

Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

4 September 2025

Dear Chancellor,

As representatives of UK businesses, enterprise organisations and entrepreneurs we are writing to ask that you consider, as part of the forthcoming Autumn Budget, raising the UK's Trading Allowance from its current level of £1,000 to at least £3,000 per annum as part of any wider package of pro-growth measures.

At a time when economic inactivity remains a pressing concern for the UK labour market, and with households still grappling with the effects of the cost of living crisis, the case for incentivising low-barrier entrepreneurial activity to boost economic growth has never been stronger. Given that SMEs are the lifeblood of the UK economy and the vital engine for future economic growth, it is also imperative that we reverse the alarming decline reported by ONS in the number of private businesses in the economy compared to 2020.

The existing £1,000 threshold is designed to provide limited tax relief to individuals who generate income through small-scale trading or freelance work. However, the allowance has remained static since its introduction in 2017 with inflation and rising costs eroding its value in real terms.

Raising the threshold to £3,000 would send a strong signal that the UK is serious about fostering a modern entrepreneurial culture and 'making work pay'. Side hustles — often the first step toward fully fledged start-ups — offer a crucial on-ramp to business creation, especially for underrepresented groups, career returners, students, and those seeking to supplement income during periods of part-time work or economic transition.

- For those currently claiming the Trading Allowance, this would put an extra £400 back into the pockets of basic rate taxpayers and working families across the country.

- A higher Trading Allowance would support business incubation by removing unnecessary tax and reporting burdens.
- It would enable individuals to test business ideas, build confidence and skills, and nurture their side hustle into a fully fledged start-up.
- It would also provide nascent entrepreneurs with additional finance to reinvest in and grow their businesses further - which would be the most common use of the extra income.
- Finally, it would be consistent with the Government's already stated aim to raise the threshold for Self Assessment reporting from £1,000 to £3,000, benefitting 300,000 small businesses.

By lifting the Trading Allowance to £3,000, the government can unlock latent entrepreneurial potential across the country, support low barrier entrepreneurial activity and help generate the growth and wealth that our economy so desperately needs. We therefore hope that you will give our proposal the serious consideration it deserves.

Yours sincerely,

Eve Williams, General Manager, eBay UK

Adam Jay, CEO Vinted Marketplace

Peter Semple, Chief Executive Officer, Depop

Jeffrey Zubricki, Global Head of Advocacy and Public Policy, Etsy

Craig Beaumont OBE, Executive Director, Federation of Small Businesses

Antony Walker, Deputy CEO, Tech UK

Daniel Woolf, Head of Government Relations and Policy, Enterprise Nation