



Vertex Highlights Global Indirect Tax Trends for 2022

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KING OF PRUSSIA, Pa., April 04, 2022 (GLOBE NEWSWIRE) -- [Vertex, Inc.](#) (NASDAQ:VERX) ("Vertex" or the "Company"), a global provider of tax technology solutions, outlines tax trends for 2022. Corporate tax departments should expect continued transaction tax complexity and these taxes will continue to be an increasingly convenient and effective way for state and local tax jurisdictions to raise revenue. In addition, tax audits around the globe have returned to pre-pandemic levels.

According to Vertex Vice President of Tax Content and Chief Tax Officer Michael Bernard, there are a couple of key trends on the regulatory side that will impact the future of transaction taxes:

- U.S. states are increasingly looking to replace their income tax with more of a “transaction-based source of revenue.”
Why?
 - Transaction based revenue streams are less susceptible to adverse economic cycles relative to the income tax.
 - Transaction taxes are generally easier to administer (and audit) relative to the income tax because of the many complex preferences built into the income tax from both a federal and state legislative perspective.
 - Transaction taxes are generally easier to expand by “local jurisdictions” either by implementing new or higher rates. Both state and locals can expand the base easily to new business streams – namely digital products, services, crypto currencies, tobacco, alcohol, firearms and environmental fees.
- Outside the U.S., countries continue to rely heavily on VAT as seen through stepping up the expansion of real-time and near-time reporting, as well as digitizing the registration process to include a smooth onboarding of taxpayers.

In the past year jurisdictions in the U.S. continued to broaden the tax base with 197 new district taxes implemented, the second highest in the last decade. New district taxes were enacted in order to fund community improvements, transportation, transit upgrades, and emergency services, among other necessary public services. In addition, the vast majority of sales tax rate changes in 2021 were increases at the city (85%) and county (72%) levels. This trend is continuing with 23 new district taxes added in the first two months of 2022 bringing the total supported by Vertex to 2,743 including metropolitan, public improvement and resort districts.

Outside the U.S., tax administrations are attempting to close tax gaps by implementing electronic invoicing, while businesses are dealing with a myriad of tax regulations that include cross-border tax compliance and supply chain issues, as well as global labor shortages.

“Businesses may be affected by not being able to import certain products and are shifting to regional suppliers, which could change the obligation to collect and remit sales taxes or VAT in new jurisdictions,” said Bernard. “Companies are also establishing hybrid working policies to attract and retain staff, which can also change the nexus footprint.”

To date 45 states and the District of Columbia have adopted economic nexus laws that continue to evolve in dollar and transaction threshold amounts. “While electronic invoicing, real-time reporting and similar digital tax regimes have yet to reach the U.S., it is clear that some states are beginning to consider proposals for these types of taxes,” added Bernard. “Tax authorities throughout the European Union and other global regions have embraced digital transformation and it seems inevitable that jurisdictions in the U.S. will soon follow suit.”

In addition, states are now actively trying to tax data which is derived from the e-commerce buying process. For example, the state of Washington has proposed legislation that would impose a tax on the sales or exchange of personal data that would be equal to the gross income of the business multiplied by 1.8%.

For the Vertex End-of-Year Sales Tax Rates and Rules Report for 2021, click [here](#).

[Vertex](#) is a leading global provider of indirect tax software and solutions. The company’s mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,300 professionals and serves companies across the globe.

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