



Customs Reform Proposals

WCO Symposium on E-Commerce and Customs Valuation

Brussels, 23 October 2023

Why a Customs Reform

Reasons for a Customs Reform

- Customs are the guardian of the internal market at external borders and for the security and safety of supply chains



- Many developments within the EU have an influence on how the customs union performs and delivers (Green transition, Digital transition)



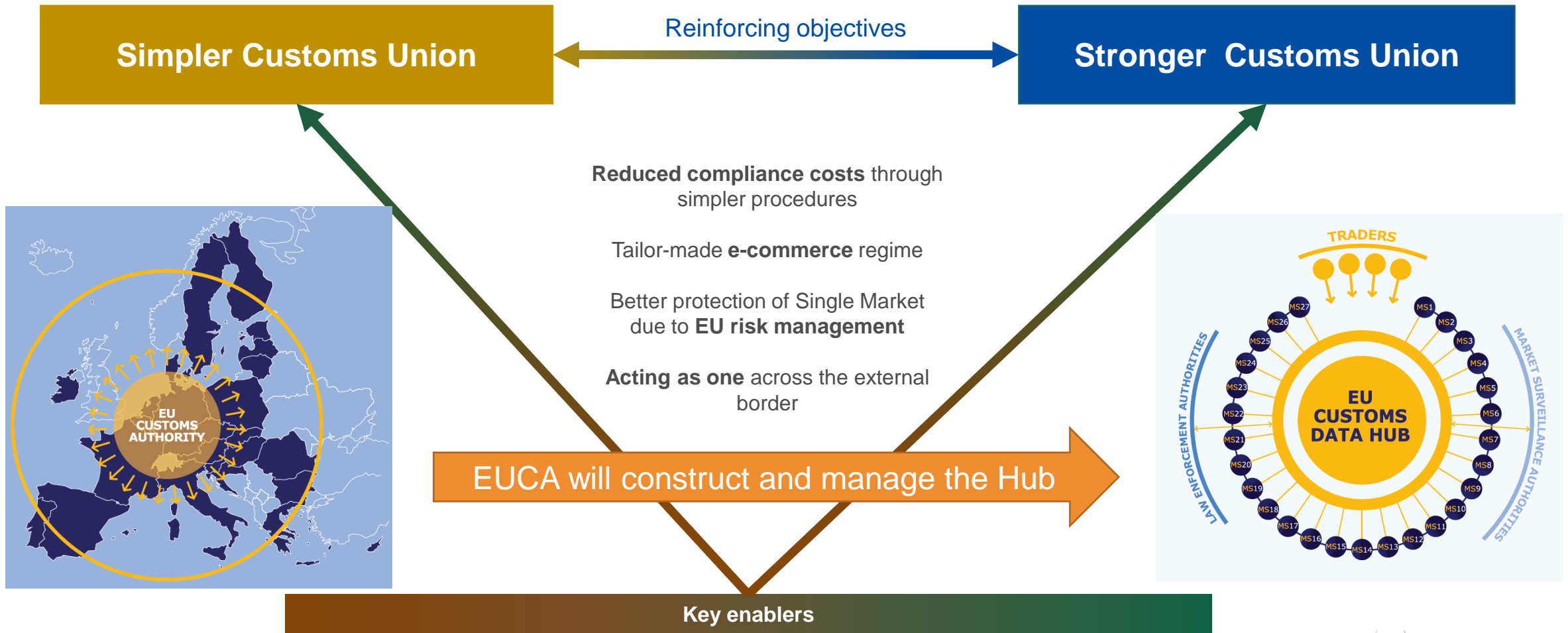
- Tectonic shifts in geo-political landscape
- The EU customs legislation **does not fit the current challenges**

Objectives for a Customs reform

Establish a more *cost-efficient and effective cooperation framework* governing the Customs Union, based on a *new partnership* among EU customs authorities and between customs and business, with two overarching objectives:

- (i) **Reduce compliance costs** for administrations and businesses through simplified and modernised procedures
- (ii) **Enable EU Customs** to better protect the financial and non-financial interest of the EU and its Member States as well as the Single Market, based on common, EU-wide risk management and more harmonised controls

Reform pillars



E-commerce context



Increased regulation of digital services and trade: Digital Services Act, Digital Markets Act



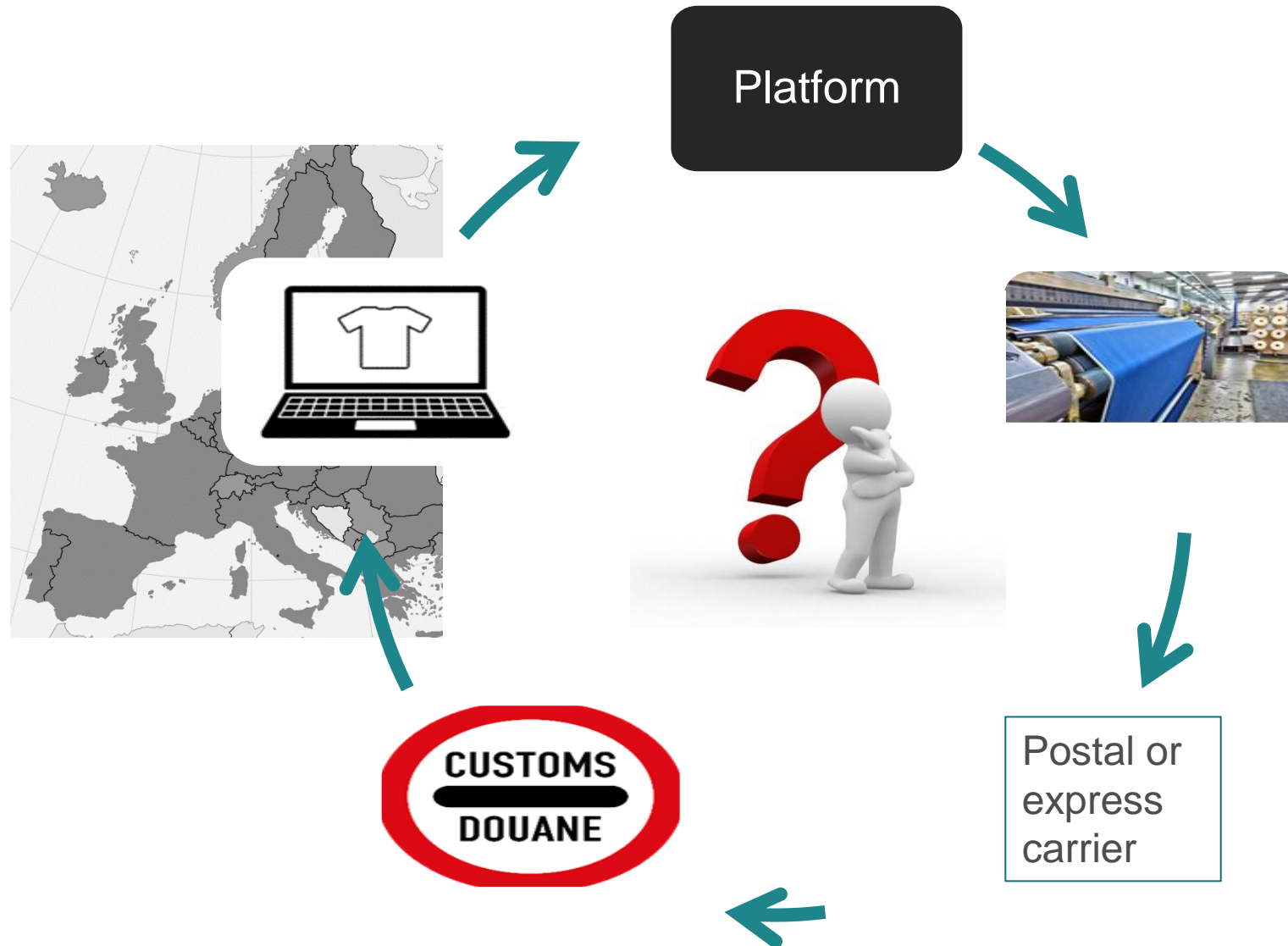
WCO: 2022 framework of standards for e-commerce



Previous customs reforms (MCC, UCC) did not address e-commerce

The Reform Proposal

Typical e-commerce transaction - Third hand data



The new e-commerce regime: from problems to solutions

Today: problems/impact assessment

- No level playing field: split consignments, incentive for distribution centers at the border → **revenue loss**
- No compliance with non-financial requirements: difficult to control, consumer=importer → **less protection**
- **Administrative burden** for customs and operators: more than 1 billion H7 declarations in 2022)

Reform: solutions

- ✓ Alignment with VAT e-commerce rules on B2C flows (no threshold, scope, liability, reporting)
- ✓ Large platforms will be responsible to ensure compliance with EU rules (financial and non-financial)
- ✓ The EU Customs Data Hub facilitates processing of declarations

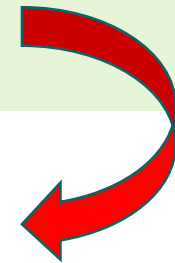
Removal of the 150€ threshold



Simplified calculation of duties



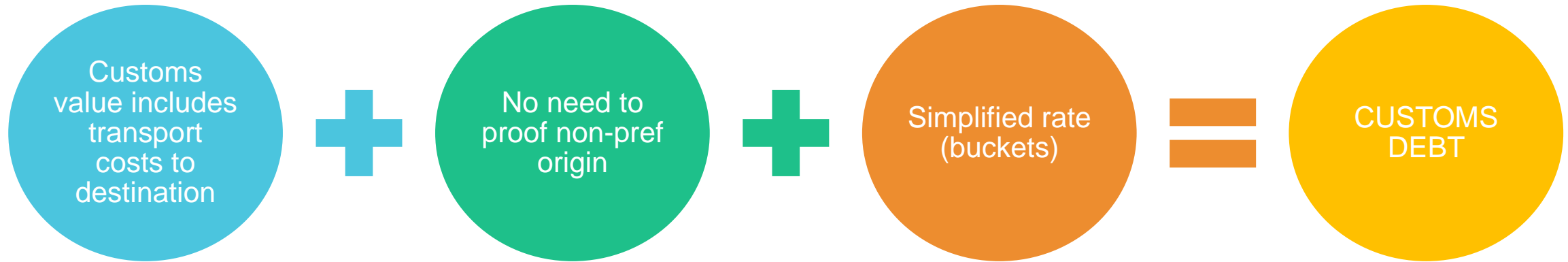
New definitions and obligations in UCC



Deemed importer

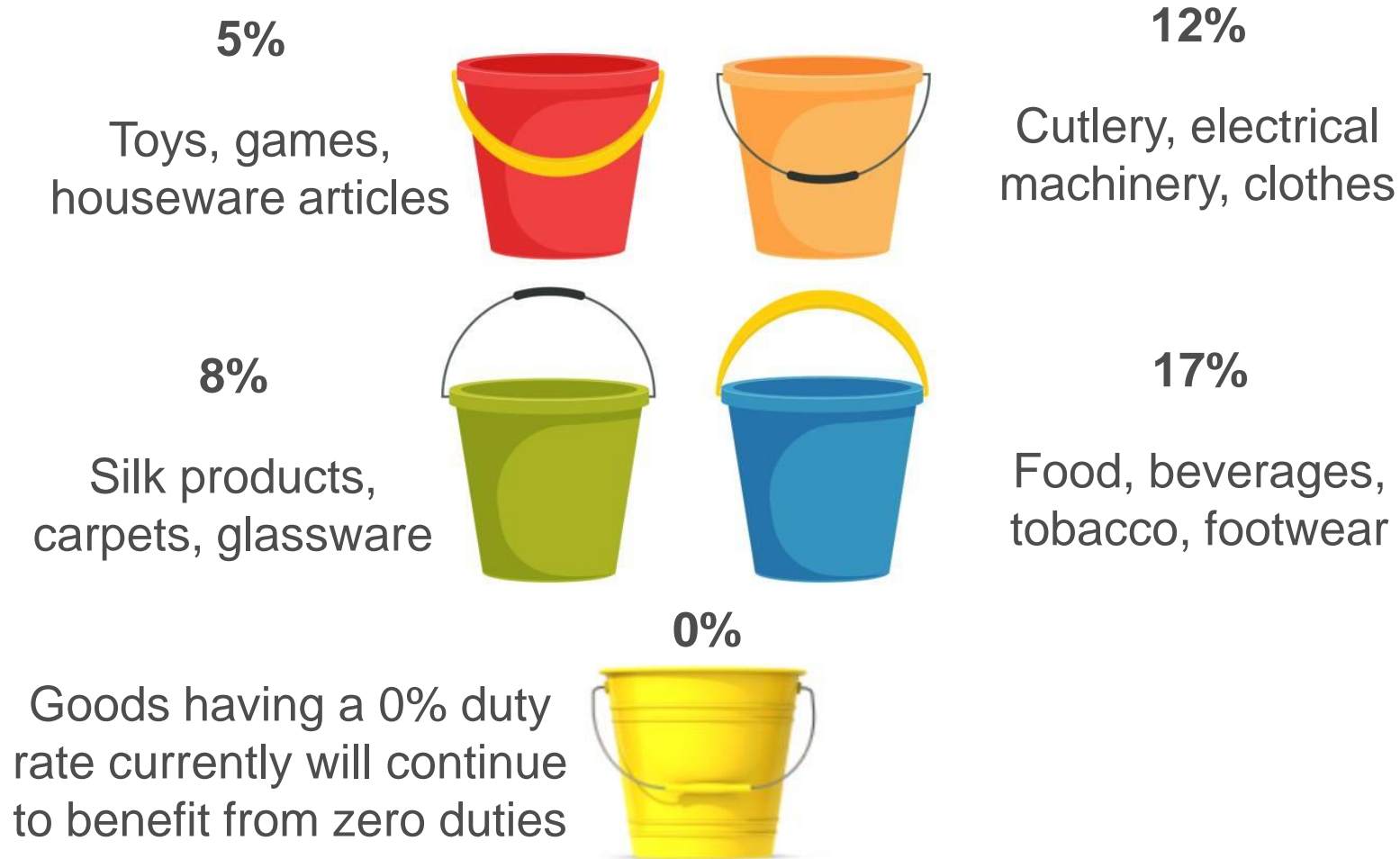


Simplified duty calculation



Simplified tariff treatment (buckets system)

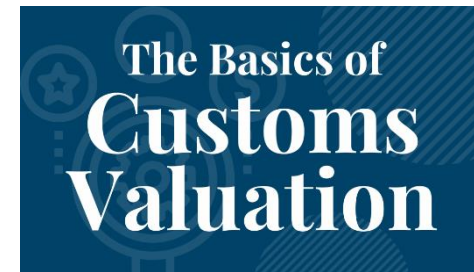
A (voluntary) 5-tier bucket system to **simplify calculation of duties**



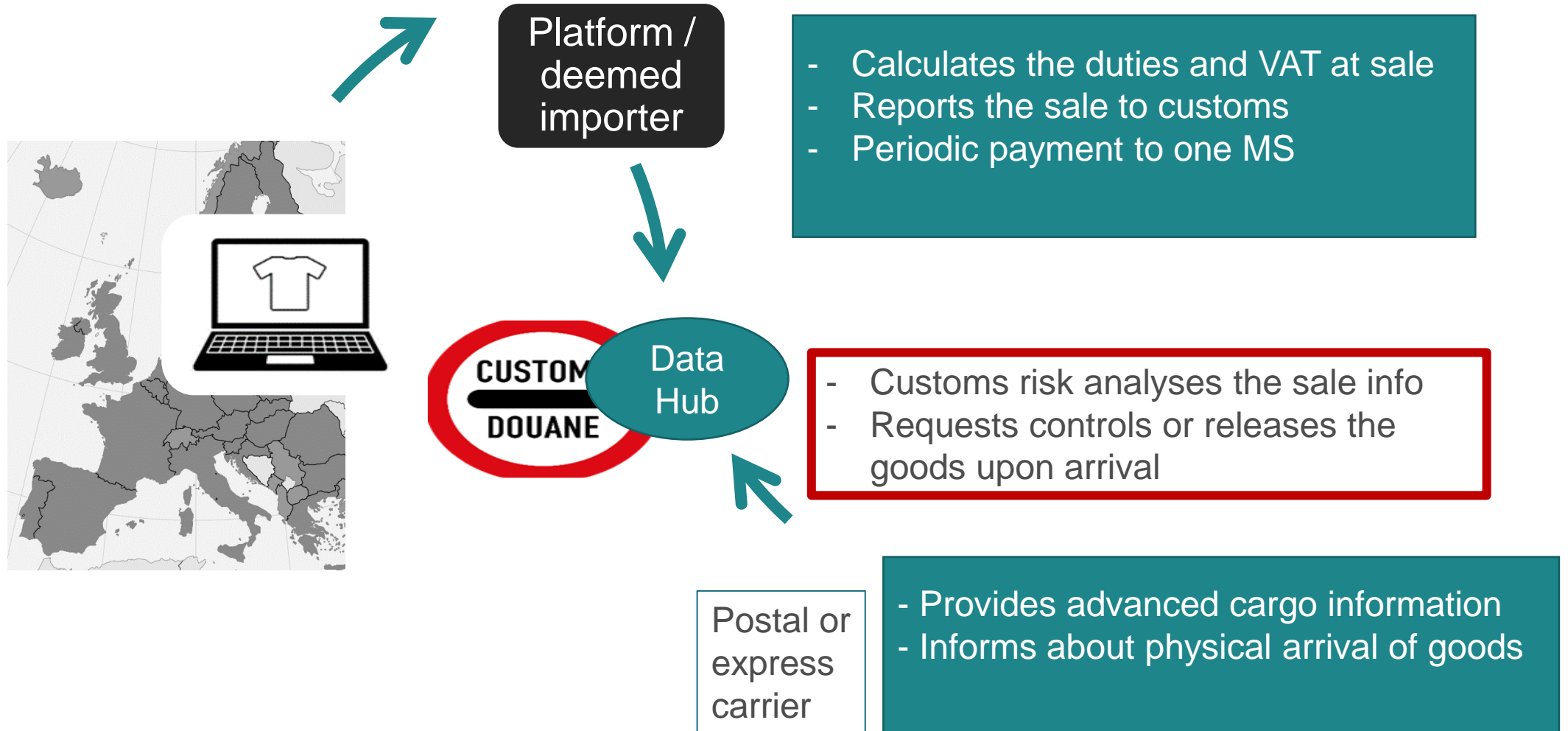
Customs value and origin

Where the importer has opted to apply the simplified tariff treatment for distance sales of goods:

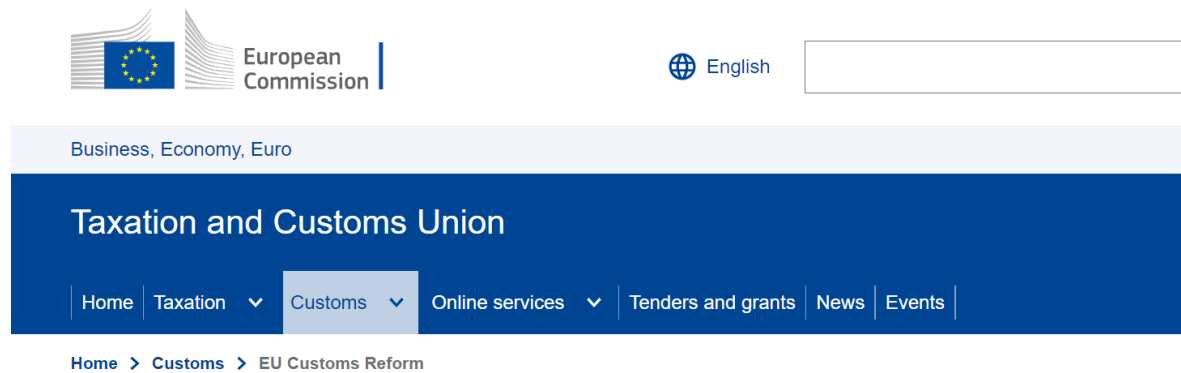
- both the costs of transport of the imported goods up to the place where goods are brought into the customs territory of Union and the costs of transport after their entry into that territory, shall be included in the customs value.
- Customs shall not require the importer to prove the origin of the goods.



The proposed process



2023 Customs Reform



The screenshot shows the top navigation bar of the European Commission website. It includes the European Commission logo, a language selector set to 'English', and a search bar. Below the navigation bar, there is a breadcrumb trail: 'Business, Economy, Euro' > 'Taxation and Customs Union' > 'Customs' > 'EU Customs Reform'. The 'Customs' menu item is highlighted.

EU Customs Reform

On 17 May 2023, the Commission put forward proposals for the most ambitious and comprehensive reform of the EU Customs Union since its establishment in 1968.

Where to find!

https://taxation-customs.ec.europa.eu/customs-4/eu-customs-reform_en