OECD threshold reporting change

Low Incomes Tax Reform Group.

A voice for the unrepresented.

17 September 2026

Via email

Dear Jonathan

It was good to see you at the HMRC Stakeholder Conference and participate in so many useful discussion with your colleagues.

I'm writing in connection with the recent OECD consultation[1], proposing targeted amendments to the Model Reporting Rules for Digital Platforms. The two main proposals are to remove the 30-item rule and change the platform reporting "occasional seller" threshold from EUR 2,000 to EUR 3,000. Whilst we did not respond formally to the consultation, we do wish to draw your attention to some concerns we have about some potentially adverse impacts of the changes on both taxpayers and HMRC.

Given our previous exchanges about the platform reporting rules and their impact on lower-income, unrepresented taxpayers, I am sharing these concerns along with some suggested actions HMRC could take to help mitigate them. I would be grateful for any follow-up you can provide.

Overall, we support removing the 30-item rule as a simplification. We can also appreciate the rationale behind the proposed increase to the threshold for excluding sellers engaged in low-value goods transactions. The current rules may require reporting in respect of some private individuals who are unlikely to have a tax liability, particularly where they are disposing of multiple low-value personal items, such as second-hand clothing. These changes therefore could also simplify the system by reducing the number of platform reports sent to HMRC about sellers who do not need to report this income.

However, given the relatively recent introduction of the platform reporting regime, potential implementation challenges, ongoing changes to the wider tax framework affecting online sellers and the absence of any real analysis of the compliance impact of a change to the threshold, we think there are a number of risks which necessitate careful handling by HMRC.

We make some more detailed comments and suggestions below. We also offer some insights on how the seller information statements could be improved to assist sellers with their tax obligations in the UK – a theme that runs throughout this letter.

[1] https://www.oecd.org/en/events/public-consultations/2026/06/proposed-targeted-amendments-to-the-model-reporting-rules-for-digital-platforms-to-support-exchange-of-tax-information.html

Public understanding

When the OECD rules were first introduced, there was a considerable amount of public misinformation and confusion in the UK, with some people thinking that there was a new "side hustle tax" or that they would be taxed on sales of personal items such as their baby's clothes[2]. HMRC communications and guidance did not respond to these issues in a timely manner, although we recognise steps were taken later to improve guidance in this area. In addition, platforms took (and still take) a very limited approach to assisting users with their taxes, and we consider this an area which could be much improved (see the heading below Platform implementation).

In our view, public understanding that the reporting rules do not create new tax liabilities, but instead improve HMRC's visibility of existing obligations, is only now beginning to become established. Any changes to the current OECD reporting thresholds in the UK must be viewed through this lens and therefore be accompanied with well-planned and timely HMRC education and awareness-raising activity as well as better guidance and communications from the platforms themselves.

Multiple thresholds

For most people selling items, there is no income tax unless they are trading. In our experience, some people are unclear about when their activity moves into that taxable sphere. If it does amount to trading, they may be able to use the UK trading allowance of £1,000. Even where their trading income exceeds this amount, they will not necessarily need to pay income tax until their total income exceeds the personal allowance of £12,570. If their activity does not amount to trading, capital gains tax may still apply to chattels over £6,000. There is then the annual exempt amount to mop up small gains, which was relatively recently reduced to £3,000.

The capital gains tax and income tax thresholds are often incorrectly conflated by platforms and sellers[3]. In addition, it was announced in March 2025 that HMRC is considering introducing a new £3,000 reporting threshold for completing a Self Assessment tax return, with some form of standalone digital reporting system for income between £1,000 and £3,000[4].

Taken together, UK taxpayers have a number of different thresholds to navigate and understand in relation to online selling. We think adding another 3,000-based threshold into the mix risks adding to the confusion and may even create/reinforce a misconception that no tax obligations arise until sales reach £3,000.

Therefore, it is imperative that any changes to the OECD digital platform reporting requirements are publicised and clearly explained by HMRC using a variety of communication channels, including social media. Platforms should also be strongly encouraged to make sellers aware of these changes and explain what the new thresholds mean.

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[2] See our commentary: https://www.litrg.org.uk/blog-post/side-hustle-tax-challenge
[3] We summarise the rules here: https://www.litrg.org.uk/news/any-questions-why-are-vinted-asking-my-national-insurance-number
[4] As set out here: https://www.gov.uk/government/news/boost-for-side-hustlers-as-300000-people-to-be-taken-out-of-tax-returns-government-announces

Platform implementation

We understand from different sources that there may be practical difficulties with implementation of the regime, including with some platforms not following the rules at all, inconsistent reporting by platforms and incorrect treatment of consideration, fees and taxes in reports. We feel platforms would benefit from more support and encouragement from HMRC to ensure they are familiar with the basic reporting framework before any changes are made. This may naturally help cut down on unnecessary reporting or, indeed, may increase it; but, in any case, is necessary to achieve the intention of the overall policy to give greater visibility to tax authorities and support sellers to be compliant.

We have previously raised our concerns around the minimal approach of platforms to tax and, in particular, the possibility that seller information statements may not be helpful to sellers trying to understand their UK tax obligations. We suggest that any work with platforms on maturing their approach to reporting, includes requiring them to improve seller information statements.

Seller information statements offer platforms a valuable opportunity to provide sellers with helpful information about their tax position at a key 'teachable' moment, but the information currently provided may be limited. Requiring platforms to present this information in a more prescriptive and standardised way would help sellers—particularly those using multiple platforms—understand what is being reported to HMRC and why. This should make it easier for sellers to report any taxable income from their online platform activities and improve tax compliance.

We are also aware that there may have been some errors in the reports sent to sellers. We think the use of a standard template would be helpful in enabling sellers to identify when an error may have occurred. We provided an illustration showing how a template could be used for a seller information statement as part of our previous Budget representation to the government[5].

Reduced visibility

HMRC are, understandably, heavily focused on reducing the small business tax gap[6], which includes people who sell online as part of a trade. While many individuals carrying on a trade will exceed the proposed EUR 3,000 threshold, not all will. Those in the early stages of trading, operating on a small scale, or trading over multiple platforms (each with a EUR 3,000 threshold) may legitimately fall under the threshold despite having taxable trading income. Increasing the threshold therefore increases the number of traders who may no longer be reported by the platforms to HMRC.

Although we recognise that there are risks for sellers of being reported unnecessarily[7], the flip side of this is of particular concern to us because HMRC's current approach to individuals who fail to

[5] See: https://www.litrg.org.uk/sites/default/files/240827%20BR%202024%20online%20platforms%20.pdf – Appendix 1

[6] Most recent publication: https://www.gov.uk/government/statistics/measuring-tax-gaps/1-tax-gaps-summary

[7] From a taxpayer perspective, those who are not trading could be included incorrectly in the reports and potentially caught up in compliance activity

meet their tax obligations appears considerably less collaborative than the approach to platforms who fail to implement the required reporting regime.

From HMRC's perspective we can see that a reduction in reporting may ease work and administrative burdens. However reduced reporting may also mean fewer opportunities for HMRC to identify taxpayers early and to support them in meeting their tax obligations - before non-compliance becomes more entrenched.

To counter all of this, if this change goes ahead, there needs to be clear, accurate and continued communication of the tax rules to sellers by both HMRC and platforms.

Evidence

We would be interested to know whether HMRC believes that the proposed threshold change represents the appropriate balance between reducing unnecessary reporting and maintaining visibility of taxable activity.

From the discussions we have had with HMRC officials so far, we have not seen any evidence that the existing data has been analysed in any depth or that the impact of the proposed changes on the data received by HMRC has been considered in detail. This may be because the sheer volume of data received to date makes interrogation difficult, because of concerns over data quality, or for some other reason. However, a fuller understanding of how HMRC currently uses the data it receives would be a helpful starting point. Without that insight, it is difficult to understand or assess whether any 'savings' from receiving less data – including for platforms and tax administrations – could outweigh the potential reduction in visibility of taxable trading activity and the consequences for affected individuals.

Before the threshold is increased, we consider that HMRC should undertake and publish analysis of the likely impact in the UK, including the number of sellers who would no longer be reported, how many of those may nevertheless be carrying on a trade, and the potential implications for taxpayer compliance. This would help ensure that the relevant mitigating action can be taken to support taxpayers appropriately.

As always, I am happy to discuss any aspect of this letter. If you have any questions, please let me know.

Kind regards

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