMRC have shared these “**myth buster**” examples:

Myth 1: *If I sell my old clothes or possessions, I now have to pay tax – myth as selling your own personal items now and then doesn't make you a “trader”.*

Myth 2: *HMRC is now treating all online sales as a “side hustle”* If you make a profit by creating content or selling items you make, then is trading, whether a main role/job or a side-hustle, but one-off sales of items you no longer want, is not.

Myth 3: *HMRC is cracking down on online personal sales of possessions* Not thing has changed regarding one-off sales. HMRC state their intention to level the market by ensuring that all businesses, whether online or not, pay their tax, rather than trying to target individuals selling their stuff.

What does this mean to mean to me as an Enterprise Educator?

Whilst taxation is a personal responsibility, in an educational setting, we seek to prepare our students, start-ups and graduates for their lives ahead, so it is important to flag up this change, as initial trades can become businesses over time or real-world coursework can develop into income streams, so **future proof your students**.

This is particularly relevant if you ever reference these sites, whether in class, 121s or workshops, as ways of trying things out, testing markets, making income, or supporting entrepreneurial ambitions.

The key messages are:

to flag these changes to your students, as this is “life-long” information that they need to be aware about as their use of online platforms may change over time.

UK Tax is **their personal responsibility**: the digital platforms will now report income information to HMRC, it is still up to the individual to declare their own income and pay any tax due.

You only need to pay tax as a ‘trader’ or once self-employed (or creating multiple income streams).. You can check how HMRC views your circumstances at www.gov.uk/check-additional-income-tax

Reminder that this includes everything from **making cakes, gardening, Uber, food delivery, to digital content, social media, and influencer** income.

If you have **international, non-UK students** seeking to earn money, whether as a student, graduate or business start, then the rules are very different as they are not UK taxpayers, and often small entrepreneurial activities such test-trading is not allowed within their visa rules, so flag this with them – they need to check to keep within their visa restrictions.

And if they are trading, and looking for advice regarding how much to save up to pay their annual tax, then suggest this Govt ready reckoner: <https://www.gov.uk/self-assessment-ready-reckoner>



Key Sources:

Working for yourself

<https://www.gov.uk/working-for-yourself>

New Rules: digital platforms

<https://www.gov.uk/government/publications/reporting-rules-for-digital-platforms/reporting-rules-for-digital-platforms>

Self-Assessment Tax overview

<https://www.gov.uk/self-assessment-tax-returns>

Jan 2024 Media response

This is [EBay's statement](#), based on their [taxation statement](#) for those selling (key point: it is **your responsibility as the seller to check position**)

<https://www.thisismoney.co.uk/money/bills/article-12640869/Is-taxman-coming-hustle-Airbnb-Ebay-Uber-hand-income-data-directly-HMRC.html>

A reminder that if they are exploring the potential

then: Why not suggest keeping all evidence/receipts, and in preparation should you or HMRC decide you are liable to register for self-assessment Remember: All the income that is received (as the order total) is counted as income.

When you go and pay for postage labels, that's an expense. Other expenses would be the site fees As you'd be able to remit postage and any other reasonable purchases for the tax year as business expenses.

REMINDER: INTERNATIONAL students, starts, and graduate/ non-UK resident and all VISA HOLDERS have different obligations, which are typically narrower (not able to test trade or limits on earnings).

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