

General and Administrative

	Years ended December 31,			2019 vs 2018	2018 vs 2017
	2019	2018	2017	% Change	% Change
	(in thousands, except percentages)				
General and administrative	\$ 178,934	\$ 107,444	\$ 67,719	66.5 %	58.7 %
Percentage of total revenues	11.3 %	10.0 %	10.1 %		

General and administrative expenses increased \$71.5 million, or 66.5%, for the year ended December 31, 2019 compared to the same period in 2018, due to an increase of \$28.7 million in employee-related costs (\$12.2 million of which related to stock-based compensation and related payroll taxes), a \$14.9 million increase in finance costs, which include an estimated net liability for non-recurring HST payable to the Government of Canada in the amount of \$8.1 million related to 2019 and prior years, sales and use and other value added taxes, insurance, and bank fees, a \$9.0 million increase in Shopify Payments losses driven by increased GMV processed through Shopify Payments, a \$8.6 million increase in losses and insurance related to Shopify Capital driven by an expansion of our Capital offerings and programs, a \$6.9 million increase in professional services fees for legal and tax services, including those related to our international expansion and the growth of our business, a \$1.8 million increase in computer and software costs, and a \$1.6 million increase in general bad debt expense.

General and administrative expenses increased \$39.7 million, or 58.7%, for the year ended December 31, 2018 compared to the same period in 2017, due to an increase of \$30.3 million in employee-related costs, a \$4.5 million increase in professional services fees for legal and tax services, a \$4.0 million increase in finance costs, which includes insurance, sales and use and other value added taxes, and a \$1.7 million increase in computer and software costs.

Other Income (Expenses)

	Years ended December 31,			2019 vs 2018	2018 vs 2017
	2019	2018	2017	% Change	% Change
	(in thousands, except percentages)				
Other income (expenses), net	\$ 45,332	\$ 27,367	\$ 9,162	*	*

* Not a meaningful comparison

In the year ended December 31, 2019 we had other income of \$45.3 million compared to other income of \$27.4 million in the same period in 2018, an increase of \$17.9 million. The increase was driven primarily by \$18.7 million higher interest income from investments due to our higher cash, cash equivalents, and marketable securities balances. The remaining difference is from foreign exchange losses.

Other income increased by \$18.2 million in the year ended December 31, 2018 compared to the same period in 2017. The increase was driven primarily by an increase in interest income from investments of \$21.6 million. The remaining difference is from foreign exchange losses.

Provision for Income Taxes

	Years ended December 31,			2019 vs 2018	2018 vs 2017
	2019	2018	2017	% Change	% Change
	(in thousands, except percentages)				
Provision for income taxes	\$ 29,027	\$ —	\$ —	*	*

* Not a meaningful comparison

In July 2019, we formally established our EMEA headquarters in Ireland and our Asia-Pacific headquarters in Singapore. As a result of these actions, we transferred regional relationship and territory rights from our Canadian entity to enable each regional headquarters to develop and maintain merchant and commercial operations within its respective region, while keeping the ownership of all of the current developed technology within Canada. These transfers reflect the growing proportion of our business occurring internationally and resulted in a one-time capital gain. As a result of the