



# E-Commerce and Customs valuation – private sector views on main technical issues and ways forward

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# ICC positions on e-commerce

Focus on customs valuation – issues identified by the ICC TCCV delegation related to e-commerce :

- Accelerate the digitalisation of customs processes and digital trading environment, e.g., e-invoices, e-bills of lading
  - Pre-arrival
  - Post-clearance
- Generalization of post-clearance audits on customs valuation for e-commerce parcels
- Valuation treatment of parcels/stocks transferred between two facilities, without a sale, located in two different customs territories (absence of transaction value)
- Valuation treatment of goods returned by the e-consumer, whether defective or not

# 1. Accelerate the digitalization of customs processes and trading environment

## Example: E-invoice harmonization and standardization : a win-win for customs + private sector

- The standardization of e-invoices (*type, xls, xml or whatever*) and the data therein (*fields and definition of fields*) would be highly effective and efficient.
- The harmonization of requirements could enable e-commerce with e-invoices.
- Using e-invoices in e-commerce could shape the future of e-invoices.
- E-payment must be part of the process. It is now widely used in some countries for cross-border e-commerce. Advantages include:
  - Since e-payment is the price actually paid by e-consumers to the seller, it generally meets the customs valuation requirement and has greatly facilitated the customs valuation practices in countries that use it.
  - E-payments are recorded by an independent third-party finance institute and thus difficult to falsify.

Overall, **digitalization is a major part of trade facilitation and allows more efficient pre-arrival and post-clearance customs processes.**

*ICC France initiative “challenges & opportunities for international trade digitalization” White book 2022*

## 2. Generalization of post-clearance audits on customs valuation for e-commerce parcels.

### Undervaluation : illicit products shipped through low value shipments

- E-commerce has given new distribution channels for legitimate trade. However, illicit traders are also exploiting these channels. This is prejudicial to legitimate trade.
- OECD published the report called [“Misuse of Small Parcels for Trade in Counterfeit Goods”](#) which indicates that *“the attractiveness of small shipments as a vehicle for illicit trade is also affected by the special treatment that many countries have established for low value shipments. Imports valued below de minimis levels are not generally subject to tariffs and taxes”*.
- The illicit products shipped through low value shipments are normally undervalued.
- Due to the exponential growth of e-commerce, the customs authorities resources to control the small shipments are very limited. Part of the problem can be resolved through **enhancing customs risk profiles which can allow customs authorities to undertake targeted audits at the border.**
- These customs risk profiles should take into consideration not only the importer and value of the goods, but also the data which can be provided by other parties involved in e-commerce flows such as platform operators, express couriers, etc.
- Generalisation of post-clearance audits on customs valuation for e-commerce parcels which may be based on data provided by third-parties such as platform operators, couriers, etc.

### 3. Valuation treatment of parcels/stocks transferred, without a sale, between two different customs territories (absence of transaction value)

#### **Difficulties to identify appropriate procedure(s) for customs**

- Selection of secondary valuation methods : difficulty to apply one method for all parcels shipped at the same time
- Proactive transfer (movement decided for inventory management purpose) vs reactive transfer (movement triggered by consumer resale)
- Stocks initially imported vs stocks purchased in the territory → allocation of assists and cost – difficulty to identify specific individual figures. Use of adjustment ratio.

## 4. Valuation treatment of goods returned by the e-consumer, whether defective or not

### **VAT issues – spotlight on the EU**

- EC DG TAXUD, “Non-paper on the customs formalities related to the return of goods in the context of e-commerce”, 18 November 2022
- Since 1 July 2021, new schemes in place to collect VAT for goods released for free circulation and with an intrinsic value not exceeding €150
- Request from private sector for more guidance

# Conclusion

## Private sector asks

- More guidance – to increase clarity and support compliance efforts
- Collaboration between private and public sector
- Acceleration of digitalisation



**Harmonisation + standardisation**



# Thank you!

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