ZAZEN TAX

Gifts, Freebies and Barter

The PR drawer is the most misunderstood object in creator tax. This is the whole subject, worked in pounds.

Eight chapters, one worked drawer, and every figure checkable on the free tools.

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Contents

The worked drawer is Robin Hale's: £1,800 of PR items arriving across a year on £28,800 of other profit, costing £468 in real tax at the basic-band margin. The rules, the line, the values, the log and the worked cases all use the same drawer.

1 The drawer full of income

Every working creator owns the drawer: the camera that arrived with a brief, the skincare with the tracking link, the apparel with the signed agreement. HMRC has a name for the drawer, and the name is income.

The reflex is that gifts are gifts. The law is older than the platforms: payment in kind for services is trading income at its money value, and a post made under an obligation is a service. Robin's year collects £1,800 of such items, and this book exists because the tax on them arrives in cash nobody sent.

None of this makes PR bad business. It makes it priced business, and the chapters that follow are the pricing.

2 The rule, plainly

Barter is income at market value when the item is consideration for something you do. The whole subject turns on one word: obligation.

Where a brand supplies product in exchange for content, coverage or a review, the product's market value joins turnover exactly as cash would. It follows the same rules afterwards too: it is counted for the £1,000 trading allowance test, it lands on the self-employment pages, and it meets the same bands and Class 4 as every other pound of profit.

The corollary creators miss: expenses met by the barter arrangement are claimable as normal, and an item that is genuinely a tool of the trade can claim its business share like any purchase. Income in kind is not a penalty; it is ordinary income with worse liquidity.

3 Where the line actually sits

Not everything in the post is taxable. The line sits at obligation, and it is brighter than the industry pretends.

- Taxable: a brief, agreed deliverables, required tags, a tracking code, a review promised
- Taxable: an ongoing seeding relationship where coverage is the understood price of the pipeline
- Usually not: a genuinely unsolicited one-off with no strings, no follow-up and no expectation
- Usually not: items returned, declined or never used, with the return on record

The grey cases resolve on the same test. A press trip with a posting schedule is payment in kind; an event invitation with canapes and no obligations is hospitality. Kit on loan that goes back is not income; kit that quietly never goes back is. Write the call down when it happens, because the brand's marketing deck may describe the arrangement more generously than you do.

4 Market value, honestly

Market value is what the item would cost a customer today, not the number in the pitch email.

Brands quote retail at full list; the honest figure is the price actually available: the standard selling price, the launch price, the street price for kit that discounts on day one. A £700 camera that sells everywhere at £700 is £700 of income; claimed at £400 because it felt used the moment it was unboxed, it is an argument waiting to lose.

Services follow the same rule: the gifted hotel night, the software licence, the year of the premium tier, all at what a customer would pay. Round sensibly, note the source of the price, and the Gifts and PR Log has a column for exactly that.

5 The tax, in pounds you must find

Robin's £1,800 drawer costs £468 at the basic-band margin: 20 per cent tax plus 6 per cent Class 4. In the higher band the same drawer costs £756.

The drawer	Basic-band cost	Higher-band cost
£1,800 of gifted items	£468	£756

The mechanics are marginal: gift income stacks on top of the year's other profit and is taxed at the rate that lands there. The Gifted Products Tax Calculator does the stacking properly, including the edge where a drawer pushes a year across a band.

Cash-flow is the real sting: the income arrived as objects, the tax leaves as money. The fix is the same reserve discipline as the rest of the year, a third of the market value set aside when the item is accepted, which is also a natural moment to decide whether accepting is worth it.

6 Saying no, and pricing yes

Once the drawer has a price, three moves open up: decline, negotiate, or accept deliberately.

Declining is free and underused: an item worth £300 you would never buy costs £78 of real money at the basic margin to accept under an obligation. Negotiating turns product into product-plus-fee, which pays the tax the product creates and prices the work properly. Accepting deliberately is fine too, for items you would have bought anyway, where the margin cost is a discount, not a loss.

Gifting the item onward, donating it or binning it does not undo the income; the obligation was met when the content went live. The moment to decide is before the courier is booked, which is why the Brand Deal Checklist puts gifted elements on the pre-contract page.

7 The log that defends you

The position is only as strong as the record. One line per item, written the week it arrives, is the whole discipline.

The Gifts and PR Log holds the fields that matter: date, brand, item, market value with its source, and the obligation call with its reason. The taxable column computes itself, the year totals feed the return, and the not-taxable lines carry the reason you could say out loud to an inspector.

The log also reconciles you against the brand side. Platforms report cash; brands book gifted product in their own accounts; a review that finds their record and not yours starts in the wrong place. Your log, kept contemporaneously, is the version that wins.

8 Worked cases, called

Five drawers, five calls, using nothing but the rules already in this book.

The camera with a review agreed: taxable at £700, claimable in part if it becomes working kit. The unsolicited snack box, £60, no follow-up: not trading income, logged with the reason. The press trip with a posting schedule: taxable at the package's customer price. The loaned lens returned after the shoot: not income, return noted. The apparel drop under a signed brief: taxable at £350, and the tax is £91 of real money at the basic margin.

Every call took one test and one honest price. That is the whole subject: obligation decides, market value measures, the log remembers, and the calculator turns it into the number January needs.

Where to go next

Open the Gifts and PR Log and enter the current drawer, this week, while the arrivals are still fresh. Then run the Gifted Products Tax Calculator on the total and move a third of it to the reserve, because that is the tax already accrued.

Every calculator and workbook mentioned in this book is free on zazentax.com, with no email form. They use the same figures, the same conventions and the same worked creator as the chapters here.

Zazen Tax

Accountants for creators. If you would rather someone ran the numbers with you, that is what we are for.

zazentax.com/contact

General information, not advice for your circumstances. Rates and thresholds are 2026/27 for the UK and change from time to time.