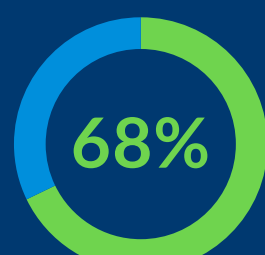


A Simple Guide to Marketplace VAT

Value added tax (VAT) is a complex and evolving area for marketplace facilitators. It's very easy to become overwhelmed by the lack of clarity and complexity of the rules.



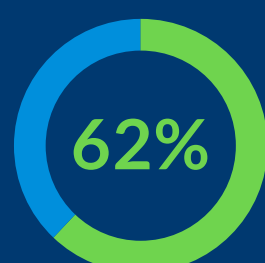
As your marketplace expands into new territories and engages in cross-border commerce, marketplace VAT becomes more complex, increasing the risk of non-compliance and potential penalties.



68% of sellers told us that tax challenges would likely put them off using marketplaces in the future.



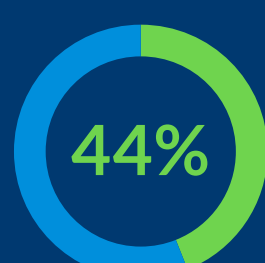
From mega marketplace operators to niche platforms, allocating VAT liabilities correctly presents significant challenges.



62% of marketplace operators struggle with managing complex VAT liabilities including different rules per basket item.



Business owners selling via marketplaces can be liable for VAT if it's not collected by the marketplace - don't rely on marketplace operators to assess the liability.



44% of sellers¹ expressed that the top challenge was knowing if the marketplace collects VAT or if the primary responsibility is with the seller.

Here is a reference guide for successful marketplace VAT compliance:



Does VAT apply? If you're doing business online the answer is probably yes. Whether you're the marketplace operator or the seller, you need to understand and comply with VAT regulations across different tax jurisdictions.



Be clear on where you do business: Operating or selling on a marketplace often means cross-border commerce for tax purposes. With every new country (or tax jurisdiction) comes a new set of VAT regulations. Make sure you understand all the country/jurisdiction specific rules and regulations for marketplace VAT.



Determine your tax liabilities: Is the marketplace operator or the seller responsible for collecting and remitting VAT? Liability for VAT varies by country and product. Find tax technology that includes line-item liability assignment (LILA) functionality.



Don't forget about FX Source challenges: Operating in multiple regions means dealing with different currencies so FX becomes a complex and challenging area. You'll need to take account of fluctuating exchange rates and currency conversions. This means robust FX management systems or partnering with experts.



Work with experts to keep up-to-date: VAT regulation in this area is challenging and evolving fast. Tax technology solutions can simplify and streamline the marketplace VAT compliance process. Use them to manage and stay ahead of any regulatory changes, automate calculations, and reduce the administrative burden associated with manual and time consuming tasks.

Simplify via Automation:

Vertex for Marketplaces is an end-to-end solution that integrates with your marketplace platform. It automates the determination and calculation of VAT based on the latest product classifications, tax rates, and currency conversions, and includes valuable features like:



Digital Invoicing



B2B Tax ID Validation



FX Source Management



Marketplace Reporting



Seller Onboarding



Line Item Liability Assignment



API Integration

Streamline the management of marketplace VAT with Vertex technology.

[Find out more about Vertex for Marketplaces here.](#)