

Tax for Shopify Sellers

Shopify is your own shop, not a marketplace. That means there is no "deemed supplier" shield — once you are VAT-registered, you account for all the VAT yourself on every sale.

Tax year **2025/26** · Reviewed by **Kiran Boparai** · Last reviewed **6 June 2026** · Sources: gov.uk

VAT THRESHOLD	VAT RATES	CORPORATION TAX	FLAT RATE (LIMITED COST)
£90,000	20% · 5% · 0%	19% – 25%	16.5%

01 You handle all the VAT

On marketplaces like Amazon or eBay the platform sometimes accounts for VAT for you. On Shopify there is no such shield — you are the supplier and you account for VAT on your sales.

i No marketplace is collecting VAT on your behalf, so your VAT compliance is entirely your responsibility.

02 The £90,000 threshold and MTD

Register for VAT once taxable turnover passes £90,000 on a rolling 12-month basis. Once registered, Making Tax Digital for VAT is mandatory, so you'll keep digital records and file online.

03 Shopify Payments and payouts

Shopify Payments deducts processing fees before paying out, so your taxable turnover is the gross order value, not the net payout that reaches your bank.

i Reconcile from gross orders and book Shopify and gateway fees as separate expenses.

04 App subscriptions and costs

Your Shopify plan, themes and app subscriptions are allowable business expenses, and any VAT on them is normally reclaimable once you are VAT-registered.

- Shopify subscription and transaction fees
- Paid themes and apps
- Payment gateway charges

05 International sales and OSS

Selling into the EU can bring VAT obligations there; the One Stop Shop (OSS) and IOSS schemes can simplify EU distance sales, with a £135 consignment threshold for imports.

i Imported consignments not over £135 are treated differently from higher-value shipments for VAT.

06 Multi-channel and structure

If you also sell on marketplaces, combine all channels for the £90,000 test. As profits grow, a limited company (Corporation Tax 19%–25%) may suit; the Flat Rate limited-cost rate is 16.5%.

Common questions

Does Shopify handle VAT for me like Amazon does?

No. Shopify is your own store, not a marketplace, so there is no deemed-supplier rule. Once VAT-registered, you account for all the VAT on your sales yourself.

Is my turnover the amount Shopify pays out?

No. Your taxable turnover is the gross order value before Shopify Payments deducts its fees. Record the fees separately as expenses.

What about selling to EU customers?

EU sales can create VAT obligations abroad. The OSS and IOSS schemes can simplify distance selling, and a £135 consignment threshold governs import VAT treatment.

NEXT STEP

Get expert eyes on your tax

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Zmartly Ltd · 20–22 Wenlock Road, London N1 7GU · ACCA members

020 8175 5145 · info@zmartly.co.uk · zmartly.co.uk