

TAX INFORMATION FOR SELLERS

SIA Synchron - shookout.com

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1. INTRODUCTION

1.1 Purpose

This Tax Information for Sellers document ("**Tax Notice**") explains the tax-related obligations, reporting requirements, and information collection practices that apply to Sellers on the shookout.com digital goods marketplace (the "**Platform**"), operated by SIA Synchron, a limited liability company incorporated under the laws of the Republic of Latvia, registration number 40203436468, registered address Unijas iela 74A - 45, Riga, LV-1084, Latvia ("**Company**," "**we**," "**us**," or "**our**").

1.2 Scope

This Tax Notice applies to all individuals and entities registered as Sellers on the Platform, regardless of location, sales volume, or tax status. It covers: (a) the information Company collects from Sellers for tax compliance purposes; (b) the data Company reports to tax authorities under applicable law; (c) the Seller's independent tax obligations; and (d) the interaction between Platform fees, withholdings, and tax reporting.

1.3 Related Documents

This Tax Notice supplements:

- [Seller Agreement](#), Section 8 (Tax Compliance and Reporting);
- [Terms of Service](#), Section 6 (Tax Compliance and Financial Obligations);
- [Privacy Policy](#), Sections 3 and 5 (purposes of processing and disclosure to tax authorities).

This Tax Notice is informational and does not constitute tax advice. It does not create tax obligations beyond those imposed by applicable law. For specific tax questions regarding your individual or business situation, consult a qualified tax advisor in your jurisdiction.

1.4 Regulatory Framework

Company's tax reporting obligations arise under: (a) **Council Directive 2021/514** ("**DAC7**"), amending Directive 2011/16/EU on administrative cooperation in the field of

taxation, which requires platform operators within the EU to collect and report specified information about Sellers and their transactions to the competent tax authority; (b) the **Latvian Law on Taxes and Duties** (*Likums "Par nodokļiem un nodevām"*) and implementing regulations transposing DAC7 into Latvian law; (c) **OECD Model Reporting Rules for Digital Platforms** (adopted by the OECD/G20 Inclusive Framework on BEPS), which several non-EU jurisdictions have implemented or are implementing; (d) **EU VAT legislation**, including the VAT Directive (2006/112/EC) and the VAT e-commerce package (Council Implementing Regulation (EU) 2019/2026), including the One-Stop-Shop (OSS) and Import One-Stop-Shop (IOSS) mechanisms; and (e) **US tax reporting requirements**, including Internal Revenue Code Sections 6050W and 6721-6724, governing Form 1099-K reporting for payment settlement entities.

2. OUR ROLE

2.1 What We Are

Company is a **Reporting Platform Operator** within the meaning of DAC7 and the OECD Model Rules. This means we are legally required to collect specific information from Sellers and report it to the Latvian State Revenue Service (*Valsts ieņēmumu dienests*, "**VID**"), which may then automatically exchange that information with tax authorities in other jurisdictions.

2.2 What We Are Not

Company is **not**: (a) your tax agent; (b) your tax advisor; (c) responsible for determining your tax obligations; (d) responsible for filing your tax returns; (e) responsible for collecting or remitting taxes on your behalf, except where Company is legally required to do so as a deemed supplier or marketplace facilitator under applicable law (see Section 5.3); or (f) liable for any tax, penalty, or interest arising from your failure to comply with your tax obligations.

2.3 Our Obligations

Under DAC7 and applicable Latvian law, Company is required to: (a) collect and verify specified information from Sellers ("**Due Diligence Procedures**"); (b) report Seller information and transaction data to VID by 31 January of each year, covering the preceding calendar year; (c) provide each Reportable Seller with a copy of the information reported to VID; and (d) retain reported data and supporting documentation for the period required by law.

3. INFORMATION WE COLLECT FROM SELLERS

3.1 Individual Sellers (Natural Persons)

For Sellers who are individuals, Company is required to collect:

Data Element	Purpose	Legal Basis
Full legal name (first and last)	Identification; DAC7 reporting	DAC7 Art. 8ac(2)(a); Annex V, Section II
Primary address	Identification; jurisdiction determination	DAC7 Annex V, Section II(B)(1)
Tax Identification Number (TIN) and the Member State of issuance	Tax authority matching	DAC7 Annex V, Section II(B)(1)
Date of birth	Identification	DAC7 Annex V, Section II(B)(1)
VAT registration number (where applicable)	VAT compliance verification	DAC7 Annex V, Section II(B)(1)
Financial account identifier (bank account / IBAN or payout method identifier)	Transaction reporting	DAC7 Annex V, Section II(B)(2)
Business registration number (if applicable, e.g., sole proprietor)	Entity identification	DAC7 Annex V, Section II

3.2 Entity Sellers (Legal Entities)

For Sellers that are legal entities (companies, partnerships, etc.), Company is required to collect:

Data Element	Purpose	Legal Basis
Legal name of the entity	Identification; DAC7 reporting	DAC7 Annex V, Section II(B)(2)

Primary address (registered office)	Identification; jurisdiction determination	DAC7 Annex V, Section II(B)(2)
Tax Identification Number (TIN) and the Member State(s) of issuance	Tax authority matching	DAC7 Annex V, Section II(B)(2)
Business registration number	Entity identification	DAC7 Annex V, Section II(B)(2)
VAT registration number (where applicable)	VAT compliance verification	DAC7 Annex V, Section II(B)(2)
Financial account identifier (bank account / IBAN)	Transaction reporting	DAC7 Annex V, Section II(B)(2)
Existence of any permanent establishment(s) in the EU through which relevant activities are carried out, indicating each Member State	Jurisdictional reporting	DAC7 Annex V, Section II(B)(2)

3.3 Verification

Company is required to verify the information provided by Sellers through Due Diligence Procedures, which may include: (a) cross-referencing TINs against available government validation tools; (b) requesting documentary evidence (e.g., tax certificates, business registration extracts, identity documents); (c) utilising third-party verification services; and (d) reviewing the information for internal consistency and plausibility. Sellers must respond to verification requests within **fourteen (14) calendar days**. Failure to provide or verify required information may result in: (i) withholding of payouts; (ii) account suspension; or (iii) account termination, in accordance with the [Seller Agreement](#), Sections 2.3 and 8.2.

3.4 Excluded Sellers

DAC7 provides limited exclusions from reporting for certain categories of Sellers, including: (a) government entities; (b) entities whose shares are regularly traded on an established securities market; (c) large hotel accommodation providers (not applicable

to the Platform); and (d) Sellers with fewer than 30 transactions and total consideration of less than €2,000 in the reporting period, where the Seller operates through a sale of goods model (this exclusion applies to the sale of goods only and generally does not apply to digital services or licensing). Company will determine the applicability of exclusions on a case-by-case basis. **Most Sellers on the Platform will be reportable.**

4. WHAT WE REPORT TO TAX AUTHORITIES

4.1 Reportable Information

For each Reportable Seller, Company reports the following to VID by **31 January** of the year following the reportable period:

Reported Data	Description
Seller identification data	Name, address, TIN, date of birth (individuals), business registration number (entities), VAT number (where available), financial account identifier
Total consideration	Gross amount paid or credited to the Seller in each quarter of the reporting period, in the currency in which it was paid or credited
Number of transactions	Total count of relevant activities (sales) in each quarter
Fees, commissions, and taxes	Amount of fees, commissions, or taxes withheld or charged by Company in each quarter
Member State(s)	Each EU Member State in which the Seller is identified as being resident for tax purposes, including through permanent establishments

4.2 Automatic Exchange

VID automatically exchanges the reported information with the tax authorities of: (a) the EU Member State(s) in which the Seller is resident; (b) the EU Member State(s) in which the Seller has a permanent establishment; and (c) other jurisdictions under bilateral or multilateral tax information exchange agreements (e.g., OECD Common Reporting Standard, Tax Information Exchange Agreements).

This means that **your country's tax authority will receive information about your sales on the Platform**, regardless of whether Company is located in the same country as you.

4.3 Notification to Sellers

In accordance with DAC7, Company will provide each Reportable Seller with a copy of the information reported to VID. This notification will be delivered via the Seller dashboard and/or email within a reasonable time following the filing deadline.

4.4 US Tax Reporting (Form 1099-K)

For Sellers subject to US tax reporting, Company (or its Payment Processor) may issue IRS Form 1099-K if: (a) the Seller is a US person (citizen, resident, or US entity); and (b) the gross payment amount and/or transaction thresholds specified in IRC § 6050W are met. The current federal reporting threshold is gross payments exceeding \$600 in a calendar year. US Sellers must provide a completed W-9 form; non-US Sellers must provide a completed W-8BEN or W-8BEN-E, as applicable.

4.5 Retention

Company retains reported data and supporting documentation for **seven (7) years** following the end of the reporting period, in accordance with the [Privacy Policy](#), Section 7.2, the [Seller Agreement](#), Section 8, and applicable Latvian and EU law.

5. VAT AND SALES TAX OBLIGATIONS

5.1 General Principle

The sale of Digital Goods (software, templates, digital art, AI-generated content, etc.) is generally classified as the supply of **electronically supplied services** for VAT purposes under EU law (Article 7 of Council Implementing Regulation (EU) 282/2011). The VAT treatment depends on: (a) the Seller's location and VAT status; (b) the Buyer's location and status (business or consumer); and (c) the applicable rules in the relevant jurisdiction(s).

5.2 EU VAT Rules for Electronically Supplied Services

The following is a summary of the general EU VAT framework. Individual circumstances may vary.

(a) B2C Sales (Seller to EU Consumer):

Where a Seller supplies electronically supplied services to a non-taxable person (consumer) in the EU, VAT is generally due in the **Member State where the consumer is located** (Article 58 VAT Directive). Sellers may register for VAT in each Member State where they have consumers, or use the **One-Stop-Shop (OSS)** mechanism to file a single VAT return in one Member State covering all EU B2C digital services sales.

(b) B2B Sales (Seller to EU Business):

Where a Seller supplies electronically supplied services to a taxable person (business) in another EU Member State, the **reverse charge mechanism** generally applies (Article 196 VAT Directive). The Buyer accounts for VAT in their Member State. The Seller generally does not charge VAT but must include the transaction on their EU Sales List / recapitulative statement.

(c) Non-EU Sellers to EU Consumers:

Non-EU Sellers supplying electronically supplied services to EU consumers must register for and charge VAT in the EU. This can be done through the **Non-Union OSS** scheme by registering in one EU Member State.

(d) Marketplace Facilitator / Deemed Supplier Rules:

Under certain circumstances, EU VAT law may deem the **platform operator** (rather than the Seller) to be the supplier for VAT purposes. Where Company is treated as the deemed supplier under Article 9a of Council Implementing Regulation (EU) 282/2011 (as amended), Company will collect and remit VAT on the transaction. Sellers will be notified of transactions where Company acts as deemed supplier through the Seller dashboard. This treatment may apply where: (i) the Seller is a non-EU person; (ii) the Buyer is a non-taxable EU consumer; and (iii) Company facilitates the supply through the Platform.

5.3 Company's VAT Role

Company will: (a) collect and remit VAT where legally required as a deemed supplier or marketplace facilitator; (b) issue invoices or receipts that comply with applicable VAT invoicing requirements where Company acts as deemed supplier; (c) display VAT-inclusive prices to EU consumers where required by Latvian and EU consumer pricing law; and (d) provide Sellers with transaction-level VAT data through the Seller dashboard where Company has collected VAT on their transactions.

In all other cases, **the Seller is solely responsible for VAT compliance**, including registration, collection, reporting, and remittance.

5.4 Non-EU Tax Obligations

Sellers may have sales tax, GST, or other indirect tax obligations in non-EU jurisdictions (e.g., US state sales tax, Canadian GST/HST, Australian GST, UK VAT). Company does not collect or remit these taxes unless specifically required by applicable law as a marketplace facilitator. Sellers are responsible for determining and complying with all applicable tax obligations outside the EU.

6. SELLER RESPONSIBILITIES

6.1 Comprehensive Tax Responsibility

As set forth in the [Seller Agreement](#), Section 8, each Seller is solely and exclusively responsible for:

- (a) **Determining** all applicable tax obligations arising from sales through the Platform;
- (b) **Registering** for VAT, GST, sales tax, income tax, and any other applicable taxes in all required jurisdictions, including through the EU OSS/IOSS mechanisms where applicable;
- (c) **Collecting** applicable taxes from Buyers (except where Company acts as deemed supplier);
- (d) **Reporting** all Platform income on tax returns in all applicable jurisdictions;
- (e) **Remitting** all applicable taxes to the relevant authorities by the applicable deadlines;
- (f) **Maintaining** complete and accurate tax records for the applicable statutory retention period (no less than seven (7) years);
- (g) **Providing** Company with accurate, complete, and current tax documentation (TIN, VAT number, W-8/W-9, tax certificates) and updating such documentation promptly upon any change;
- (h) **Responding** to Company's verification requests within the required timeframe (fourteen (14) days);
- (i) **Consulting** a qualified tax professional regarding the tax treatment of Platform income in their jurisdiction.

6.2 Consequences of Non-Compliance

Failure to comply with tax obligations may result in:

Failure	Consequence
Failure to provide TIN or required tax documents within 14 days of request	Payout suspension until documentation is received
Failure to provide valid W-8/W-9 (US-connected Sellers)	Backup withholding at the maximum applicable statutory rate (currently 24% for US federal backup withholding)

Provision of inaccurate or fraudulent tax information	Account suspension or termination; potential referral to authorities
Failure to respond to DAC7 verification requests	Account suspension; Company may report available information with an indication of non-verification
Tax authority assessment against Company due to Seller non-compliance	Indemnification claim against Seller per Seller Agreement , Section 8.5

7. PLATFORM COMMISSION AND TAX TREATMENT

7.1 Commission Structure

Company charges a Commission on each completed sale, as specified in the [Seller Agreement](#), Section 6. The Commission is calculated as a percentage of the gross sale price. The gross sale price may include VAT collected from the Buyer, depending on the applicable VAT treatment.

7.2 Tax Treatment of Commission

The Commission charged by Company constitutes consideration for the intermediation services provided by Company to Sellers. Company will issue invoices or credit notes for Commission charges that comply with applicable Latvian and EU VAT invoicing requirements. Sellers registered for VAT may be entitled to deduct VAT on Commission charges as input VAT, subject to their local VAT rules.

7.3 DAC7 Reporting of Fees

Under DAC7, the amount of fees, commissions, and taxes withheld by Company is reported separately from the gross consideration. This allows tax authorities to distinguish between the total sales amount and the net amount received by the Seller.

7.4 Withholdings

Where Company withholds tax from payouts (e.g., backup withholding under US law, or withholding on cross-border payments where required), Company will: (a) deduct the withholding from the payout; (b) remit the withheld amount to the appropriate authority; (c) provide the Seller with documentation of the withholding (e.g., Form 1042-S for US withholding); and (d) reflect all withholdings in the Seller dashboard.

8. UPDATES AND CHANGES

8.1 Tax law, reporting requirements, and Company's tax role may change. Company may update this Tax Notice at any time to reflect changes in applicable law, regulatory guidance, or Company practices. Material changes will be communicated by: (a) posting the updated Tax Notice with a revised "Last Updated" date; (b) email notification to registered Sellers; and (c) a prominent notice in the Seller dashboard, at least **thirty (30) days** before the effective date.

8.2 Changes to DAC7 reporting requirements, VAT deemed supplier rules, or withholding obligations take effect as required by law, regardless of the notice period.

9. CONTACT

For tax-related questions:

Purpose	Contact
Tax compliance and DAC7 inquiries	tax@shookout.com
Tax documentation submission	Via Seller dashboard (Settings → Tax Information) or tax@shookout.com
Legal inquiries	legal@shookout.com
General Seller support	support@shookout.com

Company: SIA Synchron **Registration number:** 40203436468 **Address:** Unijas iela 74A - 45, Riga, LV-1084, Latvia

Related documents: [Seller Agreement](#) · [Terms of Service](#) · [Privacy Policy](#) · [Imprint](#)