



How to Navigate VAT Compliance

To comply with value-added tax (VAT) regulations in global markets, companies have historically either registered for their own VAT IDs or worked with a third-party fiscal service provider. However, both of these methods have often been much more costly and time-consuming than brands had anticipated. That's why Passport created a Seller of Record (SOR) program— an efficient solution to handle all VAT responsibilities.


Use this guidance document to help you evaluate your options and decide the best VAT compliance approach for your business.

VAT Compliance Options:



Do It Yourself

Registering for your own tax IDs is often the most costly and time consuming approach as you must manage enrolling, reconciling, and reporting VAT yourself.

Time Required: 

Cost: \$ \$ \$



Outsource to a Third-Party Fiscal Service Provider

When hiring a third-party fiscal service provider to manage your VAT filings, you'll still need to collect the proper data, send it to your provider, and reconcile it.


Time Required: 

Cost: \$ \$ \$



Use Passport's Seller of Record Solution

By utilizing the Seller of Record program, Passport handles all aspects of your VAT responsibilities for an administrative fee of 5% of the VAT collected.

Time Required: 

Cost: \$ \$ \$



Passport SOR vs. Fiscal Service Provider

How much could I save by using Passport's Seller of Record program instead of hiring a third-party fiscal service provider?

Work Required Without Passport:

Initial Registration (One-Time)

- Research fiscal solution providers - **10 hours**
- Request quotes and send required details - **5 hours**
- Review quotes, get internal approval, select provider, and sign contractual agreements - **8 hours**
- Collect and provide company details for registration - **2 hours**

Time Required: 25 hours

EU Monthly IOSS Filings (Ongoing)

- Collect, review, validate, and upload data to provider portal - **10 hours**
- Respond to provider requests to reconcile data - **2 hours**
- Review and approve updated filing - **2 hours**
- Pay filing and submit proof of payment to provider - **2 hours**

Monthly Time Required: 16 hours | Annual Time Required: 192 hours

UK Quarterly VAT Filings (Ongoing)

- Collect, review, validate, and upload data to provider portal - **16 hours**
- Respond to provider requests to reconcile data - **4 hours**
- Review and approve updated filing - **2 hours**
- Pay filing and submit proof of payment to provider - **2 hours**

Quarterly Time Required: 24 hours | Annual Time Required: 96 hours

Total Yearly Time Required: 288 hours

Costs Without Passport:

- **Average Registration Cost: \$1,750+ Per Market**
- **Year 1 Costs: \$3,000 - \$5,000 Per Market**
- **Ongoing Annual Costs: \$2,500 - \$3,500 Per Market**

With Passport's Seller of Record Program:

Passport charges a small fee for this service calculated as 5% of VAT collected

Interested in Passport's SOR Program? Reach to us at vat@passportshipping.com