

“eBay sellers receive tax warning”

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Sellers on the auction website Ebay are being warned to check if they need to register as self-employed with HM Revenue and Customs (HMRC) and pay tax.

Research suggests that about 68,000 people make all or a substantial part of their living selling things on Ebay. However HMRC suspects that many can be defined as self-employed traders but are not paying their proper taxes. It is warning them that they should pay income tax, national insurance and possibly value added tax (VAT) as well.

Two hundred people registered in the first two days of the HMRC advertising campaign last week. The publicity drive by HMRC does not represent a change in the law. It is merely highlighting the existing position. “The overwhelming majority (of online sellers) are selling off unwanted goods. We are concerned with the minority conducting a business,” said a spokesman. The advice is not just targeted at Ebay users but people using any online auction forum such as Yahoo! Auctions.

Ebay has become slanted more overtly to established commercial sellers in recent years, with large sections devoted to shops and other business sellers.

A spokesman for Ebay pointed out though that “when you sign our user agreement you agree to pay any taxes applicable in your country.”