VAT and US Sales Tax Guidance for Shopify Merchants

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— team Compensate.

General

- You can set your Shopify store to automatically manage the tax rates you charge to your customers. You can set up tax overrides for products that have special tax rates. You can learn more via Shopify here.
- Compensate's prices for offsetting include a VAT margin. The plugin will automatically invoice you the compensation payment minus the default VAT rate, if applicable.

When offsetting services have the default VAT rate in your country / location

- If you have enabled "Show all prices with VAT included", you do not need to do anything.
- The plugin will automatically invoice you the compensation payment minus the default VAT rate.
- The exact amount of VAT remains in your account, and is available for your tax reporting needs. When offsetting services do not have the default VAT rate in your country/location

When offsetting services have VAT 0 in your country / location

- The plugin will "add a product" to your Store's Product catalogue.
- Find the Compensate product in your Store's Settings.
- You can manually set the VAT for this product to match the exact VAT in your country/ location. For more help, see Shopify's instructions for tax overrides and exemptions.
- The plugin will automatically invoice you the compensation payment minus this exact VAT.
- The exact amount of VAT remains in your account, and is available for your tax reporting