

Perlego Case Study

How Perlego got complete U.S. Sales Tax clarity, state by state.

Perlego is a UK-based digital academic library often referred to as the “Spotify for textbooks.” The company has experienced rapid growth, particularly within the U.S. market.

As Perlego's U.S. subscriber base expanded, the company recognised the need to **build a robust sales tax compliance framework that could scale** with the business. A key question needed answering: how are digital subscription services taxed across multiple U.S. jurisdictions, and what does a best-in-class compliance setup look like?

In an environment where digital product tax rules can differ significantly from state to state, maintaining compliance is far from straightforward. Incorrect tax treatment, delayed registrations, or missed filing obligations can create significant financial and operational risk for fast-growing digital businesses.

The challenge

The U.S. tax treatment of digital subscription services is highly complex and far from consistent. Depending on the state, a platform like Perlego's may be classified as taxable digital goods, Software-as-a-Service (SaaS), an electronically delivered service, or not taxable at all. With 52 separate jurisdictions applying different rules and interpretations, there is no single standard that businesses can safely rely on.

As Perlego continued to grow rapidly in the U.S. market, sales tax complexity moved from a background consideration to a priority. As a UK-headquartered business, the company had not previously needed to navigate U.S. state-level tax obligations, and recognised that expert guidance was needed to establish the right compliance framework as its subscriber base scaled.

Getting the tax treatment wrong in either direction carried risk: under-collecting could create liability, while over-collecting could negatively impact customer trust and pricing competitiveness. Perlego needed a clear, defensible position for each jurisdiction to underpin its U.S. growth strategy.

Our solution

Rather than applying a broad or generic tax classification, **VAT IT took the time to fully understand Perlego's business model**, including how the subscription operates, how users access the platform's content, and how individual states would interpret the service from a sales tax perspective.

From there, VAT IT conducted a detailed jurisdiction-by-jurisdiction analysis to determine how Perlego's subscriptions should be treated in each state, where registration obligations existed, and what a compliant operating model would look like going forward. This included:

- ✓ Full product and subscription model analysis
- ✓ Taxability determination across all 52 US jurisdictions
- ✓ Prior-period review across all jurisdictions to confirm a clean starting position
- ✓ Registration obligation mapping and exposure analysis
- ✓ Validation of exemptions certificates
- ✓ Direct access to a Sales Tax Expert throughout the project
- ✓ Integration with Perlego's accounting systems (Xero) to enable automated sales tax calculation on B2B invoices
- ✓ Ongoing monthly filing and remittance across all registered states, managed end-to-end through the Abacus platform
- ✓ Exemption certificate collection, validation, and ongoing management for institutional customers

The results

The impact was immediate and lasting:

- ✓ **Clear tax position for every U.S. state**
No jurisdiction left unanswered, no assumptions made.
- ✓ **Full prior-period review completed state by state**
Complete visibility over all prior periods, with any obligations quantified.
- ✓ **A registration roadmap they can act on**
They know exactly where to register, collect, and remit.
- ✓ **Positions they can show any tax authority**
Reasoned and ready to defend.
- ✓ **A framework that moves with the law**
As state rules change, the foundation is already in place.
- ✓ **Months of internal research time saved**
Redirected to product, growth, and customers instead.

Client testimonial



We needed a partner who could give us certainty as we scaled into the U.S., not just on the tax positions, but on the operational side too. **VAT IT gave us both.**

Strategic impact

Perlego can now answer any U.S. tax question without hesitation. With a proper compliance framework in place, Perlego can:

- ✔ Bring on new U.S. university and institutional partners with full tax clarity
- ✔ Respond to any state tax enquiry with a well-reasoned position
- ✔ Avoid the cost and reputational risk of misclassification
- ✔ Run monthly filings on autopilot, with accounting system integration removing manual work from the finance team

This project shows what proactive, expert sales tax management looks like for digital-first businesses entering the U.S. market: not just staying compliant, but growing with genuine confidence.

Ready to simplify global compliance?

To discuss whether this is the right fit for your indirect tax function, we welcome a conversation.

Explore what's possible with VAT IT:

Talk with our VAT specialists.



Recover your hidden VAT.



Stay compliant with e-Invoicing.



Let's make global VAT compliance simple, scalable, and efficient.