A FRIENDLY GUIDE FOR NEW SELLERS

ETSY FEES

EXPLAINED SIMPLY

Understand every fee. Price with confidence. Keep more of your profit.

Created by SimpleLifeCalc.com

Perfect for:

Handmade sellers • Print-on-demand shops • Digital product creators

Complete beginners welcome — no finance background needed!

Fee rates current as of 2026. Always confirm the latest rates at etsy.com/legal/fees

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HOW TO USE THIS GUIDE

Read it once from start to finish (it takes about 20 minutes). Then keep the Cheat Sheet on page 14 next to your computer whenever you list a new product.

Words in bold are important terms. Every term is explained in plain English the first time it appears.

1. What Fees Does Etsy Charge?

Good news first: **opening an Etsy shop is free.** You only pay when you list an item and when you sell something. There is no monthly charge for a standard shop.

Etsy charges **three main fees** on every sale. Think of them as three small slices taken from each order:

Fee	How much?	When do you pay it?
Listing fee	$0.20 per item	When you put an item in your shop (and every 4 months after that)
Transaction fee	6.5% of the order total	When something sells
Payment processing fee	3% + $0.25 (US rates)	When the buyer pays

There are also **optional fees** — things you only pay if you choose to use them (or, in one case, if your shop grows big). The main ones are:

- **Offsite Ads** — 12% to 15%, only on sales that come from Etsy's outside advertising (page 7)
- **Etsy Ads** — advertising inside Etsy. You choose your own daily budget, so you control the cost.
- **Etsy Plus** — an optional $10/month subscription with extra shop tools. Beginners do not need it.
- **Currency conversion** — about 2.5% extra if your bank account uses a different currency than your shop listings.

Put together, the three main fees usually add up to **about 11% to 13% of each sale**. So if a buyer pays you $100, expect to keep roughly $87–$89 before your own costs (materials, shipping, etc.).

💡 **BEGINNER TIP**

Don't panic about percentages. By the end of this guide you will be able to look at any price tag and estimate your fees in your head. It becomes automatic surprisingly fast.

⚠️ **WARNING**

Etsy fee rates can change. The numbers in this guide are correct as of 2026, but always double-check the official fee page: etsy.com/legal/fees.

2. Listing Fees Explained

A **listing** is simply a product page in your shop — the photos, title, description, and price for one item you sell. Every time you create a listing, Etsy charges **$0.20**.

Think of it like renting a tiny shelf in a giant shopping mall. Twenty cents buys your item a spot on the shelf for **4 months**.

Three moments when the $0.20 is charged

1. **When you create the listing.** You pay $0.20 the moment your product goes live.
2. **When the listing renews.** After 4 months, if the item hasn't sold, Etsy charges $0.20 again to keep it on the "shelf." With auto-renew turned on, this happens automatically.
3. **When you sell more than one.** If your listing has a quantity of 10 mugs and someone buys 3, you pay $0.20 for each extra mug sold beyond the first (the listing also renews automatically so the remaining mugs stay for sale).

A quick example

Maria makes candles. She lists 25 different candles in her new shop:

- 25 listings × $0.20 = $5.00 to open her shop
- After 4 months, 10 candles haven't sold and auto-renew: 10 × $0.20 = $2.00 more

That's it — listing fees are small, but they are charged **whether or not you make a sale**, so they matter most when you have lots of slow-selling listings.

💡 **BEGINNER TIP**

Digital product sellers: listing fees work exactly the same for digital downloads. One nice difference — a digital listing can sell hundreds of times, and you only pay $0.20 per sale to renew it. No materials, no shipping.

✖️ **COMMON MISTAKE**

Forgetting that auto-renew is ON by default. If you leave 100 old listings sitting in your shop, you'll quietly pay $20 every 4 months. Review your listings regularly and deactivate ones you no longer want to sell. (Deactivating is free.)

REMEMBER

$0.20 per listing • lasts 4 months • charged again on renewal and on each extra quantity sold • charged even if nothing sells

3. Transaction Fees Explained

The **transaction fee** is Etsy's commission — its reward for bringing the customer to you. It is the biggest of the three main fees: **6.5% of the order total**.

Here is the part that surprises almost every new seller: the 6.5% is not just on your item price. It applies to **everything the buyer pays you**:

- The item price
- **The shipping cost you charge the buyer**
- Gift wrapping fees (if you offer them)
- Personalization fees (if you charge extra to add a name, date, etc.)

Example

Jonas sells a hand-stamped keychain for $20 and charges $5 for shipping:

Step	Amount
Item price	$20.00
Shipping charged to buyer	$5.00
Order total	**$25.00**
Transaction fee: 6.5% × $25.00	**$1.63**

Notice that the fee was calculated on **$25**, not $20. If Jonas had only budgeted for 6.5% of his item price, he would lose money on every sale without knowing why.

⚠️ WARNING: "Free shipping" doesn't mean free fees

Some sellers offer free shipping by hiding the shipping cost inside the item price (selling the keychain at $25 with $0 shipping). That's a fine strategy — free shipping can even help you rank higher in Etsy search — but the fee is still 6.5% of $25 either way. There is no trick to avoid the fee on shipping.

For US sellers, sales tax that Etsy collects from the buyer is ***not*** included in the transaction fee calculation — one small piece of good news.

REMEMBER

Transaction fee = 6.5% × (item + shipping + gift wrap + personalization). It is taken automatically from your balance the moment a sale happens.

4. Payment Processing Fees Explained

When a buyer pays with a credit card, PayPal, Apple Pay, or any other method, the money travels through **Etsy Payments** — the system that safely moves money from the buyer's card into your bank account.

Moving money safely costs money (banks and card companies charge for it), so Etsy passes that cost to you as the **payment processing fee**.

How much is it?

In the United States, the fee is **3% of the order total + $0.25 per order**. Just like the transaction fee, the 3% applies to the full amount the buyer pays — item, shipping, and (in this case) sales tax too.

The rate is different in other countries. For example, sellers in the UK, Canada, Australia, and the EU each have their own percentage and fixed amount. If you sell outside the US, look up your country's rate on Etsy's fee page — the structure is the same, only the numbers change.

Example

A buyer pays $30 total (item + shipping) to a US seller:

- 3% × $30.00 = $0.90
- Plus the fixed $0.25
- **Payment processing fee = $1.15**

Why the $0.25 matters for cheap items

A fixed fee hurts small orders the most. On a $4 digital download, $0.25 alone is over 6% of the price! Combined with the other fees, **very low-priced items can lose 20% or more to fees**. This is why many digital sellers bundle items together or set a minimum price around $5–$10.

💡 **BEGINNER TIP**

You don't need to do anything to pay this fee — Etsy deducts it automatically before the money reaches your account. Your job is simply to remember it exists when you set your prices.

✖️ **COMMON MISTAKE**

Selling many tiny, low-priced items without checking the math. Ten $3 sales pay far more in fixed fees ($0.25 × 10 = $2.50) than one $30 sale ($0.25 × 1). Bundles and sets are your friend.

5. Offsite Ads Explained

Offsite Ads are advertisements that Etsy buys for you on other websites — Google, Facebook, Instagram, Pinterest, and more. Etsy pays for the ad upfront. You only pay Etsy back **if the ad actually leads to a sale**.

How much does it cost?

Your shop's sales in the last 365 days	Offsite Ads fee	Can you opt out?
Under $10,000	15% of that order	**Yes** — it's optional
$10,000 or more	12% of that order	**No** — it's required

The fee is capped at **$100 per order**, so one giant sale can't produce an unlimited fee.

A plain-English example

Someone scrolling Instagram sees an ad for your $40 wall print, clicks it, and buys. Because that sale came from an Offsite Ad, you pay 15% × $40 = **$6.00** — on top of the normal transaction and processing fees. A sale from an Offsite Ad can easily cost you 25% in total fees.

Important: this fee applies ***only*** to orders that came through one of these ads. If a buyer finds you through normal Etsy search, you pay nothing extra.

💡 **BEGINNER TIP**

If you are brand new (and under $10,000 in yearly sales), you can turn Offsite Ads OFF: Shop Manager → Settings → Offsite Ads. Many beginners switch it off until their pricing comfortably covers a possible 15% fee — then turn it back on for free exposure.

⚠️ **WARNING**

Once your shop passes $10,000 in sales over any 365-day period, Offsite Ads become mandatory for the life of your shop (at the lower 12% rate). Build that 12% into your prices BEFORE you reach $10,000, so success never catches you by surprise.

DON'T CONFUSE THE TWO AD TYPES

Etsy Ads = ads inside Etsy search. You set a daily budget (e.g., $1–$5/day) and pay per click, sale or no sale.

Offsite Ads = ads outside Etsy. No budget to set; you pay a percentage only when an ad produces a sale.

6. Shipping Costs and Hidden Expenses

Etsy's fees are only part of the story. The expenses below are the quiet ones that eat profit when nobody is watching. None of them appear on Etsy's fee page — but they all come out of your pocket.

Shipping: the big one for physical products

- **Postage.** Buying labels through Etsy is usually cheaper than the post office counter, but it still costs real money and is deducted from your Etsy balance.
- **Packaging.** Boxes, mailers, bubble wrap, tissue paper, tape, thank-you cards. A "$1 box" shipped 100 times is $100.
- **Underestimating weight.** If you charge the buyer $4 for shipping but the real label costs $6.50, you just donated $2.50 — and you still paid 6.5% transaction fee on the $4.

Other hidden expenses to budget for

- **Materials and supplies** — everything that goes into the product itself.
- **Your time** — the most forgotten cost of all. If an item takes 2 hours to make, your price must pay you for those hours.
- **Print-on-demand production costs** — POD sellers: your supplier (Printify, Printful, etc.) charges you for each item and its shipping. That bill arrives separately from Etsy.
- **Returns and refunds** — when you refund a buyer, Etsy returns the transaction fee, but a lost product and shipping label are gone for good.
- **Taxes** — your Etsy income is taxable income. A common habit: set aside 20–30% of profit for taxes so there are no surprises.
- **Tools and subscriptions** — design software, mockup sites, photo props. Small monthly costs add up.
- **VAT on fees (outside the US)** — sellers in many countries pay VAT (a government tax) on top of Etsy's fees, and a ~2.5% currency conversion fee may apply if your bank uses a different currency than your shop.

💡 **BEGINNER TIP**

Weigh your packaged item BEFORE you set the shipping price — packaging included. A kitchen scale costs less than one mis-priced shipping label per month.

✖️ **COMMON MISTAKE**

Counting "money received" as profit. Profit = money received − Etsy fees − shipping − packaging − materials − production costs. Track all of them from sale number one.

7. Real Example: A $35 Sale, Step by Step

Let's follow one real order from "cha-ching!" to your bank account. Sofia sells a handmade ceramic mug for **$35 with free shipping**, so the buyer pays exactly $35. Here is every deduction, in order:

Step	Calculation	Amount	Running total
Buyer pays	Item $35 + shipping $0	**$35.00**	$35.00
1. Listing fee	Flat fee per item sold	− $0.20	$34.80
2. Transaction fee	6.5% × $35.00	− $2.28	$32.52
3. Payment processing	(3% × $35.00) + $0.25 = $1.05 + $0.25	− $1.30	$31.22
Etsy deposits to Sofia	Total Etsy fees: $3.78 (10.8%)		**$31.22**

So Etsy keeps **$3.78** and Sofia receives **$31.22**. But Sofia isn't done — now her own costs come out:

Sofia's own costs	Amount	Running total
Clay, glaze, packaging	− $6.00	$25.22
Shipping label (she offered free shipping)	− $5.50	$19.72
Sofia's actual profit		**$19.72**

Real profit: $19.72 out of $35 — about 56%. Healthy! But watch what happens if this same sale had come from an Offsite Ad:

- Offsite Ads fee: 15% × $35 = $5.25 → profit drops to **$14.47**

Still profitable — because Sofia priced her mug properly. If she had priced it at $22 "to be competitive," the same Offsite Ad sale would have earned her almost nothing for two hours of work.

QUICK MENTAL MATH

For a typical US sale: fees ≈ 9.5% of the order total + $0.45. On $35: (9.5% × 35) + 0.45 = $3.78. Exactly what we calculated above — use this shortcut anytime.

8. Common Fee Mistakes New Sellers Make

Every mistake below is one that thousands of new sellers have already made — so you don't have to. Check yourself against this list before you open shop.

1. **Forgetting that fees apply to shipping.** The 6.5% transaction fee and 3% processing fee both include the shipping you charge. Budget for the full order total, not just the item price.
2. **Pricing by copying competitors.** That $18 seller you're copying may have cheaper materials, faster methods — or may be quietly losing money. Price from your own numbers.
3. **Ignoring the $0.25 fixed fee on cheap items.** Items under $5 can lose 20%+ to fees. Bundle small items together.
4. **Leaving Offsite Ads on without pricing for them.** A surprise 15% fee can wipe out the profit of an underpriced item.
5. **Letting hundreds of dead listings auto-renew.** $0.20 × 200 listings × 3 renewals a year = $120/year for items nobody is buying.
6. **Confusing revenue with profit.** "I made $1,000 this month!" might really mean $400 after fees, shipping, and materials. Know your real number.
7. **Undercharging for shipping.** Weigh the packaged item. Check real label prices before publishing the listing.
8. **Not saving for taxes.** Etsy reports your income to tax authorities (in the US, via a form called a 1099-K). Set aside a portion of every payout.
9. **Never reading the monthly statement.** Shop Manager → Finances → Payment account shows every single fee. Ten minutes a month keeps you in control.
10. **Giving up on pricing math entirely.** The math is genuinely simple once you've done it twice — and pages 11–13 walk you through it.

💡 **BEGINNER TIP**

Pick your three most likely mistakes from this list and write them on a sticky note near your workspace. Awareness is 90% of prevention.

9. How To Price Products Correctly

A good price covers four things, in this order: your costs, Etsy's fees, your time, and your profit. Here is a simple method that works for handmade, print-on-demand, and digital products alike.

Step 1: Add up your true cost per item

- Materials or production cost (POD sellers: your supplier's charge)
- Packaging + shipping label (the part you pay)
- Labor: your hours × an hourly rate you respect (even $15/hour changes everything)

Step 2: Add the profit you want

Decide what the item should earn you beyond covering costs. This is your reason for being in business — don't skip it.

Step 3: Gross up for fees (the magic step)

You can't just add 13% to your price, because fees are charged on the *final* price — including the part you added. The fix is one small formula:

THE PRICING FORMULA

Price = (Costs + Desired Profit + $0.45) ÷ 0.905

Why 0.905? Because Etsy's percentage fees total about 9.5% (6.5% + 3%), leaving you 90.5% of each sale. The $0.45 covers the fixed fees ($0.20 listing + $0.25 processing). Add ÷ 0.755 instead if you want Offsite Ads (15%) fully covered.

Worked example

A tote bag costs $7 in materials and packaging, takes 30 minutes ($7.50 of labor at $15/hr), and you want $8 profit:

- Costs + profit + fixed fees = 7.00 + 7.50 + 8.00 + 0.45 = $22.95
- $22.95 ÷ 0.905 = $25.36 → round to a friendly $25.95 or $26
- Check it: $26 − fees ($2.92) − costs ($14.50) = **$8.58 profit.** It works.

⚠️ WARNING

If the formula gives you a price that feels "too high," do not simply lower it. Either reduce your costs, work faster, or accept the higher price and improve your photos and descriptions to justify it. Cutting price below cost is the #1 way handmade shops quietly die.

💡 BEGINNER TIP

Digital sellers: your "materials" cost is nearly zero, but your design time isn't. Divide the hours spent creating the file by the number of sales you realistically expect, and treat that as your cost per sale.

10. Fee Calculator Walkthrough

An **Etsy fee calculator** is a free webpage where you type in a price and instantly see every fee and your profit — no math required. We recommend the **free Etsy Fee Calculator** at SimpleLifeCalc.com — it's free, beginner-friendly, and built for exactly the steps below. Here's how it works:

The 6 boxes you'll fill in

1. **Item price** — what the buyer pays for the product itself. Example: 26.00
2. **Shipping charge** — what you charge the buyer for shipping. Enter 0 if you offer free shipping.
3. **Shipping cost** — what the label actually costs you. (Some calculators combine this with the next box.)
4. **Cost of item** — your materials/production cost. POD sellers: enter your supplier's total charge here.
5. **Country / currency** — so the calculator uses your correct payment processing rate.
6. **Offsite Ads toggle** — switch it on to see worst-case profit if the sale comes from an ad. Always peek at this number!

Reading the results

The calculator will show something like this for our $26 tote bag:

Result line	What it means	Example
Total fees	Everything Etsy takes	$2.92
Fee percentage	Fees as a share of the sale	11.2%
Net revenue	What Etsy deposits to you	$23.08
Profit	Deposit minus your own costs	**$8.58**
Profit margin	Profit as a share of the sale	33%

How to actually use it (the 2-minute habit)

1. Before publishing any new listing, run the price through the calculator.
2. Check profit with Offsite Ads ON. Still positive? Good.
3. If profit is too thin, raise the price using the formula on page 11 and run it again.
4. Save a screenshot or note of the numbers — it becomes your pricing record.

💡 **BEGINNER TIP**

Aim for a profit margin of at least 25–30% on physical items. Below 20%, one fee increase, postage hike, or sale discount can erase your entire profit.

11. Fee Planning Worksheet

Print this page (or copy it into a notebook) and fill it in for each product before you list it. Doing this once per product takes 5 minutes and protects every future sale.

Part A — Know your costs

Product name: ____

Materials / production cost per item: $ ____

Packaging cost per item: $ ____

Real shipping label cost: $ ____

Time to make one item (hours) × my hourly rate: $ ____

TOTAL COST PER ITEM (add the four lines above): $ ____

Part B — Choose your price

Profit I want per sale: $ ____

Costs + profit + $0.45: $ ____

Divide by 0.905 → my minimum price: $ ____

My final listed price (rounded): $ ____

Part C — Reality check

- ☐ I ran this price through a fee calculator.
- ☐ Profit is still positive with Offsite Ads (15%) switched on.
- ☐ My shipping charge covers the real label + packaging.
- ☐ My profit margin is at least 25%.
- ☐ I would be happy making and shipping 50 of these at this price.

WORKSHEET PROMPTS — THINK IT THROUGH

- If Etsy raised fees by 1% tomorrow, would this product still be profitable?
- What could I change (materials, packaging, batch size) to lower my cost by $1?
- Could I bundle this with another item to raise the order total and shrink the impact of fixed fees?

12. Quick Reference Cheat Sheet

Everything on one page. Pin it up. (US rates, 2026 — verify at etsy.com/legal/fees.)

Fee	Rate	Applies to	When
Listing	$0.20	Each listing / each quantity sold	Listing, renewal (4 mo), sale
Transaction	6.5%	Item + shipping + gift wrap + personalization	Every sale
Payment processing	3% + $0.25	Full order total (US rate)	Every sale
Offsite Ads	15% (12% over $10k/yr)	Only orders from Etsy's external ads; capped at $100	Optional under $10k/yr; required above
Etsy Ads (onsite)	You set the budget	Pay per click	Optional
Etsy Plus	$10/month	Optional shop upgrade	Optional
Currency conversion	2.5%	If payout currency ≠ listing currency	When it applies

MENTAL MATH SHORTCUTS

Standard sale fees ≈ 9.5% of order total + $0.45

With Offsite Ad ≈ 24.5% of order total + $0.45

Minimum price formula: (costs + profit + $0.45) ÷ 0.905

Pre-listing checklist

- ☐ Calculated true cost (materials + packaging + shipping + my time)
- ☐ Priced with the formula, not by guessing or copying
- ☐ Ran the price through a fee calculator (Offsite Ads ON)
- ☐ Profit margin is 25% or better
- ☐ Weighed the packaged item and confirmed the shipping charge
- ☐ Decided my Offsite Ads setting on purpose (Shop Manager → Settings)
- ☐ Reviewed old listings — deactivated anything I don't want auto-renewing

13. Final Tips for Etsy Sellers

You now understand Etsy fees better than most sellers ever will. A few parting thoughts to carry with you:

1. **Fees are the cost of customers, not a punishment.** Etsy spends millions bringing millions of buyers to one website. Roughly 11–13% for that audience is a genuinely fair trade — as long as your prices account for it.
2. **Raise prices before you think you're ready.** New sellers almost always underprice. Buyers on Etsy are looking for special, not cheap.
3. **Check your Payment account monthly.** Shop Manager → Finances. Every fee is listed there in plain numbers. What you measure, you control.
4. **Re-check the official fee page twice a year.** Rates change. Two minutes in January and July keeps this whole guide up to date for you: etsy.com/legal/fees.
5. **Keep a simple spreadsheet from day one.** Date, item, sale amount, fees, costs, profit. Five columns. Future-you (and tax season) will be grateful.
6. **Plan for the $10,000 milestone.** Build the 12% Offsite Ads fee into your pricing early, and growth will only ever be good news.
7. **Don't let fees stop you from starting.** The difference between profitable sellers and frustrated ones is rarely the fees — it's whether they priced for the fees. You now know how.

💡 **ONE LAST BEGINNER TIP**

Your first sale will probably teach you more than this entire guide. List your first product this week — priced properly, using the worksheet on page 13 — and learn the rest by doing.

You've got this. Happy selling! 🎉

Visit SimpleLifeCalc.com for free calculators, guides, worksheets, and seller resources.

Fee rates referenced: $0.20 listing • 6.5% transaction • 3% + $0.25 US processing • 12–15% Offsite Ads (2026)