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Lovable's VAT Dodge Could Prove Very Costly

1 meddelande

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Av Jens Nylander • 22 nov. 2025

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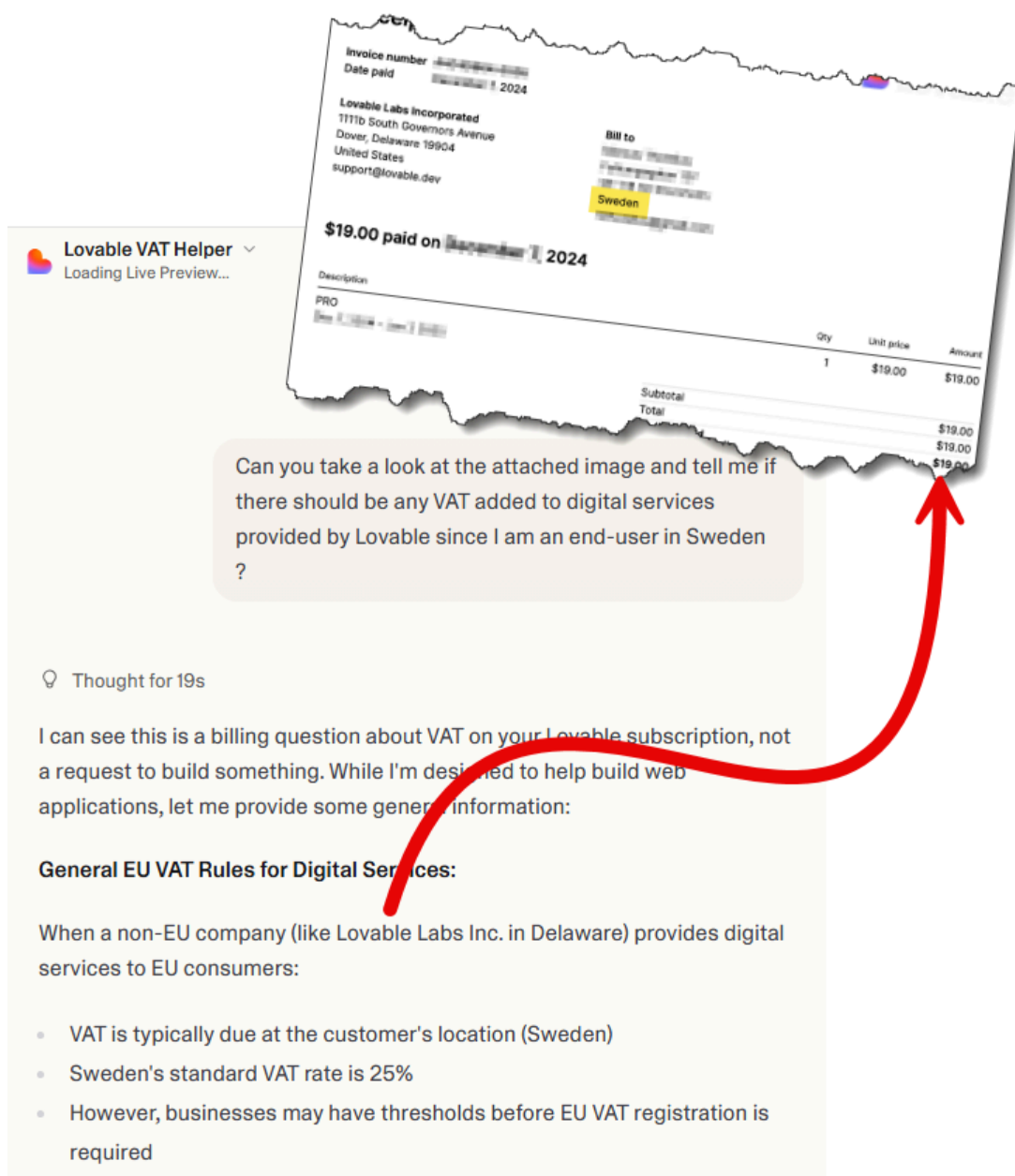
The story dividing EU and US entrepreneurs

The story dividing EU and US entrepreneurs, calling the EU-market a nightmare for any high-growth startup while others say VAT reporting is among the easiest things to do in the EU.

[Lovable](#), the Swedish startup that has grown to over \$200M in ARR in record-time according to founder Anton Osika [during Slush](#) in Helsinki recently, has not been applying any VAT on their services and could now be facing to pay significant amounts to tax authorities globally and revenue could have been overstated. The exact amount depends on where it has sold its services and to who.

The story was broadcasted on Sweden's largest television network, TV4. Reporter is Emil Hellerud, journalist, and Jens Nylander, researcher.

Together with the journalist, Emil Hellerud, at TV-channel TV4 I discovered through the receipts issued by Lovable Labs Incorporated in Delaware that they have been selling services across the world without applying the VAT applicable where the end-customer resides. VAT typically ranges between 17-27% in EU and has not been paid by Lovable.



The screenshot shows a chat interface with a header 'Lovable VAT Helper' and a status 'Loading Live Preview...'. The chat history includes a user question and an AI response. The user's question is: 'Can you take a look at the attached image and tell me if there should be any VAT added to digital services provided by Lovable since I am an end-user in Sweden ?'. The AI response, timestamped 'Thought for 19s', states: 'I can see this is a billing question about VAT on your Lovable subscription, not a request to build something. While I'm designed to help build web applications, let me provide some general information: General EU VAT Rules for Digital Services: When a non-EU company (like Lovable Labs Inc. in Delaware) provides digital services to EU consumers:'. A red arrow points from the AI response to an invoice image. The invoice is from 'Lovable Labs Incorporated' at '1111b South Governors Avenue, Dover, Delaware 19904, United States'. It is dated 'December 1, 2024' and shows a payment of '\$19.00 paid on December 1, 2024'. The 'Bill to' address is in Sweden. The invoice table shows a single line item 'PRO' with a quantity of 1, a unit price of \$19.00, and a total amount of \$19.00. The subtotal and total are also listed as \$19.00.

Invoice number: [redacted]
Date paid: December 1, 2024

Lovable Labs Incorporated
1111b South Governors Avenue
Dover, Delaware 19904
United States
support@lovable.dev

Bill to:
[redacted]
Sweden

\$19.00 paid on December 1, 2024

Description	Qty	Unit price	Amount
PRO	1	\$19.00	\$19.00

Subtotal: \$19.00
Total: \$19.00

Can you take a look at the attached image and tell me if there should be any VAT added to digital services provided by Lovable since I am an end-user in Sweden ?

Thought for 19s

I can see this is a billing question about VAT on your Lovable subscription, not a request to build something. While I'm designed to help build web applications, let me provide some general information:

General EU VAT Rules for Digital Services:

When a non-EU company (like Lovable Labs Inc. in Delaware) provides digital services to EU consumers:

- VAT is typically due at the customer's location (Sweden)
- Sweden's standard VAT rate is 25%
- However, businesses may have thresholds before EU VAT registration is required

An example of end-customer receipt from December 2024. I am asking Lovable "chat" if they can give me information if VAT should have been charged.

Lovable's main operation is in Stockholm, Sweden, were the company Lovable Labs Sweden AB is located but the invoicing of services is done

through the Delaware based company.

Lovable have not answered any questions from TV4 and have left a statement saying: "Lovable is finalizing VAT registration and will settle any outstanding VAT once registration is complete".

According to articles in [Breakit](#) and [Dagens Industri](#) one of the first venture capital investors, Creandum, has refused to respond to questions and referring back to Lovable.

The receipts tells the story

I have gone through Lovable receipts issued to multiple end-users in the EU and there is no VAT on the services way back since the first receipt I have found from a Swedish end-customer in December 2024.

If a company, independent of location, sells digital services to the EU they should be registered for VAT and apply the VAT level for the country where the end-user is located. Similar rules exist for other countries outside the EU.

The EU has simplified the handling by introducing what's called [OSS, One Stop Shop](#), allowing companies to register in any EU-country and make just one VAT-filing still required to report sales amount for each country.

If an EU VAT-registered business buys a digital service, they can be exempted from VAT by supplying their VAT number during checkout and the seller can exempt VAT from the purchase. The company then submits a reverse filing in the country saying that they bought a service for the given amount. This is to ensure compliance and avoid potential tax frauds.

If a company can't show proof during a purchase that they are VAT-registered the buyer should not be exempted from VAT. The EU provides a free to use API for this purpose called [VIES VAT number validation](#).

An example of OpenAI, LLC, operating in the US charging an end-customer in Sweden the receipt would look like the image below. It highlights that OpenAI LLC is registered through the EU OSS system and applying the correct VAT because the end-user resides in Sweden.

Receipt

Invoice number [redacted]
Date paid [redacted] 2025

OpenAI, LLC
548 Market Street
PMB 97273
San Francisco, California 94104-5401
United States
ar@openai.com

EU OSS VAT EU372041333

Bill to

[redacted]
[redacted]
[redacted]
Sweden

OpenAI

\$25.00 paid on [redacted] 2025

Description	Qty	Unit price	Tax	Amount
ChatGPT Plus Subscription (per seat)	1	\$20.00	25%	\$20.00
Subtotal				\$20.00
Total excluding tax				\$20.00
VAT - Sweden (25% on \$20.00)				\$5.00
				(€4.29)
Total				\$25.00
Amount paid				\$25.00

A major cultural shift may be unfolding

The tension on social media between entrepreneurs in US and EU about compliance and legislation in the EU has led several startups to create a kind of parallel world with its own rules, causing politicians, authorities, and perhaps even the media to overlook a major cultural shift that has been unfolding and may change the space in the coming years.



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Mindre av det här

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