



October 2020

Protect small businesses and prevent the introduction of a new online sales tax

I am a creative entrepreneur who sells goods on Etsy in the UK, and I'm deeply concerned about the possible introduction of a new online sales tax as part of the Government's review of the business rates system in England.

Etsy hosts 3.1 million creative entrepreneurs, 83% of whom are women and nearly all of whom run one-person businesses out of their homes. For every hour we spend making, we spend another hour on business and administrative tasks. And as microbusinesses, complex and costly tax and regulatory obligations pose an immense challenge.

I understand and support the concerns about the viability of the high street, but feel an online sales tax would unnecessarily burden small businesses, consumers, and even the high street retailers themselves. Here's why:

- Online retail is not just about the big brands and e-commerce players. Many independent sellers sell exclusively online and an additional online tax would discourage growth and innovation for the smaller players, which the UK Government has previously championed as part of the post-COVID economy recovery.
- In light of the current COVID-19 pandemic, and consumers being unable or unwilling to leave their homes, many of us have been ever more dependent on the Internet for our livelihoods.
- Small businesses and microbusinesses who sell online rarely have margins that are significantly bigger than high street retailers, meaning that an online sales tax would put small businesses at a further disadvantage against large online retailers.
- We are concerned that this tax will result in a price hike on goods for the consumer, negatively impacting them and their experience of buying goods online.
- High street retailers also often rely on their online presence to succeed, even more so nowadays, and an online sales tax would also negatively impact them.

- Brexit is already creating significant uncertainty for our businesses. 78% of UK-based Etsy sellers ship their wares internationally. We can only predict further administrative burdens placed on small businesses, which once again will have a stifling effect on how we do business and grow.

Any upcoming review of the business rates system should therefore avoid imposing an online sales tax, in particular for small and microbusinesses. This will allow Etsy sellers to focus on recovering from the coronavirus pandemic, starting and scaling their business, and driving economic growth through the global marketplace.

Sincerely,

Signatures

[First name, Last name, Etsy Shop, City]