

Vertex Report: U.S. Sees Continued Acceleration in Sales Tax Rates and Rules Changes

Vertex's 2025 Mid-Year Report reveals more than 400 implemented changes to U.S. sales tax rates and rules nationwide, highlighting growing compliance complexity for businesses

King of Prussia, PA – July 28, 2025 – [Vertex Inc.](#) (NASDAQ:VERX) (“Vertex” or the “Company”), a leading global provider of indirect tax solutions, today released its [2025 Mid-Year U.S. Rates and Rules Report](#). The findings indicate that 408 sales tax rate changes and new rates were issued through June 30, 2025 – a 24% increase compared to the first half of 2024 – as many local governments continue to grapple with the state of the economy and generating revenue.

Local jurisdictions, including cities and districts, account for most of these updates and while only one state raised its sales tax rate this year, more may follow given the evolving federal funding landscape and shifting tax policy dynamics. This depends on how several compounding factors evolve throughout the rest of 2025. These include rising inflation, ongoing global trade disruptions and diminishing consumer spending. Another key element is the growing uncertainty around federal tax policy, especially regarding tariffs, federal matching funds and the passage of the Federal Tax Act in July 2025.

"The sharp year-over-year rise in sales tax rate and rule changes highlights an increasingly urgent challenge for businesses operating in the U.S., as the sheer volume of these updates—particularly at the local level—is creating a complex and shifting compliance landscape," said Michael Bernard, VP Chief Tax Officer, Vertex. "This year's surge in new taxing jurisdictions and the accelerated pace of local-level changes—driven by expiring federal funding and mounting fiscal pressure—has expanded the patchwork of tax rules businesses must navigate, demanding greater agility and precision in compliance strategies."

Amid evolving economic conditions, many jurisdictions are proactively adjusting tax policies to support essential services like road maintenance, public safety, and infrastructure. These shifts are reflected in several key findings from the Vertex 2025 Mid-Year Sales Tax Rates and Rules Report:

- **A notable shift in state sales tax rates:** One state, Louisiana, increased its sales tax rate from 4.55% to 5% on January 1. This marked a nearly 10% jump – a noteworthy increase as there have only been three other state sales tax rate changes since 2020, with none occurring in 2024.
- **Local tax changes accelerated:** County rate changes saw a significant rise of 42%, increasing from 36 in the first half of 2024 to 51 in the first half of 2025. Similarly, district rate changes increased by 23%, jumping from 26 to 32.
- **Surge in new taxing jurisdictions:** New taxing counties grew from 1 to 7, new taxing cities doubled from 30 to 60, and new district taxes spiked by 82%, from 77 to 140.
- **City rate increases heavily outpaced decreases:** 6:1 was the approximate ratio of city sales tax rate increases to decreases. Meaning for every one city rate decrease, there were nearly six (5.9) city rate increases. Despite a decline in the overall volume of city tax rate changes this year (from 159 in 2024 to 117), most of these changes were increases.

Trends to Watch

Local Tax Increases Likely as States Feel Budget Pressure

State-level revenues are plateauing or declining nationwide due to a confluence of economic, geopolitical and policy factors. This trend will continue to result in reduced government services and layoffs. Looking ahead, local governments—with limited alternatives—are expected to raise existing taxes (e.g., sales) or introduce new ones to offset lost income.

The Rise of Digital Taxation

Digital taxation is rapidly expanding as states implement sales and use taxes on digital goods and services. Maryland's new 3% sales tax on data and IT services (effective July 1, 2025) follows similar actions, like [Texas's amended sales tax](#) on data processing. This legislative push to capture revenue from the growing digital economy is expected to accelerate. The Multistate Tax Commission's work toward a standardized sales tax approach could influence widespread state adoption or even prompt federal action by 2026.

E-Invoicing Compliance Remains a Global Focus

[E-invoicing mandates](#) continue to expand across jurisdictions outside the U.S., where VAT remains a key revenue source. While such requirements are unlikely to be adopted domestically due to already high compliance rates among U.S. taxpayers, multinational companies must still navigate a growing patchwork of real-time reporting rules abroad. These developments underscore the importance of strong data governance, cross-functional collaboration and deep compliance expertise.

To download the full 2025 Mid-Year report, [click here](#). To learn more about Vertex, visit vertexinc.com.

About Vertex

Vertex, Inc. is a leading global provider of indirect tax solutions. The Company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex empowers the world's leading brands to simplify the complexity of continuous compliance.

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