

# [News story: HMRC calls on online marketplaces to sign agreement tackling VAT fraud](#)

HMRC is today (25 April 2018) asking all online marketplaces operating in the UK to sign [an agreement](#) to help tackle online VAT fraud and errors taking place on their platforms.

Online marketplaces have transformed the way people shop and helped millions of businesses to sell their products and services.

These platforms have a responsibility to ensure their sellers understand the tax rules and prevent fraud from happening on their watch.

To assist HMRC in tackling online VAT fraud and error, the agreement asks online marketplaces to commit to:

- educating online sellers from the UK and abroad about their VAT obligations in the UK either via their own help and support or by directing them to [HMRC's GOV.UK guidance](#)
- responding swiftly when notified by HMRC that sellers are not playing by the VAT rules, and setting up a system to take appropriate action
- finding a suitable and lawful way to provide HMRC with information about their sellers, when requested

HMRC will publish the list of all online marketplaces that sign up to this agreement. If an online marketplace that signs the agreement fails to meet the commitments, HMRC will remove them from the list.

Mel Stride, the Financial Secretary to the Treasury, said:

The growth of online marketplaces has helped many businesses to sell more products across the UK and has contributed greatly to the economy.

However, there is a small minority of sellers not paying their fair share of tax, and we're committed to working with marketplaces on multiple levels to tackle tax evasion.

Jon Thompson, HMRC's Chief Executive, said:

The UK has already led the way in holding online marketplaces accountable for VAT fraud committed on their platforms.

The agreement goes even further to tackle this issue, with online marketplaces committing to helping their sellers understand their

tax responsibilities and ensuring we have the information we need to take action against those who do not play by the rules.

This agreement builds on world-leading powers, known by the term joint and several liability (JSL) rules, which hold online marketplaces accountable for VAT fraud committed by sellers on their platforms.

These were first introduced in September 2016 and were strengthened further in March 2018 – they have already gone a long way to ensure businesses selling goods to the UK online pay the VAT that is due.

## **Further information**

HMRC will update the list of signatories regularly.

See measures announced in [Autumn Budget 2017](#) and in [Budget 2016](#).

If you're an online marketplace operator, see [the checks you need to make on sellers](#).

HMRC estimates that the tax loss from VAT fraud and error on online marketplaces was between £1 billion and £1.5 billion in 2016 to 2017.

HMRC has opened about 2,100 investigations into non-compliant overseas businesses selling via online marketplaces in the period since Royal Assent of the JSL measures in September 2016 (up to 31 January 2018). This resulted in it issuing around 1,300 JSL notices to online marketplaces by 31 January.

There is considerable evidence that the measures have been effective in tackling online VAT fraud and error. This includes about 27,550 applications to register for VAT from overseas online retail businesses since the measures were announced in March 2016 (up to 31 January 2018). This compares with about 1,650 for 2015.