

DHL EXPRESS

E-COMMERCE VALUATION CHALLENGES FROM AN EXPRESS SERVICE PROVIDER PERSPECTIVE

Brussels, Belgium
February 15th, 2023

DHL Express – Excellence. Simply delivered.

EXPcustoms@dhl.com





Content

DHL Express: Facts & Figures

E-Commerce : Our Major Customs Challenges

E-Commerce: Customs Valuation Challenges

Our Proposal moving forward

DHL Express operates in over 220 Countries & Territories worldwide, making it THE MOST INTERNATIONAL COMPANY IN THE WORLD



DHL Express: Facts & Figures

220

Countries & Territories served

3 & 19

Global Hubs & Regional Hubs

3 Million+

Customers

50

Countries AEO certified

>2,300

Flights per day

34,600

Vehicles

2 Billion+

Vaccinations globally distributed

200 Million+

Shipments customs-cleared
each year

>120,000

Employees

>320

Dedicated aircraft

15,000+

Dedicated Customs Clearance
Employees

370

TAPA certifications

Rapid E-Commerce Growth brings Major Business Opportunities, as well as significant Challenges for the Clearance of high-volume shipments



E-Commerce: Our Major Customs Challenges

- ✓ **Lack of regulatory consistency** and **additional data requirements** (sometimes not available in the shipping process)
- ✓ Burdensome and complex requirements for **Return-to-Origin Shipments**
- ✓ **Absence or inconsistencies of key facilitation measures** to clear e-commerce shipments, such as:
 - ✓ **Pre-arrival clearance** options
 - ✓ **Expedited clearance** based on standardized data sets
 - ✓ **Paper-less** processes & digitalization
 - ✓ **Effective risk management** tools based on seller data
 - ✓ **Simplified authorizations** & identifications of involved parties
 - ✓ Application of **De Minimis thresholds** & **simplified declarations** with reduced data set for low value shipments
 - ✓ Efficient and effective **duty and tax calculation & collection** solutions

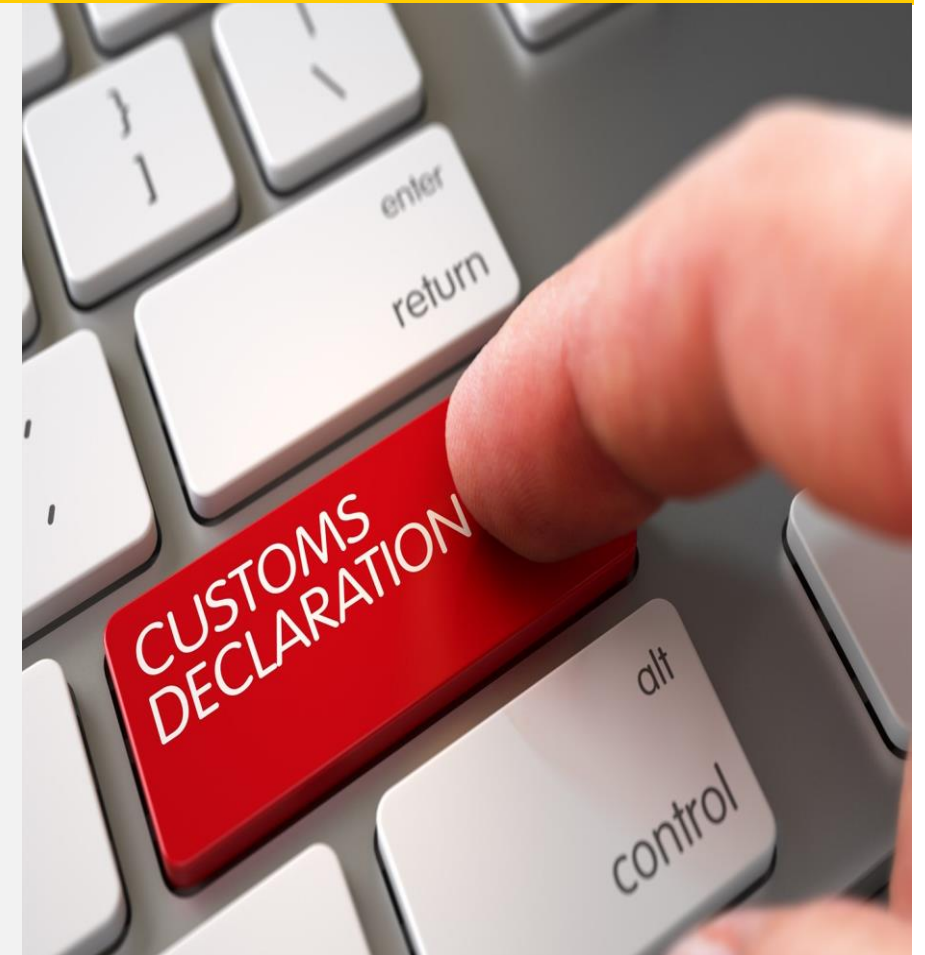


Express Carriers solely rely on shipment data & information provided by our customers



E-Commerce: Major Customs Valuation Challenges

- ✓ **Reliance on completeness and correctness of all data & information** provided by our customers (usually shippers) - recognizing our **obligation to ensure a robust internal risk assessment & identification system for undervalued shipments** is in place
- ✓ Local variations of regulatory valuation requirements that are **inconsistent with WTO Valuation Agreement**
- ✓ Customs valuation processes **not equipped for complex business scenarios** (e.g. single business transactions with multiple physical shipments)
- ✓ **Removal / decrease of De Minimis thresholds** (for VAT and/or Customs Duties) and **higher demand for formal declarations** for low value shipments
- ✓ Trend **not to trust the commercial documents from the Seller** but to verify the values with Proof of Purchase from the Receiver
- ✓ **Inconsistent & cumbersome approach for Delivery Duty Paid (DDP) shipments:**
 - ✓ Inclusion of pre-calculated duties and taxes
 - ✓ Addition of freight charges/handling of “free shipping” approach
 - ✓ Contradicting country Customs & VAT legislation



Customs Authorities should come-up globally with a more pragmatic approach on assessing the Customs value of E-commerce shipments



E-Commerce: Our Proposals moving forward

1. Keep **De Minimis Thresholds at least at current levels** and based on the **intrinsic goods values**
2. Implement **simplified declarations & easy customs valuation schemes** (e.g. 30% flat rates for duties and taxes) based on **intrinsic values for low value shipments**
3. Focus on **key security data elements** for low value shipments and get the **data straight from source** (e.g. the seller)
4. Introduce **vendor collect models for an effective Duty & VAT collection** (best practices in AU, NZ) as outlined in the **GEA proposal on Low Value Shipments (LVS)** with **no requirement to file Customs declarations** at the border

We strongly encourage the WCO Technical Committee on Customs Valuation to assess existing country customs practices to determine the value of e-commerce shipments and provide guidance on a simplified collection approach including options for vendor collect models and clearances based on intrinsic values.



THANK YOU

Disclaimer

While we have made every attempt to ensure that the information contained herein has been obtained, produced and processed from sources believed to be reliable, no warranty, express or implied, is made regarding the accuracy, adequacy, completeness, legality, reliability or usefulness of such information. All information contained herein is provided on an "as is" basis. In no event will DHL Express, its related partnerships or corporations under the Deutsche Post DHL Group, or the partners, agents or employees thereof be liable to you or anyone else for any decision made or action taken in reliance on the information contained herein or for any consequential, special or similar damages, even if advised of the possibility of such damages.

