The 5-Point Cross-Border Margin Leak Checklist

Nov 3, 2026 · StruFin

If your Shopify or Amazon dashboard says one number and your bank account says another, the gap is usually one of these five leaks. This checklist is for cross-border ecommerce brands doing seven figures or more that run their books in Xero.

Work through each point and answer the self-check questions honestly. Any "no" or "not sure" is worth investigating.

1. The payment gateway reconciliation gap

The leak: Stripe, PayPal, Shopify Payments and Amazon pay out a net figure after deducting fees, refunds, chargebacks and reserves. Recording that net payout as revenue understates your sales and hides what processing really costs you.

The fix: Match each payout directly to the transaction it arrives as: the deposit in your bank feed, or the receiving transaction in your third-party account such as PayPal or Wise. Split that one transaction in Xero into separate lines for gross sales, fees, refunds and chargebacks, so the lines add up to exactly the amount received. If the processor holds back a reserve, post it to a balance-sheet account such as "Processor reserve" until it is released. Connector apps such as A2X or Link My Books can produce the breakdown for each payout.

Self-check:

- [ ] Can you see total processor fees for last month as a single figure in Xero?
- [ ] Is every payout split on its bank or payment-account transaction into gross sales and itemised deductions?
- [ ] Do you know how much is currently held in processor reserves?

2. Landed cost and freight distortion

The leak: Gross margin is calculated on a static product cost that ignores ocean or air freight, customs duties, fuel surcharges and warehouse receiving fees. Those costs end up in overheads, so every SKU looks more profitable than it is.

The fix: Allocate freight, duty and receiving costs to each shipment or purchase order, then into each SKU's unit cost. Xero's built-in inventory does not calculate landed cost, so pair it with an inventory app such as Cin7, Unleashed or Katana that does, and sync cost of goods sold back to Xero.

Self-check:

- [ ] Does your unit cost include freight and duty, not just the supplier price?
- [ ] Is unit cost updated with each new shipment rather than set once a year?
- [ ] Can you name your three least profitable SKUs after landed cost?

3. Hidden currency conversion fees

The leak: When a customer pays in EUR or GBP and you are paid out in another currency, the platform converts it for you and adds a markup, often 1.5–4%. That cost is buried in the payout, so it never appears as a fee. Separately, Xero converts foreign transactions at its own daily rate, which rarely matches the rate you actually received, so reported revenue and cash drift apart.

The fix: Hold foreign currency where you can, in a multi-currency account such as Wise, Airwallex or Payoneer, and convert on your terms. Record conversions at the amounts actually received, and review realised foreign exchange gains and losses each month: that is the real cost of conversion. Unrealised gains and losses are a reporting revaluation and do not affect cash. Multi-currency is only available on Xero's higher-tier plans.

Self-check:

- [ ] Do you know what your platforms charge to convert currency?
- [ ] Are foreign sales paid out in their own currency, or converted automatically?
- [ ] Do you review realised FX gains and losses every month?

4. VAT, GST and sales tax errors

The leak: This one cuts both ways. Overpaying happens when zero-rated exports are reported with domestic sales and taxed in error. Under-registering happens when you cross a registration threshold without noticing, which leads to back-taxes, interest and penalties. Rules to watch:

- **UK VAT:** overseas sellers holding stock in the UK have no registration threshold and must register from their first sale.
- **EU One Stop Shop (OSS):** EU-based sellers must charge the customer's local VAT once cross-border consumer sales within the EU exceed €10,000 a year.
- **US sales tax:** each state sets its own economic nexus threshold, most commonly $100,000 in sales into that state.

The fix: Code every sale by destination and tax treatment at the point of sale, not at quarter end. Use a tax tool built for your markets, such as Avalara for VAT and sales tax or TaxJar for US sales tax, connected to Xero. Review your thresholds every quarter.

Self-check:

- [ ] Are export sales posted to a separate zero-rated tax code in Xero?
- [ ] Do you know your sales into each country or US state this year?
- [ ] Has anyone checked your registrations in the last 12 months?

5. Returns and ad spend you can't see

The leak: Damaged, destroyed or unsellable returns stay on the books as inventory, so stock and profit are both overstated. Return shipping is lumped into general costs, hiding what returns actually cost per order. Meanwhile, Meta, Google and Amazon ad charges hit cards and payouts daily but are only booked as a monthly lump, so contribution margin by month or channel is unreliable.

The fix:

- **Returns:** put resaleable returns back into stock, and write off damaged or destroyed items when they are received. Book return shipping to its own account.
- **Ad spend:** pull each platform's invoice or billing statement and reconcile it to the card or payout deductions every month, booked by channel.

Self-check:

- [ ] Do you write off unsellable returns in the month they arrive?
- [ ] Can you see return shipping cost as its own line?
- [ ] Does ad spend in Xero match each platform's billing report for last month?

Your score and next step

Count the boxes you could not tick.

Unticked	What it means
0–3	Your books are in good shape. Recheck every quarter.
4–7	Your reported margin is probably off by more than you think. Fix the highest-volume leaks first.
8 or more	Your dashboard and your bank are telling different stories. Get an outside review before your next pricing or ad-spend decision.

Want a second pair of eyes? StruFin runs free 30-minute cash-flow diagnostic reviews for cross-border ecommerce brands on Xero. We look at one month of payouts with you and show you where the money is going. Book at StruFin.com.

This checklist is general guidance, not tax or legal advice. Tax thresholds change; confirm current rules for your markets.