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Vertex Report: Rising Sales Tax Rates Signal a New Era of Tax Volatility

Mid-year data shows state and local tax volatility is rising as a wider global shift toward continuous, digital tax compliance raises the stakes for businesses.

KING OF PRUSSIA, PA, August 13, 2026 — Vertex, Inc. (NASDAQ:VERX) ("Vertex" or the "Company"), the Decision-to-Defense™ global indirect tax and compliance company, today released its 2026 Mid-Year U.S. Sales Tax Rates and Rules Report, revealing that the combined average U.S. sales tax rate climbed for the first time in four years to reach a 10-year high of 10.1881%. The findings suggest businesses are operating in an increasingly dynamic tax environment, where governments are not only adjusting rates but also expanding tax bases, introducing new revenue mechanisms, and redefining how tax applies across goods, services, and digital transactions.

"Businesses can no longer treat sales tax changes as routine compliance updates," said Chris Hall, Senior Tax Officer at Vertex. "Rate and rule changes are happening with greater frequency at a local level across more categories of goods and services. As tax policy becomes more dynamic, businesses need greater visibility, agility and confidence in the systems they rely on to respond."

Three Signals Shaping the Next Wave of Tax Complexity

Beyond rising rates, the 2026 data points to a broader shift in how governments approach indirect tax. Jurisdictions are not only changing rates, they are also redefining what is taxable, where obligations arise, and how quickly businesses are expected to respond. As a result, tax is becoming a more strategic business function. Key signals include:

- **Local tax activity is accelerating:** The first half of 2026 saw 463 total combined sales tax rate changes and new rates, compared with 408 during the first half of 2025. County-level rate changes already surpassed the total number of annual county rate changes in each of the past five years, while city-level rate changes increased sharply compared with the first half of 2025.
- **Fiscal pressure is pushing more revenue activity to state and local levels:** Pandemic response funds are receding, federal support for several programs is being reduced, and rainy-day fund measures are beginning to decline. At the same time, political pressure to reduce income and property taxes is leaving many jurisdictions with fewer levers beyond rate increases, base expansion, excise taxes, new fees and service reductions.
- **Tax base is evolving as services and digital offerings draw more attention:** Texas expanded the range of data processing services subject to sales tax, Washington broadened its retail sales tax to cover many business, personal and professional services, and states including Nebraska and Maryland have explored broader service tax changes. This signals a larger shift as consumer and business spending continues to move from goods toward services and digital experiences.

Taken together, these trends suggest indirect tax is entering a new phase of complexity. Businesses are facing a compliance environment that is more fragmented, more localized, and more tightly connected to broader enterprise decisions than in years past. That requires tax systems that can keep pace with policy change, surface risk earlier, and support more confident decision-making across finance and operations.

Global Tax Authorities Are Raising the Bar for Businesses
While the report focuses on the U.S., similar forces are reshaping tax regimes around the world. For multinational organizations, the result is a more dynamic and interconnected regulatory environment, characterized by:

- **Tax authorities increasing their use of advanced technology:** Global tax administrations are piloting and expanding tools to detect anomalies, errors and fraud, while also improving customer service and workflow efficiency. As enforcement becomes more automated and data-driven, businesses need greater confidence in the accuracy, consistency, and audit-readiness of their tax data.
- **Temporary tax relief possibly creating future revenue pressure:** VAT reductions, exemptions, sales tax holidays and excise tax cuts can provide short-term relief, but they may also reduce overall government revenues and increase pressure to raise indirect tax rates or expand the tax base later.
- **E-invoicing mandates accelerating unevenly:** Recent e-invoicing developments have included activity in Spain, France, Germany, Belgium, Croatia, the UAE, Slovakia, Sri Lanka, Malaysia and the Dominican Republic. As more markets move at different speeds and under different requirements, multinational tax teams face added complexity in managing compliance across regions.

Together, these developments underscore a broader trend: tax is becoming more connected to how global organizations operate, transact, and grow. As e-invoicing, real-time reporting, and data-driven enforcement expand across markets, businesses need tax operations that can respond to change continuously, not just at filing time. Vertex helps organizations manage indirect tax at scale through technology, automation and tax intelligence designed to prove and improve outcomes.

Click here to download the full 2026 Mid-Year Report, and to learn more about Vertex, visit vertexinc.com.

About Vertex
Vertex is the Decision-to-Defense™ global indirect tax and compliance company. Vertex helps enterprises bring control to indirect tax and compliance across the full transaction lifecycle — from tax determination and e-invoicing through reporting, filing, and audit defense — to make outcomes easier to prove and improve over time. Trusted by more than 60% of the Fortune 500, Vertex combines decades of tax expertise, deep global tax and compliance knowledge, and embedded integrations to help organizations operate globally with confidence. With headquarters in North America and offices in South America and Europe, Vertex's purpose is to ensure businesses and communities thrive through trusted transactions.

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and uncertainties described in Vertex's filings with the US Securities and Exchange Commission ("SEC") that could cause actual results to differ materially from expectations. Vertex cautions readers not to place undue reliance on these forward-looking statements which Vertex has no obligation to update and which speak only as of their dates.

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