TAXFILINGS
CANADA

FREE GUIDE · SELLING ONLINE, PLAINLY

The E-commerce Seller's Handbook

Sales tax by province, marketplace rules, inventory and the books — the compliance half of an online store, in four pages.

Your storefront scales; your paperwork does not. One product page can sell into another province's tax system before lunch, and it is the buyer's address, not your warehouse, that decides what you should have charged. Marketplaces now collect part of that for you, which genuinely helps — and quietly moves the record keeping onto your side of the table.

Five questions a storefront cannot answer for you — these stay yours

1	**Where did this sale happen?** Not where you packed it. For most goods it is where the buyer takes delivery, and that address decides which tax mix belongs on the invoice.
2	**Who collected the tax?** On many marketplace orders the platform charges and remits it. On your own website the job is yours. Both can be true in the same week, for the same product.
3	**Am I over the line yet?** Registration flips from optional to mandatory at a set level of taxable sales, measured on a rolling basis rather than per calendar year. Page 3 walks the test.
4	**What did this unit cost me?** Not the wholesale price. Add freight, duty, packaging and the platform's cut, or your margin is fiction and your tax bill becomes a shock.
5	**Where do the numbers live?** If the answer is "in the dashboards", year end will be expensive. One set of books, fed by every channel, is the entire discipline.

Rates, thresholds and provincial systems all change, so this handbook explains the mechanism and points you at live sources — canada.ca for the rules, and the free GST/HST calculator plus the registration checker at taxfilings.ca/tools for the arithmetic.

01 The tax follows your buyer, not your warehouse

Charge according to where the customer receives the goods. Some provinces run one blended tax that a single federal registration covers. Others charge the federal tax plus a provincial tax with its own rules, its own exemptions and, in several cases, its own separate registration before you may sell there. Digital products and subscriptions have their own place-of-supply tests, usually resting on the address details you hold for the customer.

One system, one return

Ship into a blended-tax province and a single registration and filing covers the federal and provincial parts together. Most sellers start here, because it is their home market and it feels like the whole country.

Two systems, two clocks

Ship into a province running its own sales tax and you may face a second registration, a second return and a different exemption list. Rising volume into a new province is the moment to check, not the moment to hope.

THE MISTAKE THAT COMPOUNDS QUIETLY

One flat tax rate applied to all of Canada in your store settings. Undercharge and the shortfall comes out of margin you have already spent; overcharge and you are holding money that was never yours to keep. Test your tax table this week with orders addressed to three different provinces, and check the results against the GST/HST calculator at taxfilings.ca/tools.

02 When the marketplace collects, and what stays yours

Large marketplaces are now required to charge and remit sales tax on many of the orders they facilitate. That is real relief. It is not a transfer of your obligations, and this is the part that stays on your desk.

- [ ] Your own website and social sales: nobody is collecting anything for you there
- [ ] Wholesale, markets and invoiced orders: outside the platform, outside its collection
- [ ] Your registration question: facilitated sales can still matter when you measure your own position, so check rather than assume they vanish
- [ ] Your books: tax a platform collected is not revenue and must never sit inside your sales figure
- [ ] Your input tax credits: only a registered seller claims back the tax paid on ads, software, freight and stock
- [ ] Your evidence: keep each platform's tax report by channel, because a bank deposit alone cannot prove what was charged

RECONCILE BY CHANNEL, EVERY MONTH

Pull each platform's tax report, match it to the deposits, then match both to your books — one channel at a time. Sellers who do this find a mis-set tax setting within weeks. Sellers who skip it find out at year end, across every order at once.

03 The $30,000 line, and why crossing it can be good news

Registration becomes mandatory once your taxable sales pass $30,000 across four consecutive calendar quarters. The window rolls, so it can trigger in any month, and crossing it opens a short period in which you must register and start charging. Below the line you are a small supplier and may stay out — or opt in deliberately. Confirm the current threshold and timing at canada.ca, and use the registration checker at taxfilings.ca/tools to walk the same questions with your own sales figures.

> WHY SELLERS REGISTER BEFORE THEY MUST
> A registered seller claims back the tax paid on inventory, packaging, advertising, apps and freight. If you are buying hard to grow, those credits can outweigh the extra filing, and business customers never blink at tax on an invoice. Run the comparison once with a professional and the answer holds for a year.

04 Selling into the United States, carefully

American sales tax is not GST/HST, and it is not federal. Every state writes its own rules, and many expect you to register and collect once your sales or order count into that state pass a level they define. Big marketplaces often handle collection on their own channel; your own website stays entirely your problem. Income tax is a separate question again, turning on whether you have a taxable presence there rather than on how much you sold.

> WHERE GROWING SELLERS GET HURT
> Scaling a US channel for a year, then learning that registration was required in several states months ago. The look-back is retroactive, and the penalties attach to tax you never charged your customers. Before you put serious advertising spend across the border, get one written read on where you stand — the cross-border and e-commerce pages at taxfilings.ca explain how that review works.

05 What a unit really costs, and where the numbers live

Profit in e-commerce hides inside inventory. Money spent on stock is not an expense the day you pay it; it becomes an expense when that item sells. This is why a cash-hungry month can be your most profitable one, and a quiet month can lose money. So cost each unit fully, and count what is on the shelf at year end.

- [ ] The supplier price in Canadian dollars, at the rate you actually paid
- [ ] Freight in, brokerage and duty — these belong in the cost of the unit, not in overheads
- [ ] Packaging and inserts that go out inside the box
- [ ] Platform and payment fees, recorded as expenses rather than as discounts to your sales
- [ ] Returns, damage and shrinkage, counted honestly instead of quietly ignored
- [ ] A year-end count covering shelf stock, goods in transit, and units held at a fulfilment centre

The whole stack is smaller than it sounds: one set of books, a feed or monthly summary from each channel, a tax report per channel, and a stock count. Build it in a quiet month — or see the bookkeeping services and the e-commerce industry page at taxfilings.ca and hand it over.

06 Three beliefs that cost sellers real money

MYTH "The marketplace handles my taxes."	FACT It may collect on its own orders. Your website, your registration, your returns and your records all stay with you.
MYTH "Tax I collected is part of my sales."	FACT It is money held for a government. Leaving it in revenue inflates your profit and hides the size of what you owe.
MYTH "I will sort inventory out at year end."	FACT Costing after the fact is guessing. A monthly count and a fed set of books turn year end into a printout.

07 The seller's seven-point check

How many can you answer YES to today?

1. My store charges tax from the buyer's delivery address, not one flat setting.	YES / NO
2. I know which channels collect tax for me and which leave it to me.	YES / NO
3. I could show where I stand against the rolling registration test today.	YES / NO
4. I download a tax report from every platform each month and match it.	YES / NO
5. I know the full landed cost of my best-selling unit.	YES / NO
6. I counted stock at last year end, including goods in transit.	YES / NO
7. If I sell into the United States, I have that question answered in writing.	YES / NO

6–7 · Green
Compliance is keeping pace with growth. Revisit whenever you add a channel or a country.

3–5 · Yellow
The usual gaps are the tax table and inventory. Each one is a single focused afternoon.

0–2 · Red
You are growing on numbers you cannot verify. Fix the tax settings and the stock count before the next campaign.

08 Your four-week clean-up

Week 1
Place test orders into three provinces and audit what your store charged. Correct whatever disagrees.

Week 2
Download last month's tax report from every channel and match it to the deposits and the books.

Week 3
Run the rolling four-quarter test with the registration checker at taxfilings.ca/tools, then decide about registering.

Week 4
Cost your ten best sellers fully, count the shelf, and put the monthly close in your calendar as a repeat.

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Institute of Chartered Accountants of India — Member No. 521458 | Malaysian Institute of Accountants — Member No. 44667, C.A.(M) | CPA Canada In-Depth: Tax Program 19 Dec 2023, GST/HST Part I 12 Jul 2022, Part II 5 Jul 2023

Editorial policy. Every guide is researched against primary sources — the Income Tax Act, CRA publications and CPA Canada materials — fact-checked by Udit Gupta, and updated when the rules change.

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