

Do It Yourself or Let *Someone Else* Handle the VAT?

A plain-English visual guide to UK VAT rules, EU obligations, and why many LearnDash creators are choosing a Merchant of Record like Paddle or Lemon Squeezy.

1 UK VAT — THE £90,000 RULE

What's your UK VAT obligation?

BELOW THRESHOLD
ANNUAL TURNOVER UNDER

£90,000

You are **not required** to register for VAT. The price you set in WooCommerce is the final price students pay. No VAT invoices, no quarterly returns to HMRC.


Downside: you cannot reclaim VAT on your business costs (LearnDash, hosting, developer fees).

ABOVE THRESHOLD OR VOLUNTARY
ANNUAL TURNOVER OVER

£90,000

VAT registration is **mandatory** — or you can register voluntarily any time before that. You add 20% to course prices and remit it to HMRC quarterly.

Benefit: You can reclaim VAT on all business purchases and gain credibility with B2B clients.


COURSE PRICE


£100

Base price set in WooCommerce

+
UK VAT RATE

20%

Standard UK rate for digital services



STUDENT PAYS

£120






£20 must be remitted to HMRC

2 SELLING TO THE EU & BEYOND


No minimum — every EU sale triggers VAT


EU Students — Non-Union OSS
Post-Brexit rule for UK sellers

- No minimum threshold.** Even your very first sale to an EU student — say, £100 to someone in France — triggers French VAT. No grace period.
- Register once on the **Non-Union OSS portal** in any EU country. Ireland is popular due to the language.
- You receive an OSS ID number valid across the EU — **no need to register separately in France, Germany, Spain, etc.**
- File **quarterly returns** in your chosen OSS country. Pay once; that country distributes VAT to each member state.
- Provide **two non-contradictory pieces of evidence** of the student's location (e.g. IP address + billing address).





 You (UK) →  OSS (Ireland) →  FR →  DE →  ES

Ireland distributes the collected VAT to each EU member state on your behalf.


Outside the EU — Place of Supply
Mexico, Australia, USA & more


- Sales to customers **outside the UK and EU** are generally treated as outside the scope of UK VAT — you charge **zero UK VAT**.
- Some countries have introduced their own digital services tax. **Australia (GST)** and **Mexico (IVA)** may require foreign sellers to register locally if sales volumes grow.
- For a small course creator, the standard rule is simple: **no UK VAT on sales outside UK/EU**. But watch your volume as you scale.
- Selling to **EU businesses**? You can apply **Reverse Charge** — no VAT charged if the client supplies a valid EU VAT number.

QUICK REFERENCE

 UK Student	20% UK VAT (if registered)
 EU Student	Local VAT via OSS
 US Student	0% UK VAT
 Brazil / Rest of World	0% UK VAT

3 HOW YOU COLLECT PAYMENTS

Traditional Stripe/PayPal vs. Merchant of Record


Traditional Model
Stripe · PayPal · WooCommerce

- Student buys your course. **You appear as the seller** on every receipt and invoice.
- You must **manually determine the correct VAT rate** for each student's country — UK (20%), France, Germany, etc.
- You need a **WooCommerce VAT plugin** (e.g. WooCommerce Tax) to automate this — and you're still responsible if it's wrong.
- You collect, hold, and **remit tax to HMRC** (UK), the **OSS portal** (EU), and potentially other authorities — quarterly.
- Spain's tax office has a question? **That's your problem**. You may need an accountant familiar with international VAT.
- You keep **100% of revenue** (minus payment processor fees) — but pay for your own compliance overhead.


VS



Merchant of Record
Paddle · Lemon Squeezy


- You sell the course to **Paddle / Lemon Squeezy**. They resell it to the student — **they are the legal seller**.
- They **automatically detect the student's country** (IP + billing address) and apply the exact correct VAT rate at checkout.
- Their company name** appears on the student's invoice and receipt — not yours.
- They are **legally responsible** for remitting VAT to HMRC, EU OSS, and all other tax authorities worldwide.
- Spain's tax office sends a letter? **It goes to Paddle**, not you. Zero risk to your business.
- You receive **clean monthly payouts**, minus their commission of **5–10%**. No accountant needed for international VAT.


4 THE MONEY FLOW WITH A MOR


How Paddle or Lemon Squeezy actually works


YOU
LearnDash Course Creator
Set your price. Configure the WooCommerce plugin. Focus on your content.


MERCHANT OF RECORD
Paddle / Lemon Squeezy
Detects country. Applies correct VAT. Legal reseller on invoice.
Fee: 5–10%



STUDENT
Buys Your Course
Sees Paddle/Lemon Squeezy on receipt. Correct VAT applied automatically.



TAX AUTHORITIES
HMRC, OSS, etc.
Paddle handles all remittances. No action needed from you.



YOU RECEIVE
Clean Monthly Payout
Net profit, paid monthly. No VAT complexities.

Why LearnDash creators are choosing a Merchant of Record

Plug-in replacements for Stripe/PayPal with official WooCommerce integrations — outsource the entire VAT headache.



Zero VAT Bureaucracy
No VAT registration in the UK (under £90k), no Non-Union OSS in Ireland, no international tax accountant. Set up once and sell everywhere.


Sell Everywhere Instantly
Correct VAT rates applied at checkout for every country — UK, France, Germany, Mexico, Australia. All automated, all legally compliant.


Full Legal Protection
Any dispute with a foreign tax authority is Paddle's or Lemon Squeezy's legal responsibility — not yours. Sleep soundly.

5 PICKING YOUR STRATEGY

The four (honest) options


Ignore VAT & Hope
⚠ ILLEGAL


Selling to EU students and charging no VAT = tax evasion. High profit until the tax office notices.

EFFORT

RISK

REACH

PROFIT


Block EU Countries
✓ LEGAL

Simple geo-restriction in WooCommerce. Safe and easy — but you lose the entire European market.


EFFORT

RISK

REACH

PROFIT

★ RECOMMENDED FOR MOST


Use Paddle or Lemon Squeezy
✓ LEGAL


They handle all VAT worldwide. You pay 5–10% commission. Official WooCommerce plugins replace Stripe/PayPal in minutes.

EFFORT

RISK

REACH

PROFIT


Register Non-Union OSS (Ireland)
✓ LEGAL

Best long-term margins, but requires an accountant, formal registration, and quarterly filings. Best for high-volume sellers.

EFFORT


RISK

REACH

PROFIT

6 WHICH PATH IS RIGHT FOR YOU?

The bottom line

 **Choose the right strategy for your moment**

✓ USE PADDLE / LEMON SQUEEZY IF...

You're under £90k/year and want to sell globally without the headache

Both platforms have official WooCommerce plugins that replace Stripe/PayPal entirely. Configure once, and every student — whether they're in Bristol, Barcelona, or Brazil — gets the correct VAT applied automatically at checkout.

You outsource the entire tax compliance burden and focus on what matters: building excellent LearnDash courses.

... BLOCK THE EU & KEEP STRIPE IF...

Margins are tight and your audience is mainly UK or the Americas

If you'd rather not pay a 5–10% commission and your course naturally attracts British or American students, a simple geo-restriction in WooCommerce settings is the cleanest option.

You stay fully compliant, keep 100% of your revenue, and avoid all EU paperwork — for now. You can always open Europe later once your volume justifies it.

