

HMRC nudge letter campaign: what online sellers need to know

HM Revenue & Customs (HMRC) have launched yet another nudge letter campaign to encourage individuals to consider the accuracy of their tax reporting. The HMRC nudge letter campaign is not designed to be accusatory but instead to act as a prompt for taxpayers to ensure their affairs are in order.

While nudge Letters are issued as an alternative to launching a formal investigation, they must be taken seriously and are responded to in a timely manner.

What is the HMRC nudge letter campaign?

HMRC sends out nudge letters to taxpayers whom they believe may be affected by the focus of a given campaign. The focus of this particular 'Online Sellers' campaign is individuals who generate an income from the online marketplace.

Nudge Letters are used to ensure that taxpayers' affairs are accurate and up-to-date, and to help keep the tax system as fair as possible. Nudge letters typically come with a given deadline for a response, which is usually around 4-6 weeks. Where these deadlines are not met, HMRC may seek to open a formal enquiry instead.

Another recent example of an HMRC nudge letter campaign was one targeted at [Individuals with Significant Control \(PSC\)](#). These nudge letters were issued to both PSCs who submitted a 2022/23 Tax Return and those who did not.

It has become clear that HMRC are increasing their efforts to recover underpaid taxes and will continue to do so as an attempt to bridge the tax gap.

What is the HMRC nudge letter campaign for online sellers?

This HMRC nudge letter campaign is targeted at individuals who have earned income from sales or transactions made online which have not been reported to HMRC. The campaign covers tax years up to and including 2022/23, which ended on 5 April 2023.

Income could be generated from the sale of personal possessions such as clothing or household items, or the sale of goods or services. Alternatively, income can also be generated by individuals through the creation of online content.

Many sales will not result in a tax liability, and therefore, there is no need to declare the income, but this campaign is aimed at getting those individuals to consider whether anything needs to be reported to HMRC and to encourage them to make the necessary disclosures to HMRC if applicable.

[Guidance on the reporting of income](#) from online selling has been published by HMRC.

I have received an HMRC nudge letter. What should I do next?

If you have submitted a 2022/23 tax return (or earlier) to HMRC, double-check what has been reported previously and ensure that you are comfortable that all sources have been correctly reported to HMRC. If you have not submitted a 2022/23 tax return, you should consider whether you should have submitted it to HMRC.

It is also essential to ensure that you are comfortable with what the letter is requesting and how best to respond; therefore, seeking professional advice before responding to HMRC is

recommended. Our team of [Tax Investigations](#) specialists is well-versed in dealing with nudge letter responses and can provide support with determining whether any additional details are required to be reported to HMRC.

If you believe there may be an inaccuracy about your tax reporting for 2022/23 or earlier years, or are concerned you should be registering for Self-Assessment for future income reporting purposes, we strongly recommend obtaining advice from a professional with suitable experience in HMRC disclosures. It is of utmost importance that any submissions are made to HMRC accurately to ensure efficient correction of your tax affairs.

How can AAB help?

Our highly experienced Tax Investigations Team are here to help identify any additional information to report, can make the submissions and liaise with HMRC on your behalf, giving you peace of mind that the matter is being appropriately handled. If you receive a nudge letter and would like to discuss what this means for you and your tax affairs, please contact [Kerry McGee](#) or your usual [AAB contact](#) in the first instance.