# Table of Contents

**Introduction** ............................................................................................................................................... 4

**Section I - Strategy for the implementation of the WCO Framework of Standards on Cross-Border E-Commerce** ........................................................................................................................................ 6

<table>
<thead>
<tr>
<th>Country</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>6</td>
</tr>
<tr>
<td>Argentina</td>
<td>12</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>23</td>
</tr>
<tr>
<td>China on Advance Electronic Data</td>
<td>26</td>
</tr>
<tr>
<td>China on Return Goods</td>
<td>39</td>
</tr>
<tr>
<td>Egypt</td>
<td>43</td>
</tr>
<tr>
<td>European Union</td>
<td>47</td>
</tr>
<tr>
<td>Guatemala</td>
<td>54</td>
</tr>
<tr>
<td>Japan</td>
<td>62</td>
</tr>
<tr>
<td>Korea</td>
<td>69</td>
</tr>
<tr>
<td>Mexico</td>
<td>81</td>
</tr>
<tr>
<td>Morocco</td>
<td>85</td>
</tr>
<tr>
<td>Myanmar</td>
<td>95</td>
</tr>
<tr>
<td>Panama</td>
<td>96</td>
</tr>
<tr>
<td>Paraguay</td>
<td>103</td>
</tr>
<tr>
<td>Peru</td>
<td>110</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>127</td>
</tr>
<tr>
<td>Serbia</td>
<td>138</td>
</tr>
<tr>
<td>Suriname</td>
<td>145</td>
</tr>
<tr>
<td>Thailand</td>
<td>147</td>
</tr>
<tr>
<td>Turkey</td>
<td>155</td>
</tr>
<tr>
<td>United States</td>
<td>163</td>
</tr>
<tr>
<td>Zambia</td>
<td>165</td>
</tr>
</tbody>
</table>

**Section II - Revenue Collection Approaches** ........................................................................................ 173

<table>
<thead>
<tr>
<th>Country</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>178</td>
</tr>
<tr>
<td>Australia</td>
<td>182</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>188</td>
</tr>
<tr>
<td>Belarus</td>
<td>190</td>
</tr>
<tr>
<td>Brazil</td>
<td>192</td>
</tr>
<tr>
<td>China</td>
<td>216</td>
</tr>
<tr>
<td>Eurasian Economic Union (EAEU)</td>
<td>221</td>
</tr>
<tr>
<td>Indonesia</td>
<td>226</td>
</tr>
<tr>
<td>Morocco</td>
<td>230</td>
</tr>
<tr>
<td>Peru</td>
<td>239</td>
</tr>
<tr>
<td>Country</td>
<td>Page</td>
</tr>
<tr>
<td>------------------</td>
<td>------</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>256</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>261</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>264</td>
</tr>
<tr>
<td>Turkey</td>
<td>271</td>
</tr>
</tbody>
</table>
Introduction

In June 2018, the Council endorsed the WCO Framework of Standards on Cross-border E-Commerce (E-Commerce FoS), while the tools supporting the E-Commerce FoS implementation and forming part of the WCO E-Commerce Package were endorsed by the Council in June 2019 and December 2020.

The first periodic review of the E-Commerce Package was completed in June 2022 with the endorsement by the Council of the 2022 edition of the E-Commerce FoS and the Technical Specifications to the Framework.

The E-Commerce FoS provides 16 baseline global standards with a focus on the exchange of advance electronic data for effective risk management and enhanced facilitation of the growing volumes of cross-border small and low-value Business-to-Consumer (B2C) and Consumer-to-Consumer (C2C) shipments, through simplified procedures with respect to areas such as clearance, revenue collection and return, in close partnership with e-commerce stakeholders. It also encourages the use of the Authorized Economic Operator (AEO) concept, non-intrusive inspection (NII) equipment, data analytics, and other cutting-edge technologies to support safe, secure and sustainable cross-border e-commerce.

The Technical Specifications to the Framework provide guidance with regard to the implementation of the 16 standards and contain six annexes covering E-Commerce Business Models, E-Commerce Flowcharts, Reference Datasets for Cross-Border E-Commerce, descriptions of revenue collection approaches and of the roles and responsibilities of e-commerce stakeholders.

The E-Commerce Package also includes definitions, Implementation Strategy, Action Plan and Capacity Building Mechanism, as well as two case study templates, developed with the objective of collecting information to support the effective implementation of the E-Commerce FoS.

Aside from developing standards, guidelines and providing capacity building support to WCO Members in the area of cross-border e-commerce, the WCO facilitates communication and cooperation among WCO Members and relevant e-commerce stakeholders in this specific domain.

Based on the two case study templates endorsed by the Council in June 2019, Members have been developing case studies on i) strategy for the WCO E-Commerce FoS implementation, and ii) revenue collection approaches. These case studies form part of the Compendium of Case Studies on E-Commerce.

The 1st, 2nd and 3rd editions of the Compendium were endorsed by the Council in December 2020, June 2021 and June 2022 respectively. Following the Council’s endorsement the respective annual edition of the Compendium is published as part of the WCO E-Commerce Package. The 4th edition of the Compendium was compiled in March 2023 by updating the information available in the 3rd edition and adding three new case studies.

Recognizing that cross-border e-commerce is a dynamically evolving environment, the WCO will continue to update the Compendium of Case Studies on E-Commerce on an annual basis. The Compendium is intended to be a primary source of information, which, through the various Members’ practices, can support other WCO Members in their efforts to implement the WCO E-Commerce FoS in an effective and harmonized manner.
The WCO Secretariat appreciates the information provided by Members and encourages all Members to further share case studies, following the approved case study templates.

Disclaimer

The Compendium outlines case studies as submitted by individual WCO Members. The views and opinions presented in this tool do not necessarily reflect the views or policies of the WCO or its Members.

This Compendium is available on the WCO public website: www.wcoomd.org. The Compliance and Facilitation Directorate may be contacted by e-mail: Facilitation@wcoomd.org.
Section I - Strategy for the implementation of the WCO Framework of Standards on Cross-Border E-Commerce

Algeria

E-commerce summary presentation

Introduction

After several years of waiting, e-commerce is now conducted in accordance with Law No. 18-05 of 10 May 2018. This act lays down the conditions for engaging in e-commerce, the duties and obligations of the parties and transactions which are prohibited, such as those concerning games of chance, betting, lotteries, alcoholic beverages, pharmaceutical products and products infringing intellectual, industrial or commercial property rights.

Article 7 of the above-mentioned Law stipulates that any electronic sale of a good and/or a service by a resident e-supplier to a consumer established in a foreign country is exempt from foreign trade and exchange control formalities when its value does not exceed the equivalent in dinars of the limit set by the applicable legislation and regulations.

After its payment, revenue from the sale shall be credited to the account of the e-supplier domiciled in Algeria through a bank authorized by Banque d'Algérie or through Algérie Poste.

The e-purchase of a good and/or a digital service from Algeria by an e-consumer through an e-supplier established in a foreign country and intended exclusively for personal use is exempt from foreign trade and exchange control formalities when its value does not exceed the equivalent in dinars of the limit set by the applicable legislation and regulations.

Payment must be made from a foreign currency account held by the e-consumer as a “natural person” domiciled in Algeria.

Even though a period of six months from publication of the above-mentioned law in the Official Gazette, i.e. until 17 November 2018, was granted for natural and legal persons already operating in that period to comply with the new provisions, the legal texts did not materialize, particularly those relating to expenditure thresholds (CCEC).

With respect to the practical arrangements of e-commerce trading, the legislative text specifies that the latter must be preceded by an e-commerce offer and formalized by an e-contract validated by the e-consumer.

According to Algerian ICT experts, this law is too “general”: it does not take sufficient account of the specific requirements of e-commerce platforms which act as sales intermediaries.

“A producer does not have the same mode of operation as a sales intermediary.”

Also in this context, Article 12 of that law specifies that the ordering of a product or service involves three mandatory stages (see diagram below):
Article 12 of Law No. 18-05 of 10 May 2018 on e-commerce

1. **providing e-consumers** with contractual conditions to enable them to enter into contracts in full knowledge of all the facts

2. **verification of order details by e-consumers**, particularly products or services ordered, their total and unit prices and the quantities ordered to allow for changes, cancellation or the correction of errors

3. **confirmation of the order** leading to formation of the contract.

**NB:**
- The choice made by the e-consumer must be made explicit.
- Fields to be completed by the e-consumer must not contain any information intended to influence his or her choice.
Technological developments

- **Statistical data:**
  Since this concerns an emerging activity based on the use of new technologies, there follows a brief overview of the ICT sector in Algeria:

**Global statistics on the ICT sector in Algeria:**

According to statistics published by the Ministry of Post and Information and Communication Technologies (MPTIC), the overall turnover of the ICT market in Algeria exceeded 5.5 billion dollars in 2015. This included 4.5 billion dollars for the telecoms sector alone (see tables below).

In addition to strengthening infrastructure and ensuring widespread access to ICT, the Algerian Government adopted a strategy seeking to promote human capacity building by implementing a specific ICT training programme for all social categories.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall turnover (billion dollars)</td>
<td>5.5</td>
</tr>
<tr>
<td>ICT imports (billion dollars)</td>
<td>49,000</td>
</tr>
<tr>
<td>Contribution of ICTP market to GDP</td>
<td>4%</td>
</tr>
<tr>
<td>Employees</td>
<td>140,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet users (million)</td>
<td>10</td>
</tr>
<tr>
<td>Number of ADSL network subscribers (million)</td>
<td>1.6</td>
</tr>
<tr>
<td>Penetration rate</td>
<td>10%</td>
</tr>
<tr>
<td>Number of inhabitants without Internet access (million)</td>
<td>28</td>
</tr>
<tr>
<td>Schools linked up</td>
<td>9,000</td>
</tr>
<tr>
<td>Universities, higher education institutions and research centres connected</td>
<td>100%</td>
</tr>
<tr>
<td>International bandwidth (GB)</td>
<td>65</td>
</tr>
</tbody>
</table>

**Statistics relating to the Internet in Algeria:**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Algerian websites</td>
<td>76,000</td>
</tr>
<tr>
<td>SMEs connected</td>
<td>20%</td>
</tr>
<tr>
<td>Undertakings connected by dedicated line</td>
<td>700</td>
</tr>
<tr>
<td>Dedicated lines installed</td>
<td>34,500</td>
</tr>
<tr>
<td>Community spaces</td>
<td>1,500</td>
</tr>
<tr>
<td>Cyber cafes connected</td>
<td>5,000</td>
</tr>
<tr>
<td>Post offices connected to the Post Office Intranet</td>
<td>&gt; 3,400</td>
</tr>
<tr>
<td>Nationwide sectoral intranet networks installed (education, higher education, banks, etc.)</td>
<td>&gt; 30</td>
</tr>
</tbody>
</table>

Source: [www.mptic.dz](http://www.mptic.dz)
The number of projects recorded through the National Agency of Investment Development (ANDI) for the period from 2002 to 2015 in the ICT sector is 171.

<table>
<thead>
<tr>
<th>SECTOR OF ACTIVITY</th>
<th>NUMBER OF PROJECTS</th>
<th>AMOUNT (in million DA)</th>
<th>NUMBER OF JOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information and communication technologies</td>
<td>171</td>
<td>455,064</td>
<td>9,748</td>
</tr>
</tbody>
</table>

**Source:** National Agency of Investment Development (ANDI), 2015

**Other statistical data:**

- According to a statement made in 2017 by the Chairman of the Association Nationale des Commerçants et Artisans Algériens (National Association of Algerian Traders and Craftsmen, ANCA), based on estimates made by the Association’s experts and the online sector, “The Algerian e-commerce market is worth some $5 billion”.
- An e-commerce website survey carried out in 2018 showed that 6% of Algerians benefited from e-commerce, whether in terms of a sale or a purchase, and that, out of the 20 million Algerians who have a bank account, only 2.5 million have a bank card, i.e. 6%.

**Law No. 17-04 of 16 February 2017 amending and completing Law No. 79-07 of 21 July 1979 on the Customs Code.**

A new Customs Code was adopted in 2017 to allow Algeria to adapt to new international economic and commercial realities.

- With respect to the Customs control of postal items, a collection of articles with a summary of the respective governing regulations is set out below.

**“Article 49.** Customs officers have access to all post offices, including sorting rooms, communicating directly with the exterior and to the premises of international express mail undertakings to search, in the presence of post and telecommunications officials, items of Algerian or foreign origin, whether sealed or not, with the exception of items in transit, containing or appearing to contain goods such as those specified in the following paragraph.

The Post Office and international express mail undertakings are authorized to submit to Customs inspection, in the conditions provided for by the Universal Postal Union Conventions and Agreements, items subject to an import prohibition which are liable to duties or taxes levied by the Customs Administration or subject to entry restrictions or formalities.”

**Prior exchange of data by electronic means (this new legislation may be incorporated into this information exchange process)**

- This new feature of the Algerian Customs Code entitles the Customs Administration to conclude agreements with any entities in order to exchange information that might help it to carry out its supervisory duties.

**“Article 50 quater.** The Customs Administration may enter into Memoranda of Understanding to improve Customs inspections with parties involved in the international trade supply chain operating in Algeria.
The Customs Administration fosters the publication and dissemination, by appropriate means, including electronic means, of any Customs information of interest to users or relating to the Customs regulations in force."

**Risk management**

- The same applies for Article 50 *quinquies* of the above-mentioned law in relation to cross-border security.

*Article 50 quinquies*. The Customs Administration may conclude agreements relating to the organization and strengthening of exchanges of information with the competent national authorities with a view to preventing and punishing infringements in the fields of money laundering and terrorist financing, smuggling, commercial fraud, counterfeiting and tax avoidance and evasion."

**Facilitation and simplification**

- Article 86 *quater* provides broader assistance with respect to the Customs clearance of express postal packages by means of simplified procedures:

*Article 86 quater*. Without prejudice to the provisions of Article 78 of this Code, the Customs Administration may authorize the Customs clearance of express postal packages following simplified procedures to the benefit of international express courier operators in the conditions and modalities laid down by regulation.

- Other Customs inspection measures for postal items, laid down in that Article, in particular cases:

*Article 208*. Goods contained in packages may be verified by Customs officers when they are placed under a storage procedure. Such verification shall be carried out in the presence of the owner of the goods, the consignee or, failing that, a prescribed court enforcement officer, in the same conditions as those laid down in Article 95 of this Code. In an emergency for safety reasons, however, the Customs Administration may, on an exceptional basis, authorize the opening of postal items and verification of their contents.

- Article 213 of this Law lists all goods imported free of duties or taxes, including postal items:

*Article 213*. As well as exempt goods imported or exported, provided for by special legislative provisions, the following may be imported free of duties or taxes and by derogation from the provisions of Articles 2 and 4 of this Code:

(i) postal items dispatched to their consignee by letter or parcel post and consisting of goods of a value not exceeding the authorized threshold."
Law No. 18-04 of 10 May 2018 laying down the general rules on post and electronic communications.

Law No. 18-04, adopted in 2018, lays down the general rules on post and electronic communications and defines the framework and regulatory arrangements for activities in this sector.

- Article 79 of this Law stipulates that Customs inspection is a very important and mandatory part of the process of handling postal items, as provided for by the international conventions governing this aspect:

"Article 79. – Postal service operators are authorized to submit to Customs inspection, in the conditions provided for by Universal Postal Union or restricted international union Conventions and Agreements, postal items subject to an import prohibition which are liable to duties or taxes levied by the Customs Administration or subject to entry restrictions or formalities. Postal service operators are also authorized to submit to Customs inspection postal items subject to an export prohibition which are liable to duties or taxes levied by the Customs Administration or subject to exit restrictions or formalities.

Customs officers have access to permanent or mobile post offices, including sorting rooms, communicating directly with the exterior, to search, in the presence of post office officials, items of Algerian or foreign origin, whether sealed or not, with the exception of items in transit containing or appearing to contain objects such as those referred to this article.

This may under no circumstances breach the secrecy of correspondence.

Source: Customs Administration of Algeria, submitted in September 2019 for the 1st edition of the Compendium"
Argentina

Introduction / General Overview

To fully understand how cross-border E-Commerce works in Argentina, it is mandatory to explain separately the two current regimes available that can be assimilated to E-Commerce trade: parcel post and express courier.

It is also crucial to determine what is considered E-Commerce and what is not.

Given the particularities of our legislation and usage of parcel post/express courier, exportations will not be taken into account into this document, as they don’t match the criteria of E-Commerce depicted in the case study requested. It is worth noting that this applies to Argentina as it can be catalogued as an E-Commerce import country, which is not necessarily the same scenario for other countries.

Considering this clarification, the present document will explain in detail, differentiating each bullet point as needed to provide precise information regarding E-Commerce.

There are two especially designed regimes for non-commercial purposes, one for the postal service and another for courier service. As the majority of the volume is canalized through the Postal one, the emphasis of this document is related to it.

It is also worth mentioning that courier service tends to handle bigger and more expensive packages, and this has a direct correlation with the compliance of Customs processes and the quality of the data received. Therefore, most of the efforts and objectives aim towards improving Postal-Custom processes.
Parcel Post

Goods are shipped from third countries and arrive at the International Airport “Ministro Pistarini – Ezeiza” in Buenos Aires via plane.

Upon arrival, goods are relocated to the Post Office of the National Postal Service (Correo Argentino) HUB for non-intrusive inspection, sorting and labelling, national track number assignment, submission of CN22/3 and redistribution to a different Post Office, which will differ depending on the buyer’s address.

Once said goods are moved to their correspondent office, they are stored by Correo Argentino. After this procedure is finished, Correo Argentino sends a letter/mail to the addressee, informing them that their parcel is ready to be distributed after the user completes the required Customs declaration and payment of both handling fee and Customs import taxes if applied.

The user will have to log into the Correo Argentino website, create an account (validated with national identity number/tax id) and declare the goods contained in the parcel, utilizing the national track number assigned in the letter/mail received.

Parcels can either be delivered door to door, or require the addressee to personally concur to their respective Postal & Customs office, where a Customs officer inspects the package in presence of the consumer. This last scenario will depend on several factors, such as regime limitations, prohibited goods, special permits required to import goods, etc.

Note: In case the user needs to pick up their parcel personally as mentioned above, they can authorize someone else to do so when filling the Customs declaration.

Customs taxes (VAT + Import Tariff) and postal handling fees must be paid online, either using a credit card or through home banking.

Consumers will also be given the option to declare they are unaware of the content of the parcel; in this case they will be invited to come to the post office to take knowledge of the goods, in presence of a Customs officer. After this procedure is finished, they can continue their Customs declaration, and make the payment to conclude the procedure.

Once the Customs declaration has been lodged, a set of selectivity rules are executed to determine actions to be taken as needed to guarantee the non-violation of the regime.

After the risk analysis process, Customs sends a clearance authorization to the postal service for delivery.
In brief, the whole process can be broken down into the following steps:

1. Online purchase.
2. Goods arrive to Argentina (Airport).
3. Transportation of goods from airport to post office hub for labelling, sorting, non-intrusive inspection, national track number assignment and submission of CN22/3.
4. Redistribution to postal offices.
5. Letter-Mail of notification to the addressee.
6. Customs declaration and payment.
7. Risk analysis.
8. Delivery/Pick up.
   a. Last mile delivery
   b. Pick up in Postal & Customs office.

Courier

The courier scheme of E-Commerce has similarities to the Parcel Post Regime. Goods will also be shipped to the International Airport “Ministro Pizarini – Ezeiza” in Buenos Aires. Upon arrival, the courier will fill a Customs declaration with the information contained in the invoice sent by the overseas seller, and it is then when -if needed- the goods are relocated to a different courier office depending on the buyer’s address.

Once the Customs declaration has been filled, a set of selectivity rules are executed and non-intrusive inspection is carried out to guarantee the non-violation of the regime. After this, the courier receives confirmation to proceed with the tax payment needed for clearance of the goods.

It is the courier that pays taxes and ultimately transfers this cost to the buyer when the invoice is issued. Once tax payment has been confirmed, the goods can be dispatched to the buyer’s address, where they will receive the final invoice containing delivery and tax costs. No further actions are needed from the buyer, as the courier will do the confirmation of delivered goods.
The following information will help provide precision regarding the similarities and differences between both regimes described before.

<table>
<thead>
<tr>
<th></th>
<th>Parcel Post</th>
<th>Courier</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parcel Annual Limit</strong></td>
<td>None</td>
<td>5 parcels per year</td>
</tr>
<tr>
<td><strong>Tax Exemption</strong></td>
<td>50 USD per parcel (up to 12 times per year, non-cumulative)</td>
<td>None</td>
</tr>
<tr>
<td><strong>Tax Appliance</strong></td>
<td>If CIF Value &gt; Tax Exemption = Tax 50% of declared CIF value</td>
<td>General Import Regime Tax Appliance (Import Tariff, VAT, etc.)</td>
</tr>
<tr>
<td><strong>Exclusion</strong></td>
<td>No commercial purpose</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CIF cannot exceed 3000 USD</td>
<td>FOB cannot exceed 3000 USD</td>
</tr>
<tr>
<td></td>
<td>Parcel weight cannot exceed 20 KG</td>
<td>Parcel weight cannot exceed 50 KG</td>
</tr>
<tr>
<td></td>
<td>No item kind limit, as long as it doesn’t presume commercial purpose</td>
<td>No more than 3 items of the same kind</td>
</tr>
<tr>
<td><strong>Procedure</strong></td>
<td>Requires Customs declaration from buyer and transmission of CN 22/3 from Postal service</td>
<td>Customs declaration filled by courier.</td>
</tr>
<tr>
<td><strong>Tax Payment</strong></td>
<td>Buyer generates online tax payment and executes it through home banking/credit card</td>
<td>Courier pays taxes and charges the buyer in the final invoice</td>
</tr>
</tbody>
</table>

**Planning and Prioritization**

Respecting the Framework of Standards, as the Argentinian Customs is currently analysing the roadmap to implement the several initiatives and best practices, the present document will refer to the actual context, procedures, and data measuring techniques for what today can be considered E-Commerce.

Although Argentina did not implemented the framework yet, there is a need to establish a clear mark between what is considered E-Commerce and what is not, and from that point on the specific processes that must be developed. As of today, current exports through courier cannot be entirely considered E-Commerce, since it is being used as a general-purpose way to reach overseas clients.

It is mandatory to establish guidelines for E-Commerce for import and mainly export, since there is a lack of legislation that cannot cope with the exponential growth that cross-border E-Commerce shows.
New legislation must include:
- Definition of what is considered/not considered cross border E-Commerce
- Simplified and agile processes that can satisfy consumer demand without a detrimental effect on control necessities
- Tax regulations and revenue collection
- Simplified regimes specially designed for E-Commerce trade
- Exchange of electronic advance data

The approach and actual focus – although it may change over time – is to facilitate E-Commerce by creating comfortable conditions for the consumers without compromising compliance and control.

Regarding the context of both the growth of cross-border E-Commerce and the specific commercial situation in Argentina, we want to emphasise on simplifying the custom clearance process, smart non-intrusive inspection and high quality electronic advance data.

We have received negative feedback regarding the whole Customs declaration process being difficult or tedious when it comes to the parcel post regime – most commonly used regime of E-Commerce.

Requiring citizens to create accounts, declaring and valuing goods and generating an online payment are procedures we want to delegate on automatized systems.

**Advance Electronic Data**

This can only be achieved if we receive high quality advance data, through integrations with foreign marketplaces, which will enable the post office and Customs to speed up and automatize all the clearance process.

This will easily prevent revenue losses, due to the low probability of goods undervaluation, as well promoting the use of cross border E-Commerce thanks to a simple and clean procedure with fast last mile deliveries. Those main aspects will encourage the population to make use of available regimes more often, which eventually translates into a higher revenue collection.

The current Postal-Customs Agreement establishes the requirement for the Postal office of sending all relevant information associated with parcels. Although it is not specific, it includes all pre-arrival information.

In August 2018, in the framework of the SECUREX initiative (UPU), the CDS (Customs Declaration System) system, was integrated to the current interphase between Postal and Customs.
Systems architecture implemented for CDS.

Couriers are not included in this agreement, but at the time of the making of this document, a project for including the transmission of advance electronic data in order to anticipate the clearance of the goods is being developed.

The postal timeline is entirely determined by the capacity of the Postal operator to sign the necessary agreements between other Postal offices in the frame of the UPU.

Express Couriers should be able to start sending information as from middle of 2020.

Although currently electronic advance data is not being used in a standardized process, there are two key points regarding its possible uses:

- Reduction of third parties in the logistic process: it has been shown that data quality usually tends to reduce with each third party intervention. As a general rule, the data will never be as good as the one that can be collected from the origin for this purposes.
- Improve the handling and clearance process upon arrival: advanced data allows to anticipate, speed up and increase risk assessment processes efficiency and organize workload.

Specific payment data from credit cards and other electronic payment methods is already being gathered so the internal revenue service can collect taxes from payments done for foreign-based services. Note that in the case of E-Commerce goods, the calculation is way more complex, as a purchase can be divided in several shipments, and the determination of the De Minimis threshold is not possible.

Although this may help to get a better idea of real values and main points of sale, the data sets managed by credit cards providers are different from those managed by the marketplaces, so lots of information is lost in the middle.

Having said that, the focus is being put in the marketplaces, which are the actors that ultimately have or can directly access all of the information relevant for Customs.

On the other hand, and aside from the MoUs between Customs for general purposes, the Ministry of Production signed in 2018 a MoU with China for E-Commerce data sharing purposes. This is particularly relevant for Argentina as it is calculated that around 80% of all the inbound E-Commerce trade comes from China.
The data used for E-Commerce trade, which is no different than any other data, is protected under the Personal Data Protection Law and all the information with sensible fiscal information can be transmitted from the operator to Customs but not the other way around.

Data quality improvements actions are delegated to the operators, which are ultimately benefited by being given access to fast tracks for the Customs clearance process. This procedure is yet to be implemented, as we’re undergoing meetings with advance data providers which will enable a connection with several overseas marketplaces to achieve it.

**Facilitation and simplification**

Several improvements have been done regarding the clearance times for postal and courier service. For the postal service, in 2017, the clearance process took 7 days, nowadays in only takes 2. In the case of the courier, it takes about 5 hours.

Although the AOE regulation was released in October 2017, the specific annexes which establish the main requirements for Postal and Express Courier have not been published yet. A specific trusted trader programme (CUSE) has been set up for the Express Courier operators and its certification is an actual requirement for using the “Easy Export” programme.

While presently the share of E-Commerce transactions is not considerable in the Easy Export programme, this may change over time, and the extension of the programme to other regimes has not been yet ruled out.

In the case of the Single Window platform, although it is under development for many of Customs transactions, it is not clear yet which roll will it take regarding E-Commerce shipments.

**Risk management**

The main methods for both postal and courier are I) Non-intrusive inspection II) Physical inspection and III) Automatized rules and manual analysis over Customs declarations.

i) In the case of the postal parcels, 100% of the parcels are scanned. In the case of couriers, selectivity is applied.
   a. Prohibited items and possible violations to the regime are analysed.
   b. Every item is scanned in a deposit at the airport for courier and at the postal office hub for postal service.

ii) When needed, a physical inspection process is executed. Note that this must be in the presence of the consumer, so this means that when a physical inspection is required, items cannot be delivered door to door; presence of the consumer is a must.

iii) Postal service has 2 Customs declarations (CN 22/3 and DJEN), couriers have only one.
   a. Automatic rules are executed at the moment that Customs receives the CN22/3 (which is sent by Correo Argentino through a batch process that is executed once a day).
b. Automatic rules and manual analysis is realized after Customs receives the payment associated with a declaration.

*Note that this criteria has been applied way before the release of the WCO framework, and new approaches have not been tested yet. Therefore, gaps between both cannot be analysed.*

<table>
<thead>
<tr>
<th>Postal data set</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DJEN (submitted by User)</strong></td>
<td><strong>CN 22/3 (submitted by Postal service)</strong></td>
</tr>
<tr>
<td>Tracking Number</td>
<td>Tracking number</td>
</tr>
<tr>
<td>Addressee’s Tax ID</td>
<td>Registry date</td>
</tr>
<tr>
<td>Item category</td>
<td>Custom office</td>
</tr>
<tr>
<td>Units</td>
<td>Addressee’s last name</td>
</tr>
<tr>
<td>Unitary value</td>
<td>Addressee’s first name</td>
</tr>
<tr>
<td>Shipping value</td>
<td>Addressee’s street</td>
</tr>
<tr>
<td>Item description</td>
<td>Street number</td>
</tr>
<tr>
<td>Floor</td>
<td></td>
</tr>
<tr>
<td>Department</td>
<td></td>
</tr>
<tr>
<td>Postal code</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td></td>
</tr>
<tr>
<td>Province</td>
<td></td>
</tr>
<tr>
<td>Type of delivery (Door to door - pick up)</td>
<td></td>
</tr>
<tr>
<td>Origin country</td>
<td></td>
</tr>
<tr>
<td>Weight</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td></td>
</tr>
<tr>
<td>Item description</td>
<td></td>
</tr>
<tr>
<td>Sender</td>
<td></td>
</tr>
</tbody>
</table>

*Postal declaration*
Parcels are sorted according to the postal segmentation.
2. Customs analyse 100% of the parcels through NII.
3. Parcels arrive to postal and Customs mixed offices.
4. Post sends CN 22/3 information.
5. Customs analyse the CN 22/3 information and assigns a delivery circuit.
7. Customs analyse buyer’s declaration and maintains/reassigns a delivery circuit.

Parcels are sorted according to the available regimes.
2. Customs declaration is filled by the Courier.
3. Risk analysis processes are executed.
4. Parcels are inspected through NII.
5. Courier pays taxes.
6. Goods are cleared and authorized for delivery.

Note: although the Customs declaration is completed by the courier instead of the consumer, in both regimes the buyer is identified, as a specific field for that purpose (“National Identity Number/ Tax ID”) is required in order to fill the declaration.

Currently there is no feedback circuit that involves other government agencies or private sector besides the required by court.
Parcels are sent to a controlled area and immediate intervention to the designated court is given when a possible positive on narcotics or other specific prohibitions such as guns is detected while scanning them.

**Partnerships, public awareness, outreach and capacity building**

As of today, we are working on developing new arrangements with couriers, Post Office, logistics operator and advanced data providers.

With the new legislation available, we have the CUSTOMS-POST OFFICE AGREEMENT (AFIP-CORASA) which is based in data exchange, tax payment and confidentiality agreement between both parties.

A committee has also been created between Customs, Post Office, Ministry of Modernization, which gathers regularly to discuss future strategies, analyse new proposal and improvements to the regime.

There are two dedicated websites available for buyers/consumers and other parties to check the information regarding all the current E-Commerce import regimes.

One of them is published in the [Customs official website](#), the other one is available in the [Post Office](#) website.

Both sites have manuals, tutorials and detailed information regarding regulation and the whole import process related to E-Commerce.

There are also social media publications, such as info graphics, tutorial videos and a dedicated FAQ. Finally, there is an email system available for consumers to inquire either the Customs or Post Office in case they need further information regarding the whole import process.

**Measurement and Analysis**

As we currently have no way to determine exactly which goods have been bought through an E-Commerce platform, the differentiation can only be done over operative knowledge.

Although the WCO E-Commerce Framework is still under study, the data set proposed has a similar structure to what is already implemented. Nonetheless, adopting the whole set will improve the quality of information at the Customs disposal, which is going to help improve the precision of statistics overall, thanks to the addition of new fields such as marketplaces. This will help to get a better grasp of consumers demands, trends and behaviour, as well strengthen our efforts to avoid the undervaluation of goods.

Regarding the Postal and Courier regimes, statistics are done only with Custom’s information taking into account the declaration and data sets mentioned above, with no legislative framework. Additional information for project analysis is gathered from operators.

The main use for them are related to regime’s analysis, evaluation and correction or improvement, besides for inter-governmental informative purposes.
Technological developments

As from May of 2018, Customs has initiated a reengineering process that involves the whole organization, being Postal, Courier and E-Commerce one of the key subjects to improve and modernize, both in processes and technology-wise. This includes, for example the incorporation of cutting edge technology non-intrusive inspection elements, RFID and facial/object recognition systems.

As from March 2019, a Computed Tomography Scanner is being tested in the Postal Office HUB, being the first of this kind for Argentinian Customs, and acting as a pilot for the evaluation of the technology.

Use of RFID is being designed for the control and automation of transits, and facial/object recognition for the controlling of sensible areas.

Source: Customs Administration of Argentina, submitted in September 2019 for the 1st edition of the Compendium
Azerbaijan

1 - Introduction / General Overview

Reporting period (from 01.01.2022 to 30.11.2022)
Receipt date of the report (Date 17.11.2022, Time 11:18:51)

<table>
<thead>
<tr>
<th>Status of payment</th>
<th>Number of participants</th>
<th>Number of electronic trade declaration</th>
<th>Invoice value (in thousand USD)</th>
<th>Calculated payments (in thousand AZN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceed the limit</td>
<td>14,323</td>
<td>25,465</td>
<td>9,121.10</td>
<td>Import duty 945.74, VAT 1,600.76, Electronic service 254.64, Fees 466.37, Total 3,267.51</td>
</tr>
<tr>
<td>Not exceed the limit</td>
<td>372,607</td>
<td>8,137,521</td>
<td>168,736.83</td>
<td>Import duty 0, VAT 0, Electronic service 0, Fees 0, Total 0</td>
</tr>
<tr>
<td>Total</td>
<td>375,333</td>
<td>8,162,986</td>
<td>177,857.93</td>
<td>Import duty 945.74, VAT 1,600.76, Electronic service 254.64, Fees 466.37, Total 3,267.51</td>
</tr>
</tbody>
</table>

Customs control and clearance of goods brought to the country through e-commerce is regulated in accordance with the Customs Code of the Republic of Azerbaijan, Decision No 305 of the Cabinet of Ministers of the Republic of Azerbaijan dated 14 October 2013 on approval of the preferential and simplified rules for the movement of goods not intended for production or commercial purposes across the Customs border by individuals, Decision No. 263 of the Cabinet of Ministers of the Republic of Azerbaijan dated 22 July 2014 on approval of the rules for declaration of goods and means of transport transported through the Customs border and other normative legal acts.

When such goods of non-commercial character are brought into the country through postal shipments and carrier companies, they are exempted from all Customs payments once a month if the Customs value of those goods is up to 300 US dollars.

The part of the Customs value of goods exceeding 300 US dollars is subject to Customs payments in accordance with tariff and non-tariff measures according to the applicable legislation. Customs clearance of commercial goods is carried out by submitting a Customs declaration and other documents in accordance with the legislation.

Customs clearance of the commercial goods which is bought through e-commerce and taken out of the country is carried out by drawing up a Customs declaration.
2 - Planning and Prioritization

The priorities for the State Customs Committee of the Republic of Azerbaijan are the implementation of fiscal policy, enlargement of scope of electronic Customs services, improvement of risk management system, combating of Customs offences.

3 - Advance Electronic Data

The State Customs Committee of the Republic of Azerbaijan implements advanced electronic data exchange with the Customs administrations of the Russian Federation, Republic of Kazakhstan, Georgia, Ukraine, Republic of Moldova, Republic of Turkey, Republic of Uzbekistan and Islamic Republic of Iran on goods and means of transport crossing the state border.

Based on border crossing and Customs declaration data risk analysis is conducted.

Risk criteria are determined on the basis of border crossing data of goods and vehicles. Data of foreign economic activity participants who fall into the risk group is updated regularly on the basis of border crossing data. The latest information is always used in the process of Customs clearance.

4 - Facilitation and simplification

“Simplified Declaration – E-Commerce” (Smart Customs) project has been launched in order to create conditions for more transparent and rapid implementation of e-commerce, improvement of service level, reduce time loss, ensuring transparency, minimization of contact between citizens and officials, proper implementation of Customs statistics and efficient use of available resources.

Thus, international postal parcels ordered through the carrier companies must be declared to the Customs authority by means of a “Simplified declaration - electronic commerce”.

5 - Revenue Collection

The general regulation of e-commerce operations in the Republic of Azerbaijan, the legal base of the organization and implementation of commerce are carried out in accordance with the Law of the Republic of Azerbaijan On Electronic Commerce No. 908-IIQ dated 10 May 2005. At the same time, the goods imported into the Customs territory for cross-border e-commerce are subject to the Tax Code of the Republic of Azerbaijan, as well as the Decree No. 500 of the Cabinet of Ministers of the Republic of Azerbaijan on the goods nomenclature of foreign economic activity of the Republic of Azerbaijan; rates of import Customs duties and rates of export Customs duties dated 17 November 2017. According to the above mentioned legal acts goods are subject to import Customs duties and value added tax. Ad valorem tariff rates applied for imported goods are 0%, 5%, 15%. The value added tax applied to imported goods is 18%. No taxes are levied on exported goods. Only few types of goods are subject to export duty (HS chapter 41,44,72,74,76,78,80). In conformity with the current legislation, the general principles of Customs regulation are applied for e-commerce operations, and de minimis is not applicable for those transactions.
6 - Technological developments

In the Socio-economic Development Strategy of the Republic of Azerbaijan for the period 2022-2026, approved by Decree No. 3378 of the President of the Republic of Azerbaijan dated 22 July 2022, the State Customs Committee of the Republic of Azerbaijan is one of the state authorities entrusted with the implementation of the measures related to facilitating the implementation of exports on electronic platforms (e-commerce) in our country.

By Ordinance No. 319 of the Chairman of the State Customs Committee of the Republic of Azerbaijan of 5 November 2019 the Action Plan of the State Customs Committee for development of information and communication technologies infrastructure for the period 2020-2030 was approved.

### Action Plan

<table>
<thead>
<tr>
<th>Name of the measure</th>
<th>Implementation period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Development of architecture, ensuring security and optimizing in accordance with international standards of the main and reserve “Data Center” of the Committee and the server and network equipments in its structural units: Improvement of the main and reserve “Data Center” of the Committee and server rooms in its structural units in order to ensure their safe, reliable and uninterrupted operation.</td>
<td>01.2020 – 2.2022</td>
</tr>
<tr>
<td>Establishment of Cyber Security and Risk Management Center</td>
<td>01.2020 – 2.2021</td>
</tr>
<tr>
<td>Updating the Committee’s Computer Park</td>
<td>01.2020 – 2.2023</td>
</tr>
<tr>
<td>Modernization of video surveillance systems</td>
<td>01.2020 – 2.2021</td>
</tr>
<tr>
<td>Implementation of open source solutions to facilitate cost savings and accessibility</td>
<td>01.2020 – 2.2025</td>
</tr>
<tr>
<td>Implementation of fully licensed Environment</td>
<td>01.2020 – 12.2025</td>
</tr>
</tbody>
</table>

2. Reconstruction of the architecture of "Database" and the Unified Automated Management System of Customs Service (UAMS) on the basis of modern technologies:

- Processing, improvement and documentation of business processes | 01.2020 – 09.2020 |
- Re-modelling of databases | 09.2021 – 12.2021 |
- Programming of UAMS in modern architecture based on new technologies | 09.2020 – 12.2022 |
- Full modernization of the reporting system and special performance measurement indicators and implementation of other technological solutions | 12.2021 - |

3. Organization of professional development courses for staff of the Committee and students of the Academy on the basis of “E-learning” system. | 01.2020 – 01.2021 |

4. Implementation of artificial intelligence in software, surveillance systems and other solutions. | 12.2021 - |

**Source:** Customs Administration of Azerbaijan, updated in December 2022 for the 4th edition of the Compendium
China Customs Case Study on Advance Electronic Data and Risk Management

I. Background

As a new mode of trade, cross-border e-commerce shortens the trade chain, directly connects manufacturers, trade companies and consumers, and can meet the needs of foreign consumers with more flexibility and convenience.

Meanwhile, its characteristics of large order quantity, low order value, the need for speedy Customs clearance and delivery to consumers have brought great pressure to Customs' front-line control. Therefore, targeting potential high risks through risk analysis is necessary to make the best use of the resources available; to do so, obtaining data becomes the prerequisite.

China Customs has the following requirements to obtain data:

i. The data must be sufficient to meet regulatory requirements, to help identifying and mitigating security and revenue risks.

ii. The data must be generated in the process of business operations so that it truly reflects what has happened in the process.

iii. To collect and transmit data using electronic methods. Given that transactions of cross-border e-commerce are completed electronically, China Customs tries to utilize the same e-methods for data quality and trade facilitation.

After years of exploration and extensive research, and with the help of the Revised Kyoto Convention, Immediate Release Guidelines and other World Customs Organization standards and documents in strategic planning, China Customs has established a mechanism to obtain advance electronic data for its control. The mechanism is based on the co-operations of important e-platforms in the supply chain, it takes care of both control and facilitation, reduces the burden of providing additional data, and helps stakeholders to actively play their roles in cross-border e-commerce.

II. Legal Framework

As of January 1, 2019, China started the implementation of E-Commerce Law of the People's Republic of China, which formulates the basis of government control of cross-border e-commerce and trade facilitation.

In 2018, China Customs issued a series of announcements such as Announcement No. 113 and Announcement No. 194, which stipulated standards of data transmission and collection in cross-border e-commerce, and required stakeholders in cross-border e-commerce supply chain to transmit electronic data such as data elements from the order, payment, and logistics to Customs and other government departments in accordance with data standards.
i. Datasets

1. What are the Datasets
China Customs’ Announcement No. 113 clearly stipulates what electronic datasets of cross-border e-commerce shall be obtained; they are mandatory data elements from the declaration/manifest, order, payment, and logistics. Also, there are some voluntary data elements.

*The list of the data elements can be found in the annex to the case study.*

2. Who Transmits
The e-vendor or its agent is responsible for the transmission of the declaration data.
The e-vendor or e-platform, or the entrusted express carrier is responsible for the transmission of order data.
The payment provider or the entrusted express carrier or postal operator is responsible for the transmission of the payment data.
The logistics provider is responsible for the transmission of logistics data.

3. When to Transmit
The transmitting may start right after the order, payment and logistics data is generated. Meanwhile, China Customs’ Announcement No. 194 requires that these three datasets should be transmitted before Customs declaration.

ii. Data Privacy & Protection

Chinese government has legislation to protect e-commerce transaction data. E-commerce Law of People’s Republic of China stipulates that an e-commerce operator shall abide by laws on the protection of personal data when collecting and using client personal data. The law also clarifies that if any person that controls e-commerce divulges, sells or illegally provides others with personal data, privacy or trade secrets obtained during the performance of his or her duties, he or she shall be held accountable.

III. Advance Electronic Data Mechanism

i. Requirements for Data Quality

In order to ensure the quality of advance electronic data, relevant announcements clearly specify the responsibilities for the authenticity of the data transmitted. In addition, it is required that e-platform or domestic agent of e-vendor should verify the authenticity of transactions and consumer identity, and bear corresponding responsibilities.

ii. Data-collection Mechanism

The first method is to provide a data interface. All stakeholders in the cross-border e-commerce supply chain can submit, transmit, and declare electronic data to China Customs in standardized messaging through Single Window interface.

The second one is to provide web page entry. All stakeholders in the cross-border e-commerce supply chain can log into the cross-border e-commerce Customs clearance service e-platform to perform information entry, modification, declaration, and query, etc.
iii. A Centralized Service Platform

China Customs has established a unified cross-border e-commerce regulating platform, providing service for daily operations and maintenance, and a unified input access through “Internet plus Customs”. All stakeholders in cross-border e-commerce supply chain could submit, transmit, process and track data through this platform for free. China Customs can also release cross-border e-commerce goods using this platform.

iv. Sharing Data with Other Departments

If other administrative departments justify the need to use data collected through Single Window, China Customs will share with them in accordance with relevant data regulations.

IV. Implementing Risk Management to Promote Facilitation and Control

i. Dynamic Monitoring

China Customs monitors risks of cross-border e-commerce from three aspects, which are:

- To target revenue and security risks, by studying seizures and cases, China Customs tries to find the characteristics, and gradually form a risk control mechanism that covers data analysis and cross reference.
- To focus on key natural or legal persons, collect information regularly, establish risk files, label key persons (companies), implement risk classification and risk monitoring over key population.
- To focus on key commodities, and those that are relatively easy to be used for smuggling. When suspects are discovered, Customs conducts key investigations and scours hints of false transaction.

ii. Exploring Data Verification

According to transaction logic, the orders, payments, and logistics data transmitted by different entities is cross-referenced and automatically compared with declarations submitted. And risks are identified when contradictions appear. Meanwhile, China Customs pilots Customs WeChat official account and online service platforms of the government in some regions, and uses identity information and order-relating questionnaire with consumers’ consent, to re-examine the authenticity of information declared by the suspected enterprise.

iii. Identifying Unknown Traders

China Customs identifies and verifies whether traders are abiding by the law in adopting a risk-diagnosis model, which is similar to physical examination, and is account-based. Companies that have imports and exports are listed and will go through comprehensive checks. Customs will perform further operations on companies that are abnormal or of high risk. Meanwhile, China Customs adopts the sampling inspection, with a certain sampling rate, to find unknown risks and identify unknown traders.
iv. List of Offenders

China Customs performs joint control at the border with other government agencies, explores cooperation with other border stakeholders including People’s Bank of China and China Post Administration, who are respectively responsible for the supervision over payment and postal logistics, for the investigation of companies that are suspected to engage in false payment and logistics, and for the penalties for illegal acts.

V. Using Non-Intrusive Inspection and Data Analysis Methods

i. Non-intrusive Inspection Improving Clearance

China Customs automatically focuses on the high-risks selected from screening, and prioritize Customs’ limited resources on them. Non-intrusive inspection like CT and X-ray inspection are used as the first choice. Combined with smart image inspection, Customs cross references file data with images, thus improving interception accuracy, so as to ensure higher clearance efficiency.

ii. Continuous Upgrade of Data Analysis Technology

Adapting to the characteristics of cross-border e-commerce, which are huge volume and velocity, and based on big data platform, China Customs has been analyzing companies, individuals and commodities throughout the whole process of cross-border e-commerce. Focusing on keys factors affecting transactions, capital flows, and logistics, with the help of analysis model and filtering algorithms, China Customs are continuously upgrading its big-data risk-screening model that can handle large number of orders and real-time screening, so as to realize automatic risk identification.

VI. Favorable Outcomes

i. More Convenience for Law Observers

The annual "Double 11"(11, November) is a traditional sales promotion season for Chinese e-commerce companies, the big promotion leads to the soaring of cross-border E-commerce volume. During "Double 11" of 2020, China Customs processed 3407 cross-border e-commerce parcels per second when the volume reached peak, which is an increase of 113.20% compared with that of the previous year. Owing to advance electronic data and precise risk analysis, even in the busiest time of “Double 11”, most of the parcels declared by e-companies can be examined and released as soon as they have arrive, and the clearance procedures can be completed within one day. China Customs has been doing its best to ensure that all the parcels are efficiently examined and delivered to consumers in time while maintaining effective control.
ii. More Efficiency in Data Application

The application of big data technology helps China Customs to improve cross-border e-commerce risk analysis, post clearance audit, and enforcement. Relying on big data analytics and screening techniques including multi-risk data analysis models, China Customs is able to carry out precise risk assessment and provide targets for field inspections, post clearance-audits and anti-smuggling operations. Since 2020, the seizure rate of real-time screening of high risk declarations has reached 21.9%, nearly 100 million pieces of data have been analyzed, resulting in a black list of key persons and companies, and 7 smuggling cases have being investigated. All these protected the legitimate rights and interests of e-commerce companies and consumers, and facilitated the healthy development of the cross-border e-commerce.
# DATA ELEMENTS REQUIRED IN CHINA

## I. Order Data Elements

<table>
<thead>
<tr>
<th>No.</th>
<th>Data Elements</th>
<th>Data Format</th>
<th>Mandatory or Not</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Order Type</td>
<td>C1</td>
<td>Yes</td>
<td>E-order type: I (import)</td>
</tr>
<tr>
<td>2.</td>
<td>Order No.</td>
<td>C..60</td>
<td>Yes</td>
<td>It refers to the order No. on the e-Commerce platform. The number on the same platform shall be unique. The maximum length is 60 digits.</td>
</tr>
<tr>
<td>3.</td>
<td>e-Platform No.</td>
<td>C..18</td>
<td>Yes</td>
<td>It refers to the Customs registration No. of the e-Commerce platform. For the platform not registered and the order sent by e-Vendors, the number shall be identical to the one published by China E-Port.</td>
</tr>
<tr>
<td>4.</td>
<td>e-Platform Name</td>
<td>C..100</td>
<td>Yes</td>
<td>It refers to the name registered in China Customs. For the platform not registered and the order sent by e-Vendors, the name shall be identical to the one published by China E-Port.</td>
</tr>
<tr>
<td>5.</td>
<td>e-Vendor Code</td>
<td>C..18</td>
<td>Yes</td>
<td>It refers to the code of the e-Vendor registered in Customs</td>
</tr>
<tr>
<td>6.</td>
<td>e-Vendor Name</td>
<td>C..100</td>
<td>Yes</td>
<td>It refers the name of the e-Vendor registered in Customs</td>
</tr>
<tr>
<td>7.</td>
<td>Goods Price</td>
<td>N19,5</td>
<td>Yes</td>
<td>It refers to the final price, including non-cash deduction.</td>
</tr>
<tr>
<td>8.</td>
<td>Freight</td>
<td>N19,5</td>
<td>Yes</td>
<td>It refers to the freight not included in the goods price. If there is no, fill in Zero.</td>
</tr>
<tr>
<td>9.</td>
<td>Non-cash Payment</td>
<td>N19,5</td>
<td>Yes</td>
<td>It refers to the non-cash payment like points, virtual currency, coupon and so on. If there is no, fill in Zero.</td>
</tr>
<tr>
<td>10.</td>
<td>Collected Tariff</td>
<td>N19,5</td>
<td>Yes</td>
<td>It refers to the tariff collected by e-Vendors. If there is no, fill in Zero.</td>
</tr>
<tr>
<td>11.</td>
<td>Paid Amount</td>
<td>N19,5</td>
<td>Yes</td>
<td>It refers to the goods price plus freight plus collected tariff minus non-cash payment, which shall be equals to the amount on the pay order.</td>
</tr>
<tr>
<td>12.</td>
<td>Currency</td>
<td>C3</td>
<td>Yes</td>
<td>It refers to RMB only. Fill in 142.</td>
</tr>
<tr>
<td>13.</td>
<td>Buyer’s Registration No.</td>
<td>C..60</td>
<td>Yes</td>
<td>It refers to the registration No. of the buyer.</td>
</tr>
<tr>
<td>14.</td>
<td>Buyer’s Name</td>
<td>C..60</td>
<td>Yes</td>
<td>It refers to the real name of the buyer.</td>
</tr>
<tr>
<td>15.</td>
<td>Buyer’s Telephone No.</td>
<td>C..30</td>
<td>Yes</td>
<td>It refers to the telephone number of the buyer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Buyer’s ID Type</td>
<td>C1</td>
<td>Yes 1 refers ID, 2 refers to other documents. It refers to 1 only for now.</td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Buyer’s ID No.</td>
<td>C..60</td>
<td>Yes It refers to the ID number.</td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Code of e-Payment Provider</td>
<td>C..18</td>
<td>No It refers to the e-Payment Provider’s code registered in Customs.</td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Name of e-Payment Provider</td>
<td>C..100</td>
<td>No It refers to the e-Payment Provider’s name registered in Customs.</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Payment Transaction No.</td>
<td>C..60</td>
<td>No It refers to the unique serial number of payment.</td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Batch No.</td>
<td>C..100</td>
<td>No It refers to the batch number of goods.</td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Consignee’s Name</td>
<td>C..100</td>
<td>Yes It refers to the consignee’s name, which shall be identical to the one on the electronic waybill.</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>Consignee’s Telephone No.</td>
<td>C..50</td>
<td>Yes It refers to the consignee’s telephone number, which shall be identical to the one on the electronic waybill.</td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td>Consignee’s Address</td>
<td>C..200</td>
<td>Yes It refers to the consignee’s address, which shall be identical to the one on the electronic waybill.</td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Division Code of Consignee’s Address</td>
<td>C6</td>
<td>No It refers to the National Administration Division Code published by the National Bureau of Statistics.</td>
<td></td>
</tr>
<tr>
<td>26.</td>
<td>Remarks</td>
<td>C..100</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

**TABLE BODY**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Serial No.</td>
<td>N4</td>
</tr>
<tr>
<td>2.</td>
<td>Item No.</td>
<td>C..30</td>
</tr>
<tr>
<td>3.</td>
<td>Item Name</td>
<td>C..250</td>
</tr>
<tr>
<td>4.</td>
<td>Goods Model</td>
<td>C..510</td>
</tr>
<tr>
<td>5.</td>
<td>Goods Description</td>
<td>C..1000</td>
</tr>
<tr>
<td>6.</td>
<td>Bar Code</td>
<td>C..50</td>
</tr>
<tr>
<td>7.</td>
<td>Unit</td>
<td>C3</td>
</tr>
<tr>
<td>8.</td>
<td>Quantity</td>
<td>N19,5</td>
</tr>
<tr>
<td>9.</td>
<td>Price</td>
<td>N19,5</td>
</tr>
<tr>
<td>10.</td>
<td>Total Price</td>
<td>N19,5</td>
</tr>
<tr>
<td>11.</td>
<td>Currency</td>
<td>C3</td>
</tr>
</tbody>
</table>
If there is any cases like promotion, unit price deviated from market price, it could be remarked here.

### II. Payment Data Elements

<table>
<thead>
<tr>
<th>No.</th>
<th>Data Elements</th>
<th>Data Format</th>
<th>Mandatory or Not</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Payment Enterprise Code</td>
<td>C..18</td>
<td>Yes</td>
<td>Number of the payment enterprise registered in the Customs.</td>
</tr>
<tr>
<td>2.</td>
<td>Payment Enterprise Name</td>
<td>C..100</td>
<td>Yes</td>
<td>Name of the payment enterprise registered in the Customs.</td>
</tr>
<tr>
<td>3.</td>
<td>Payment Transaction No.</td>
<td>C..60</td>
<td>Yes</td>
<td>Unique payment serial number of Payment enterprise.</td>
</tr>
<tr>
<td>4.</td>
<td>Order No.</td>
<td>C..60</td>
<td>Yes</td>
<td>Order number of the trading platform. It shall be unique for one trading platform. The order number must not exceed 60 digits.</td>
</tr>
<tr>
<td>5.</td>
<td>e-Platform Code</td>
<td>C..18</td>
<td>Yes</td>
<td>Number of the e-commerce platform registered in the Customs; if the e-commerce platform is not registered in the Customs and the order is sent by the e-commerce enterprise, the identification number of the e-commerce platform issued by China Electronic Port shall prevail.</td>
</tr>
<tr>
<td>6.</td>
<td>e-Platform Name</td>
<td>C..100</td>
<td>Yes</td>
<td>Name of the e-commerce platform registered in the Customs; if the e-commerce platform is not registered in the Customs and the order is sent by the e-commerce enterprise, the name of the e-commerce platform issued by China Electronic Port shall prevail.</td>
</tr>
<tr>
<td>7.</td>
<td>Payer ID Type</td>
<td>C1</td>
<td>Yes</td>
<td>1- ID card, 2- other. Limited to ID card, fill in “1”.</td>
</tr>
<tr>
<td>8.</td>
<td>Payer ID Number</td>
<td>C..60</td>
<td>Yes</td>
<td>ID. number of the Payer.</td>
</tr>
<tr>
<td>9.</td>
<td>Payer Name</td>
<td>C..60</td>
<td>Yes</td>
<td>Real name of the Payer</td>
</tr>
<tr>
<td>10.</td>
<td>Telephone</td>
<td>C..60</td>
<td></td>
<td>Telephone number of the Payer.</td>
</tr>
<tr>
<td>11.</td>
<td>Payment Amount</td>
<td>N19,5</td>
<td>Yes</td>
<td>Payment amount.</td>
</tr>
<tr>
<td>12.</td>
<td>Currency</td>
<td>C3</td>
<td>Yes</td>
<td>Limited to RMB, fill in &quot;142&quot;.</td>
</tr>
<tr>
<td>14.</td>
<td>Remarks</td>
<td>C..1000</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
### III. Logistics Data Elements

<table>
<thead>
<tr>
<th>No.</th>
<th>Data Elements</th>
<th>Data Format</th>
<th>Mandatory or Not</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Logistics Provider Code</td>
<td>C..18</td>
<td>Yes</td>
<td>Logistics Provider’s code registered with the Customs.</td>
</tr>
<tr>
<td>2.</td>
<td>Logistics Provider Name</td>
<td>C..100</td>
<td>Yes</td>
<td>Logistics provider’s name registered with the Customs.</td>
</tr>
<tr>
<td>3.</td>
<td>Conveyance Reference No.</td>
<td>C..60</td>
<td>Yes</td>
<td>Logistics provider's conveyance reference number, which shall not be repeatedly used within 6 months, with the maximum length of 60 digits.</td>
</tr>
<tr>
<td>4.</td>
<td>B/L No.</td>
<td>C...37</td>
<td>No</td>
<td>Sea bill of lading, air waybill or car loading list as for direct purchase imports.</td>
</tr>
<tr>
<td>5.</td>
<td>Order No.</td>
<td>C..60</td>
<td>Yes</td>
<td>Order number of trading platform, which shall not be repeatedly used for the same platform, with the maximum length of 60 digits.</td>
</tr>
<tr>
<td>6.</td>
<td>Freight</td>
<td>N19,5</td>
<td>Yes</td>
<td>If no, fill in &quot;0&quot;.</td>
</tr>
<tr>
<td>7.</td>
<td>Insurance Fee</td>
<td>N19,5</td>
<td>Yes</td>
<td>If no, fill in &quot;0&quot;.</td>
</tr>
<tr>
<td>8.</td>
<td>Currency</td>
<td>C3</td>
<td>Yes</td>
<td>RMB only and fill in &quot;142&quot;.</td>
</tr>
<tr>
<td>9.</td>
<td>Gross Weight</td>
<td>N19,5</td>
<td>Yes</td>
<td>The unit is kilogram.</td>
</tr>
<tr>
<td>10.</td>
<td>Number of Packages</td>
<td>N9</td>
<td>Yes</td>
<td>The number of package under a single B/L is limited to &quot;1&quot;.</td>
</tr>
<tr>
<td>11.</td>
<td>Goods Information</td>
<td>C..200</td>
<td>No</td>
<td>Information of the goods being delivered including name and quantity, etc.</td>
</tr>
<tr>
<td>12.</td>
<td>Consignee’s Name</td>
<td>C..100</td>
<td>Yes</td>
<td>Consignee’s Name</td>
</tr>
<tr>
<td>13.</td>
<td>Consignee’s Address</td>
<td>C..200</td>
<td>Yes</td>
<td>Consignee’s Address</td>
</tr>
<tr>
<td>14.</td>
<td>Consignee’s Telephone No.</td>
<td>C..50</td>
<td>Yes</td>
<td>Consignee’s Telephone Number</td>
</tr>
<tr>
<td>15.</td>
<td>Remarks</td>
<td>C..1000</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
According to China Customs’ regulations, e-Commerce Business should transmit Order Data Elements, Payment Data Elements and Logistics Data Elements to Customs before formal declaration. Based on these elements, the declaration companies will submit formal declarations to Customs. As a result, the following Declaration Data Elements are mainly from the former three types of data elements.

### IV. Declaration Data Elements

<table>
<thead>
<tr>
<th>No.</th>
<th>Data Elements</th>
<th>*Data Format</th>
<th>Mandatory or Not</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Order No.</td>
<td>C..60</td>
<td>Yes</td>
<td>Unique purchase order number of the trading platform. (not longer than 60 digits)</td>
</tr>
<tr>
<td>2.</td>
<td>e-Platform Code</td>
<td>C..18</td>
<td>Yes</td>
<td>Customs registration number of e-platform ; If the e-platform has not been registered in Customs, and the order was placed by e-vendors, the identification number of e-platform issued by China E-commerce shall prevail.</td>
</tr>
<tr>
<td>3.</td>
<td>e-Platform Name</td>
<td>C..100</td>
<td>Yes</td>
<td>Name of e-platform registered in Customs ; If the e-platform has not been registered in Customs, and the order was placed by e-vendors, the identification name of e-platform issued by China E-commerce shall prevail.</td>
</tr>
<tr>
<td>5.</td>
<td>e-Vendor Code</td>
<td>C..18</td>
<td>Yes</td>
<td>It refers to the code of the e-Vendor registered in Customs</td>
</tr>
<tr>
<td>6.</td>
<td>e-Vendor Name</td>
<td>C..100</td>
<td>Yes</td>
<td>It refers the name of the e-Vendor registered in Customs</td>
</tr>
<tr>
<td>7.</td>
<td>Logistics No.</td>
<td>C..60</td>
<td>Yes</td>
<td>The waybill number assigned by logistics provider. The number shall be unique within 6 months, which consists of not more than 60 digits.</td>
</tr>
<tr>
<td>8.</td>
<td>Logistics Provider Code</td>
<td>C..18</td>
<td>Yes</td>
<td>Customs registration number of the logistics provider.</td>
</tr>
<tr>
<td>9.</td>
<td>Logistics Provider Name</td>
<td>C..100</td>
<td>Yes</td>
<td>Customs registration name of the logistics provider.</td>
</tr>
<tr>
<td>10.</td>
<td>e-Vendor’s identifier</td>
<td>C..20</td>
<td>Yes</td>
<td>e-Vendor’s identifier, for e-Vendor’s inner use only</td>
</tr>
<tr>
<td>11.</td>
<td>e-Port’s identifier</td>
<td>C18</td>
<td>No</td>
<td>Identifier of e-Port, an interface connecting Business and Customs</td>
</tr>
<tr>
<td>12.</td>
<td>Code of Tax Guarantee Company</td>
<td>C..30</td>
<td>Yes</td>
<td>Code of Company responsible for collecting and paying taxes to Customs, limited to e-Platform, e-Vendor and logistics provider</td>
</tr>
<tr>
<td>13.</td>
<td>Bonded Accounts No.</td>
<td>C..30</td>
<td>No</td>
<td>Must be input under trade mode 1210; the number of accounts recording goods in and out of bonded area.</td>
</tr>
<tr>
<td>14.</td>
<td>Declaration No.</td>
<td>C18</td>
<td>No</td>
<td>A number automatically generated when declaration accepted by Customs.</td>
</tr>
<tr>
<td></td>
<td>Field Name</td>
<td>Code</td>
<td>Is Required</td>
<td>Description</td>
</tr>
<tr>
<td>---</td>
<td>----------------------------------------</td>
<td>------</td>
<td>-------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>15.</td>
<td>Declaration Date</td>
<td>C8</td>
<td>Yes</td>
<td>Declaration Date, subject to the date when electronic Customs Declaration System accepts inventory declaration. (YYYYMMDD)</td>
</tr>
<tr>
<td>16.</td>
<td>Declaration Customs District Code</td>
<td>C4</td>
<td>Yes</td>
<td>Code of the Customs in the area of Customs declaration.(ref.: JGS/T 18 Customs District Code )</td>
</tr>
<tr>
<td>17.</td>
<td>Port Customs District Code</td>
<td>C4</td>
<td>Yes</td>
<td>Code of the Customs at the port where the goods enter the border. (ref.: JGS/T 18 Customs District Code )</td>
</tr>
<tr>
<td>18.</td>
<td>Date of Importation</td>
<td>C8</td>
<td>No</td>
<td>The declared date of entry of the means of transport carrying the declared goods. Where the actual date of entry of the corresponding means of transport is not ascertainable at the time of declaration of import, the declaration of importing date shall be exempted.(YYYYMMDD)</td>
</tr>
<tr>
<td>19.</td>
<td>Buyer's ID Type</td>
<td>C1</td>
<td>Yes</td>
<td>1-ID card 2-others Default=1</td>
</tr>
<tr>
<td>20.</td>
<td>Buyer's ID No.</td>
<td>C..60</td>
<td>Yes</td>
<td>ID number of a party to which merchandise is sold.</td>
</tr>
<tr>
<td>21.</td>
<td>Buyer's Name</td>
<td>C..60</td>
<td>Yes</td>
<td>Name of a party to which merchandise is sold.</td>
</tr>
<tr>
<td>22.</td>
<td>Buyer's Telephone No.</td>
<td>C..30</td>
<td>Yes</td>
<td>Telephone number of a party to which merchandise is sold.</td>
</tr>
<tr>
<td>23.</td>
<td>Consignee Address</td>
<td>C..200</td>
<td>Yes</td>
<td>Details relating to the address of the consignee</td>
</tr>
<tr>
<td>24.</td>
<td>Customs Broker Code</td>
<td>C..18</td>
<td>Yes</td>
<td>Customs registration code of the Customs broker.</td>
</tr>
<tr>
<td>25.</td>
<td>Customs Broker Name</td>
<td>C..100</td>
<td>Yes</td>
<td>Customs registration name of the Customs broker.</td>
</tr>
<tr>
<td>26.</td>
<td>Trade Mode</td>
<td>C4</td>
<td>Yes</td>
<td>9610- direct purchasing import, where goods being sold, imported and delivered directly from abroad to the consignee; 1210- bonded import, where goods being resold from the e-Vender in the bonded area to the consignee.</td>
</tr>
<tr>
<td>27.</td>
<td>Transport means</td>
<td>C1</td>
<td>Yes</td>
<td>Parameter code of Customs standard (ref.: jgs-20 Customs service code set - code of transport means) Direct purchasing import: transport means of cross-border logistics; Bonded import: transport means of second-line logistics for carrying the goods out of free trade zone.</td>
</tr>
<tr>
<td>28.</td>
<td>Conveyance Reference No.</td>
<td>C..100</td>
<td>No</td>
<td>Mandatory for direct purchasing imports. The name or number of the conveyance by which the goods enter or exit. It shall be consistent with the cargo list declared by the transport department to the Customs; the same filling criteria as Customs declaration.</td>
</tr>
<tr>
<td>No.</td>
<td>Field Name</td>
<td>Code</td>
<td>Required</td>
<td>Description</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------</td>
<td>------</td>
<td>----------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>29.</td>
<td>Voyage No.</td>
<td>C..32</td>
<td>No</td>
<td>Mandatory for direct purchasing imports. The Voyage number of the conveyance by which the goods enter or exit. Bonded imports are exempted from declaring this number.</td>
</tr>
<tr>
<td>30.</td>
<td>Bill of Lading No.</td>
<td>C..37</td>
<td>No</td>
<td>Mandatory for direct purchasing imports. The number of the bill of lading of the goods. Bonded imports are exempted from declaring this number.</td>
</tr>
<tr>
<td>31.</td>
<td>Supervision Site Code</td>
<td>C..10</td>
<td>No</td>
<td>For the supervision sites with multiple cross-border e-commerce under the Customs of the same declaration place, a distinction should be made by filling the code of the supervision site.</td>
</tr>
<tr>
<td>32.</td>
<td>License No.</td>
<td>C..19</td>
<td>No</td>
<td>Number of import and export goods license issued by competent commercial authorities and their authorized license-issuing authorities.</td>
</tr>
<tr>
<td>33.</td>
<td>Country(region) of Departure</td>
<td>C3</td>
<td>Yes</td>
<td>The initial issuing country (region) code for direct purchasing imports(ref.: jgs-20 Customs service code set - code of countries(regions)) Fill &quot;142&quot; for bonded imports.</td>
</tr>
<tr>
<td>34.</td>
<td>Freight</td>
<td>N19,5</td>
<td>Yes</td>
<td>The actual transportation cost charged by logistics provider.</td>
</tr>
<tr>
<td>35.</td>
<td>Insurance Fee</td>
<td>N19,5</td>
<td>Yes</td>
<td>The cost of commodity insurance actually charged by logistics provider.</td>
</tr>
<tr>
<td>36.</td>
<td>Currency</td>
<td>C3</td>
<td>Yes</td>
<td>Default=142 (for RMB)</td>
</tr>
<tr>
<td>37.</td>
<td>Code of Package Type</td>
<td>C1</td>
<td>No</td>
<td>The identification code of the external packaging method actually adopted by the Customs for import and export goods shall be expressed by one digit, such as: wooden case, carton, drum, bulk, pallet, bag, oil tanker, etc.</td>
</tr>
<tr>
<td>38.</td>
<td>Number of Packages</td>
<td>N9</td>
<td>Yes</td>
<td>Number of Packages. Default=1</td>
</tr>
<tr>
<td>39.</td>
<td>Gross Weight</td>
<td>N19,5</td>
<td>Yes</td>
<td>The sum of the weights of the goods and their packing materials in kilograms.</td>
</tr>
<tr>
<td>40.</td>
<td>Net Weight</td>
<td>N19,5</td>
<td>Yes</td>
<td>The gross weight of the goods minus the outer packing materials, that is, the actual weight of the goods itself, measured in kilograms.</td>
</tr>
<tr>
<td>41.</td>
<td>Remarks</td>
<td>C..100</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

**TABLE BODY**

<table>
<thead>
<tr>
<th>No.</th>
<th>Field Name</th>
<th>Code</th>
<th>Required</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Goods No. Under Bounded Accounts</td>
<td>C..30</td>
<td>No</td>
<td>Must be input under trade mode 1210; the number of accounts recording goods in and out of bonded area.</td>
</tr>
<tr>
<td>2.</td>
<td>Enterprise's Item No.</td>
<td>C..20</td>
<td>No</td>
<td>E-commerce customized item No.</td>
</tr>
<tr>
<td>3.</td>
<td>Item Name</td>
<td>C..250</td>
<td>No</td>
<td>Chinese item name sold on transaction platform</td>
</tr>
<tr>
<td>4.</td>
<td>HS Code</td>
<td>C10</td>
<td>Yes</td>
<td>Import and export article tariff code is determined by coding rules of commodity.</td>
</tr>
<tr>
<td></td>
<td>Field</td>
<td>Data Format Column</td>
<td>Mandatory</td>
<td>Description</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------</td>
<td>--------------------</td>
<td>-----------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5.</td>
<td>Article Description</td>
<td>C..250</td>
<td>Yes</td>
<td>Article description should be declared faithfully consistent with electronic orders.</td>
</tr>
<tr>
<td>6.</td>
<td>Article Specification</td>
<td>C..510</td>
<td>Yes</td>
<td>Satisfied by requires of Customs classification, valuation and supervision, including: article description, brand name, specification, model, component, content and grade.</td>
</tr>
<tr>
<td>7.</td>
<td>Bar Code</td>
<td>C..50</td>
<td>No</td>
<td>Barcode is composed by prefix, manufacturer code, commodity code and check code.</td>
</tr>
<tr>
<td>8.</td>
<td>Country (Region) of Origin</td>
<td>C3</td>
<td>Yes</td>
<td>Customs standard parametric code “JGS-20 Customs Business Code Set”</td>
</tr>
<tr>
<td>9.</td>
<td>Country of Trade</td>
<td>C3</td>
<td>No</td>
<td>Filled corresponding trade country (region) code according to “Country (Region) Code” set by Customs</td>
</tr>
<tr>
<td>10.</td>
<td>Currency</td>
<td>C3</td>
<td>Yes</td>
<td>RMB only. Fill in “142”</td>
</tr>
<tr>
<td>11.</td>
<td>Quantity</td>
<td>N19,5</td>
<td>Yes</td>
<td>Fill in actual quantity in unit of measurement</td>
</tr>
<tr>
<td>12.</td>
<td>Quantitative Quantity</td>
<td>N19,5</td>
<td>Yes</td>
<td>Fill in actual quantity in quantitative quantity according to article tariff code regulation</td>
</tr>
<tr>
<td>13.</td>
<td>Second Quantity</td>
<td>N19,5</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Unit of Measurement</td>
<td>C3</td>
<td>Yes</td>
<td>Customs standard parametric code “JGS-20 Customs Business Code Set” -unit of measurement code</td>
</tr>
<tr>
<td>15.</td>
<td>Legal Unit of Measurement</td>
<td>C3</td>
<td>Yes</td>
<td>Customs standard parametric code “JGS-20 Customs Business Code Set” -unit of measurement code</td>
</tr>
<tr>
<td>16.</td>
<td>Second Unit of Measurement</td>
<td>C3</td>
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<td>Customs standard parametric code “JGS-20 Customs Business Code Set” -unit of measurement code</td>
</tr>
<tr>
<td>17.</td>
<td>Unit Price</td>
<td>N19,5</td>
<td>Yes</td>
<td>Transaction unit price</td>
</tr>
<tr>
<td>18.</td>
<td>Total Price</td>
<td>N19,5</td>
<td>Yes</td>
<td>Transaction total price</td>
</tr>
<tr>
<td>19.</td>
<td>Remarks</td>
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<td></td>
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*NOTES:* “C” under "Data Format Column" stands for Character, and “N” stands for Number. For example, “C3” stands 3-byte text; “C..60” stands for the text not more than 60 bytes; “N9” stands for a 9-digit number; “C19,5” stands for a 19-digit number with 5 decimal places.

**Source:** China Customs, submitted in February 2021 for the 2nd edition of the Compendium
China on Return Goods

China Customs Case Study on Return Goods

I. Background

The special feature of cross-border e-commerce, along with people’s online consumption habit, has resulted in the fact that the need of return goods is much greater than that through the traditional trade.

E-vendors/platforms/marketplaces have been lowering the threshold for return and exchange of goods to improve consumption experience and appeal to consumers. Unconditional return policy has been gaining popularity and the market has seen an increasing need for return. To address issues of the growing cross-border e-commerce such as the return goods, which has long been a bottleneck, China Customs has been continuously improving return/refund procedures to help consumers leave their worries behind, leading to more enjoyable consumption experience.

Since China launched the Cross-Border E-Commerce pilot project, China Customs has taken consumers’ need for return into full consideration and adapted relevant return/refund procedures and policies of revenue collection firstly for cross-border e-commerce retail imports.

Since the World Customs Organization (WCO) started the Working Group on E-Commerce (WGEC) in September 2016, China Customs has taken an active part in the drafting of WCO Framework of Standards on Cross-Border E-Commerce (E-Commerce FoS), and never stops its work in trade facilitation, including simplifying return/refund procedures.

In 2018, China adjusted its regulation on cross-border e-commerce retail imports return, making sure that it covers almost all aspects including the applicants, time limit, tax refund and conditions for the goods.

Since the WCO E-Commerce Package was officially issued, China Customs actively promoted its application in China, optimized the return procedures in consideration of all the requests of consumers and e-vendors/platforms/marketplaces. In 2020, China Customs issued the Announcement on the Regulatory Measures for the Return of Cross-Border E-Commerce Export Goods in 2020 (Announcement No. 44 2020, General Administration of China Customs) and the Announcement on Regulatory Requirements on the Return of Goods for Cross-Border E-Commerce Retail Imports (Announcement No. 45 2020, General Administration of China Customs) in reaction to the COVID-19 pandemic, to facilitate the growth of cross-border e-commerce and to respond to the shortage of logistics resources. In these announcements, return procedures for export goods was specified for the first time.

II. Legal framework

i. Return of import goods

In 2016, the Notice jointly made by the Ministry of Finance, General Administration of China Customs, the State Administration of Taxation (Notice No. 18, 2016, Tariff Department, Ministry of Finance) specified the tax policy for cross-border e-commerce retail imports. The Announcement made by General Administration of China Customs on Regulation of Cross-Border
E-Commerce Retail Imports and Exports (Announcement No. 194 2018, General Administration of China Customs) specified that under the cross-border e-commerce retail import mode, e-commerce enterprises or their agents are allowed to apply for the return of goods. The returned goods shall be delivered to the original Customs control site in the original condition within 30 days from the date of Customs release, no duties and/or taxes shall be levied, and the amount taken from the total annual transaction quota from the consumers shall be given back.

In 2020, China Customs specifically issued the Announcement on Regulatory Requirements on the Return of Goods for Cross-Border E-Commerce Retail Imports (Announcement No. 45 2020, General Administration of China Customs), which further clarifies some details including: 1) to delete the expression “the goods shall meet the requirements of re-sale” and " the goods shall return in their original condition"; 2) to allow the return of all or part of the original imported goods; and 3) to extend the time from the former 30 days to 45 days.

In 2021, in order to improve facilitation, China Customs has proposed a "return center warehouse mode" with the Announcement on the Comprehensive Promotion of the Return Center Warehouse Mode for Cross-Border E-Commerce Retail Imports (Announcement No. 70 2021, General Administration of China Customs), and encourages Customs administrations to use this mode nationwide. Under this mode, consumers can send their goods directly to the return center warehouse in the Customs control area, further simplifying the return procedures and shortening the return cycle.

**ii. Return of Export Goods**

With the rapid growth of cross-border e-commerce export, the demand for export goods to return to China due to stagnant sales or consumers’ requests is also increasing, and China Customs actively responded by issuing the Announcement on the Regulatory Measures for the Return of Cross-Border E-Commerce Export Goods in 2020 (Announcement No. 44 2020, General Administration of China Customs), which introduced control measures including: 1) goods exported as cross-border e-commerce retail and from special zones (such as free trade zones) are allowed to return; 2) the original exported goods should be returned to China Customs within one year from the date of export release; 3) the returned goods can be shipped back either individually or in bulk.

**III. Procedures**

**i. Return of Import Goods**

To simplify revenue collection and refund procedures, China Customs has implemented a deferred payment and guarantee model for cross-border e-commerce retail import goods. The consumer pays the tax to the e-vendor/platform/marketplace when placing the order, but the e-vendor/platform/marketplace does not pay that to the Customs when the goods are imported. Instead, they provide a guarantee to Customs by which Customs will release the goods. After 30 days, if the consumer is satisfied with the goods and does not apply for return, the e-vendor/platform/marketplace will then pay the tax to Customs. However, if the consumer wants to return the goods within 30 days, the e-vendor/platform/marketplace can return the tax which the consumer paid before immediately after they receive the goods. This model makes revenue collection free within 30 days and the return procedure thus becomes easier.
• **A Return Agreement.** If not satisfied with the goods purchased, the consumer may apply to the e-vendor/platform/marketplace for return. After an agreement is reached between them, the consumer returns the goods to the e-vendor/platform/marketplace.

• **Submission of the Application.** The e-vendor/platform/marketplace or their entrusted agents, shall submit a return application to China Customs through the Customs cross-border e-commerce management e-platform in the form of electronic data messages. The Customs management e-platform automatically generates the People's Republic of China Customs Cross-Border E-commerce Retail Import Goods Return Form (hereinafter referred to as the Import Return Declaration Form).

• **Check of the Goods.** E-vendor/platform/marketplace shall examine the return goods upon their arrival and accept the goods if they meet the return requirements and confirm their acceptance to the Customs.

• **Customs E-Verification.** China Customs verifies the Import Return Declaration Form through the Customs cross-border e-commerce management e-platform and send the feedback to the e-vendor/platform/marketplace.

• **Adjustment of Guarantee and Personal Quota.** After Customs verification of the Import Return Declaration Form, the levied taxes will be automatically returned to the guarantee and the consumer’s personal quota will be adjusted through the Customs cross-border e-commerce management e-platform.

**ii. Return of Export Goods**

The re-import of exported goods is not subject to any duties and taxes. This has already simplified the Customs clearance procedure. Meanwhile, China Customs takes advantage of using cross-border e-commerce online transaction data to facilitate export goods return. Four steps are needed for the return of export goods:

• **A Return Agreement.** If not satisfied with the goods purchased, the overseas consumer may apply to the e-vendor/platform/marketplace for return. After an agreement is reached between them, the consumer returns the goods to the e-vendor/platform/marketplace.

• **Submission of the Application.** The e-vendor/platform/marketplace or their entrusted agents, shall submit a return application to China Customs through the Customs cross-border e-commerce management e-platform in the form of electronic data messages. The Customs management e-platform automatically generates the People’s Republic of China Customs Cross-border E-Commerce Retail Export Goods Return Form (hereinafter referred to as the Export Return Declaration Form).

• **Arrival of Returns.** After the e-vendor/platform/marketplace or their agent delivers the return goods to the Customs control site, the operator of the site shall inform the Customs that the return goods have arrived. Return goods can be shipped back alone or in batches, and there is no restriction to the return logistics arrangements.

• **Customs Release.** The Customs conducts control over the return goods. The return goods will be released after Customs confirms the return goods are the original goods exported. Goods exported from special zones (such as free trade zones) shall be returned to the original special zones. The e-vendor/platform/marketplace shall put together all the approved Export Return
Declaration Forms, declare to the Customs the amount of returned goods, and then to reduce the corresponding amount exported from the special zone.

IV. Lessons Learned

China Customs has been actively responding to the demands of all stakeholders of cross-border e-commerce together with other government agencies, exploring the establishment of a full supply chain regulatory system suitable for cross-border e-commerce, making it more sustainable. Our lessons learned are as follows:

1. Promoting the implementation of The WCO E-Commerce FoS.

China Customs takes the WCO Framework of Standards on Cross-Border E-Commerce as the guideline for the control of cross-border e-commerce. We have followed its principles and gave much of our attention to trade facilitation. Taking care of the concerns of all the stakeholders in the supply chain helps to identify the key issues of trade facilitation. The return goods have long been the concerns of not only the e-vendors/platforms/marketplaces, but also the consumers. Therefore, China Customs has persistently worked on improving the control of goods return, making sure it gets easier and simpler.

2. Improving consumers' shopping experience.

By constantly improving our regulation of cross-border e-commerce goods return, China Customs effectively protects the rights and interests of consumers. We realize interconnection with stakeholders of cross-border e-commerce through "Internet + Customs" platform. Consumers of cross-border e-commerce get the same experience as domestic online shopping.

3. Reducing the costs.

According to research, the cross-border e-commerce export return rate is about 5%, but for garments it is about 10%. Considering logistics costs and all other factors, the demand for return of export goods is about 3%. Since China Customs has made cross-border e-commerce goods return possible and easier, the e-vendors/platforms/marketplaces' cost has decreased. As a result, more and more goods are sold globally.

4. Better efficiency of control

In cross-border e-commerce retail imports, China Customs collects duties and taxes with the help of a guarantee, making the return of goods much easy and simple. Within the prescribed time, goods can be returned with no actual revenue collection or refund. If no return occurs after the prescribed time, a deferred payment can be made, which does improve the efficiency of the control of cross-border e-commerce.

Source: China Customs, submitted in January 2022 for the 3rd edition of the Compendium
Egypt

Introduction:
The case study summarizes Egypt’s experience with cross-border e-commerce through the partial implementation of the Framework of Standards by explaining some of the selected standards and practices and what is currently supporting it by legislative provision in Customs Law No. 207 of 2020 and its implementing regulations issued by the Minister of Finance resolution No. 430 of 2021.

1. Advance electronic data
There is a legal framework that enables the exchange of advanced electronic data, through the provisions of the Customs Law and its implementing regulations.

- **By Customs Law Article 83:** It is permissible to exchange electronically secured information and data between the authority and external parties that have approved agreement or an approved protocol among themselves and the Arab Republic of Egypt, that allows and grants permissions of data exchange, and those dealing with the authority and may submit and exchange documents and data by secure electronic methods, and those copies shall have equal legitimacy of original documents.

- **Implementing Regulations: Article 323:** It’s permissible to exchange information, data, documents and electronically secured correspondences between the authority and state agencies or external parties concluded between them and the Arab Republic of Egypt, that have approved agreement or an approved protocol among themselves and the Arab Republic of Egypt, that allows and grants permissions of data exchange by modern and secure electronic methods such as XML-EDI messages or by the latest electronic methods, which mechanism must be agreed upon. As well as the data required to be sent or received through electronic services that are agreed upon, authenticated and secured by electronic signature to have the legitimacy of the original documents.

Customs clients must submit data and documents electronically authenticated by their electronic signature as soon as the authority announces the start of the service activation. The authority shall keep copies of Customs data, documents, records, correspondence and other electronic documents for a period of 5 years.

*Is there any timeline for submission and acceptance of the data?*
The receipt date of the electronic documents and information shall be the date of acceptance of these documents on the electronic medium, provided that a confirmation letter is received from the server of that entity, and the dates and all legal effects shall apply since that date.

*Has new legislation been introduced in relation to e-commerce?*
**Article 87 of the new Customs Law** was introduced and it states that “contracted goods through the e-commerce system are subject to the rules, terms and conditions contained in this law and its implementing regulations”.

43.
Is there a distinction between economic operators who have similar business activities, for example, postal and express mail operators?
The Implementing Regulations of the Customs Law permits and grants postal and express mail operators, as an active participant in the supply chain of international trade, the status of authorized economic operator as long as they meet the accreditation conditions stipulated in the Implementing Regulations.
The current status of postal and express mail operators: No one has applied to be granted the status of an authorized economic operator in order to obtain the preferential advantages granted by the system.

2. Partnership

What kind of partnership arrangements have been established with e-commerce stakeholders?
The regulation provided by the new Customs Law article 88: All governmental and non-governmental agencies related to Customs operations are obligated to coordinate, electronically link, and exchange information within the framework of the Customs Single Window application. (The arrangements were represented within the legislative foundation in the article formulation).

3. Existing rules for handling e-commerce shipments

Advanced electronic data (for processing all cargos)
The Advanced Cargo Information (ACI) system is regulated by the Customs Law Implementing Regulations
Article 196: with compliance to the international agreements to which the Arab Republic of Egypt is a party, the importer, the owner of the goods or his agent from the Customs brokers shall abide by the following:
A- Submitting the digital data and documents packages related to the goods described in Clauses (A) and (B) of Article 198 of these Regulations to the Authority through a valid platform before it is shipped to the country for the Authority to code it with the ACID registration number.
B - Notifying the shipper of the identification ACID number referred to in the previous clause to be recorded in all the shipping documents of goods.
C- Using the electronic signature in logging data and electronic submission of documents, including the invoice, when logging the Customs data of the advance cargo information (ACI) through Nafeza platform.
The mandatory application of the ACI system has been implemented in Egyptian Customs on 1 October 2021

4. Facilitation and simplification

Do economic operators need to comply with specific criteria in order to benefit from simplifications and expedited release of goods?
The implementing regulations of the Customs Law set the conditions for accrediting the authorized economic operator as follows:
Article 342: To be granted the status of an approved economic operator, it is required that the applicant for accreditation fulfils the following conditions:
A - The applicant must take the form of a company
B - To acknowledge perusal of the legislation, forms and documents of the approved economic operator program issued by the authority
C - The absence of any serious or repeated violations of Customs legislation and tax rules during the preceding three years to the date of applying for accreditation.

D - Not being previously convicted of a smuggling offense during the five years preceding the date of submitting the application, unless being acquitted.

E - Availability of the financial solvency of the economic operator according to the nature and characteristics of the activity and to achieve the fulfilment of obligations.

F - The application of internal control system that involves the management of commercial, accounting and logistic records in accordance with the applicable Customs regulations and in a manner that fulfils the provisions of Customs control thereon.

G - With regard to accreditation in the Silver List referred to in Article 341 of the regulations, the allocation of practical standards of competence or professional qualifications directly related to the activity subject of the accreditation shall be provided.

H - With regard to accreditation in the Golden List referred to in Article 341 of this regulation, it provides appropriate security and safety standards which are considered to be met when the applicant proves that they maintain appropriate measures to ensure the security and integrity of the international supply chain, including the areas of physical safety, access controls, logistical operations and dealing with certain types of goods, employees and identification of business partners. The fulfilment of the conditions stipulated from (a) to (h) of this article is verified according to the controls and forms issued as resolutions by the head of the authority, provided that the specific characteristics of economic operators, especially small and emerging medium sizes production projects, are taken into consideration when examining the fulfilment of those criteria.

Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments?

- As per the definition of the Single Window system in the Customs Law: It is an integrated electronic platform that provides all services related to the release of goods, including transactions related to the Authority, the General Organization for Export and Import Control, port authorities, the General Authority for Investment and Free Zones, and all concerned parties in this regard. It is mandatory for all entities to work within the Single Window in all matters related to Customs operations.

- Article 88: All governmental and non-governmental agencies related to Customs operations are obligated to coordinate, electronically link and exchange information within the framework of the application of the Customs Single Window.

- The application of the Single Window has become a mandatory matter for Customs clearance at Egyptian Customs for e-commerce shipments, especially in the transformation to the digital environment, as well as working with the ACI system for pre-registration of cargos, collection of taxes and fees (electronic payments) and reducing risks and neglected goods inside the port, thus reducing clearance time.

Can e-commerce stakeholders participate in the AEO programme?

- The law doesn’t withhold companies operating in e-commerce from joining the approved economic operator programme.

- The implementing regulations doesn’t withhold companies operating in e-commerce from joining the approved economic operator programme.

- Concerning the current situation, the current standards of the authority do not prevent anyone from joining the programme, and the authority has 3 companies that joined the program and working with a small percentage in the field of e-commerce.
5. Risk management

*Describe the main principles and methods used for the risk analysis of e-commerce shipments.*
At present time, the Egyptian Customs does not have a system for the risks assessment of e-commerce shipments.

6. Customs processes related to low-value e-commerce shipments

The articles of implementing regulations No. 272, 273, 274, 275 and 276 (shipments of postal parcels) regulate what has been addressed by some standards, as well as the practices contained in the case study models in light of the current situation in the Egyptian Customs Authority with regard to electronic commerce and what it requires of the availability of data and information submitted electronically is addressed by the Customs Law and its implementing regulations through articles that comply with the standards and practices.

**Source:** Customs Administration of Egypt, submitted in February 2022 for the 3rd edition of the Compendium
European Union

The e-commerce approach of the European Union

Introduction

The EU aims to facilitate legitimate trade while ensuring that effective controls are in place for safety, security, preventing illicit trade and combatting fraud. The main duty of EU Member States’ Customs authorities is to protect citizens and consumers, public revenue, and compliant businesses.

This remains as true for e-commerce as for 'traditional' trade, and a level playing field between the two should be maintained.

The rise of e-commerce and the fragmentation of imports causes specific challenges. Over the past decade, the exponential growth of e-commerce, the tsunami of low value parcels, the significant revenue losses for the EU and its Member States and the unlevelled playing field between third country sellers and EU businesses have prompted the revamp of VAT rules for e-commerce goods. On 5 December 2017, Member States adopted the VAT e-commerce package in the Council of the European Union. The package will enter into force on 1 July 2021.

The five core aims of the EU approach to e-commerce are to:

1. **Facilitate legitimate trade**: with streamlined formalities and simplifications for the export and import of goods. These involve improved use of data which provides a level playing field for all stakeholders. Features like the Authorized Economic Operator (AEO) partnership and the VAT one-stop shop play a key role.

2. **Ensure Control**: the new EU regulatory framework (Union Customs Code, VAT E-commerce package) and IT environment (notably upgraded advance data for safety and security risk targeting (the "ICS2" system)) that is being rolled-out, combined with adequate resources for enforcement, should improve compliance. It should also enable EU Member States’ Customs authorities to maintain efficient and effective controls on e-commerce. The enforcement of intellectual property rights (IPR) and the fight against fraudulent activities such as undervaluation, misdescription of goods and false declarations of origin, are of particular concern.

3. **Enhance collection and transmission of information**: the EU is improving the availability of electronic advanced data for Customs and tax processing. Postal deliveries specifically should be focused on. The EU aims to have EU data protection principles applied by its main trading partners and have these reflected in international e-commerce standards.

4. **Redefine the role of marketplaces/platforms**: Intermediaries and marketplaces need to play their part in ensuring compliance. As of 2021, the EU will introduce an enhanced role for electronic interfaces facilitating the supply of goods to consumers. They will be deemed suppliers for VAT purposes in certain Business-to-Consumer transactions. This should lead to enhanced co-operation with tax administrations.

5. **Remove the VAT de minimis levels**: The 22€ VAT *de minimis* threshold will be removed from July 2021. This is to ensure fairness among EU producers and to curb fraud among traders which is estimated at €7 billion a year.
1. Advance Electronic Data

The [Union Customs Code](https://eur-lex.europa.eu) (UCC) sets out the framework for the exchange of advance electronic data in the EU. Article 6 of the UCC sets out the principle of using electronic data processing techniques for exchanging information between Customs authorities, between economic operators and Customs authorities, and the storage of such information. To this end, the UCC defines common data requirements. In accordance with Article 16 of the UCC, Member States shall co-operate with the Commission to develop, maintain and employ electronic systems to exchange information between Customs authorities and the Commission and to provide for the storage of such information. In addition, the UCC provides for the use of harmonized exchanges of information based on internationally accepted data models and message formats. Such a requirement prompted the development of the EU Customs Data Model ([EUCDM](https://eur-lex.europa.eu)). It forms the basis of the message structures used in the 17 Trans-European and national IT systems developed or currently under development for the implementation of the UCC.

Article 127 of the UCC provides that an Entry Summary Declaration (ENS) shall cover goods brought into the Customs territory of the Union. The ENS contains advance information for the purpose of pre-arrival risk analysis of the consignments entering the EU. It enables the early identification of threats and helps Customs authorities to intervene at the most appropriate point in the supply chain. Although liability to lodge the ENS lies primarily with the carrier, the UCC introduced the concept of ‘multiple filing’ which allows information to be captured at the source. This approach will improve data quality and hence EU Customs security and safety capabilities will be more efficient and effective. The EU’s new advance cargo information system, the [ICS2](https://eur-lex.europa.eu), supports the implementation of the Customs safety and security regulatory regime under the UCC, which aims at better protecting the single market and EU citizens and businesses.

In accordance with the [UCC Work Programme](https://eur-lex.europa.eu), the ICS2 will be operational in three releases. Each release affects different economic operators and transport models. The first release will start on 15 March 2021. Under this release, express carriers and designated postal operators established in the European Union (destination posts) will be required to provide the ICS2 the Pre-Loading Advance Cargo Information (PLACI). They will have to do so using the minimum ENS dataset for goods entering the EU by air. The purpose of the PLACI filing is to provide an extra security layer to the existing civil aviation security requirements and enable EU Member States’ Customs authorities to perform air cargo and mail security risk assessments.

The second release of ICS2 will become effective on 1 March 2023. It will require the completion of pre-arrival ENS data requirements as well as pre-loading filing requirements for all goods transported by air in postal, express and general cargo consignments.

The final release of ICS2 will be deployed on 1 March 2024. Maritime, road and rail carriers will have to submit ENS data to ICS2. This will include postal and express carriers who transport goods using these modes of transport. It also includes other parties such as logistic providers, and in certain circumstances, final consignees established in the EU that will have to submit ENS data to ICS2.

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2 Commission Implementing Decision (EU) 2019/2151 of 13 December 2019 establishing the work programme relating to the development and deployment of the electronic systems provided for in the Union Customs Code
The time-limits for lodging the ENS are defined in Articles 105-111 of the Delegated Regulation to the UCC\(^3\). They depend on the mode of transport carrying the goods and vary from 1 hour before arrival (road traffic) to 24 hours before loading (containerized cargo in maritime traffic).

The data submitted prior to arrival of the goods on EU Customs territories will facilitate Customs safety and security control processes and facilitate the fast release of low risk goods.

2. Risk Management

In accordance with Article 50 of the UCC, the Commission adopts, by means of implementing acts, measures to ensure uniform application of the Customs controls. These include the exchange of risk information and risk analysis results, common risk criteria and standards, control measures and priority control areas.

The main method used currently for risk analysis of e-commerce shipments is on-the-spot controls. These are based on electronic risk analysis (where possible) in the form of documentary and physical checks including non-intrusive technologies. Following the implementation of ICS2, the efficiency and effectiveness of risk management capabilities are expected to improve and automated risk analysis will be the primary method used for risk management.

Article 47 of the UCC provides for co-operation between Customs and other governmental authorities. The Customs authorities are in close co-operation with other authorities, where controls other than Customs controls are necessary for the entry or release for free circulation of the goods. Customs and other governmental authorities may exchange pertinent data with each other and with the Commission to minimise risk, combat fraud and ensure the uniform application of Customs legislation.

A particularly arduous challenge lies in the treatment of shipments from internet sales in respect of infringing Intellectual Property Rights (IPR). A new "small consignment procedure" has been introduced in Regulation (EU) No 608/2013\(^4\), which aims to reduce the costs and administrative burdens for the handling of small consignments of counterfeit and pirated goods, which usually enter the Union through the postal service or via a commercial courier company. Suspected counterfeit and pirated goods may be destroyed by Customs without the involvement of the IP right-holders. This can be done upon the granting of an application by Customs where the declarant or holder of the goods has agreed to this or has been so presumed. The procedure has been largely welcomed by right holders. Ongoing EU IT efforts offer the promise of improved risk management, including in the targeting of IPR infringing goods. Customs controls will, in the foreseeable future, still require the resource-intensive physical opening of suspect packages.

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3. Facilitation and simplification

While there is no EU Customs legislation that specifically targets e-commerce, the UCC sets out facilitation of Customs formalities for low value consignments, depending both on the value of the goods and the transport mode. Low value consignments account for a major part of e-commerce consignments entering the EU. The number amounted to 150 million parcels in 2015, however, considering the dynamic growth in the e-commerce volumes they expect to reach 1 billion parcels in 2021.

Currently, postal consignments not exceeding a value of 150€ can be declared for free circulation without a formal Customs declaration. The same facilitation applies to non-postal consignments with a value not exceeding 22€ until 1 July 2021, i.e. the implementation of the VAT e-commerce rules.

The new VAT e-commerce rules include measures on the distance sales of low value consignments from third countries or third territories. The change with the biggest impact on Customs processes is the removal of the 10/22€ import VAT de minimis threshold. With the abolition of the 22€ threshold, VAT will be due on every parcel supplied to consumers in the EU as of 1 July 2021.

To alleviate the obligations linked to the abolition of the threshold, the legislation introduces an import one-stop shop system (IOSS) whereby the supplier can fulfill all VAT obligations (reporting and payment) in their Member State of establishment or in a Member State of their choice through an intermediary. Under the IOSS system goods can then be imported free of VAT and the VAT is paid by the customer to the supplier at the time of sale. Subsequently, the VAT is declared and paid on a monthly basis by the intermediary in the Member State of identification. This simplification is available for all imports of goods (except excise goods) supplied to consumers in the EU with a value not exceeding 150€. In order to avoid double taxation, the VAT due upon import will be exempted if the trader uses the IOSS simplification. To this end, the IOSS VAT identification number needs to be provided for in the Customs declaration. Customs will check the validity of the IOSS VAT identification number to verify the exemption upon importation.

A second simplification, known as special arrangements, is envisaged specifically for postal operators and couriers, where the IOSS is not used. Under this scheme, VAT due upon import is collected from the customer upon delivery of the parcel. The postal service or courier pays monthly the amount of VAT collected during a given calendar month to the Customs authorities. Existing simplifications that operators have in terms of Customs legislation remain fully applicable.

In order to ensure that VAT is collected on all imports, a Customs declaration will be required for all goods imported into the EU as of 1 July 2021. To expedite the Customs clearance procedure, a new Customs declaration with reduced data requirements has been enacted in Article 143a of the UCC DA. This so-called “super-reduced” dataset, or H7 Customs declaration, contains only one third of the data requirements of a full Customs declaration. The dataset is laid down in Annex B to the UCC DA, which outlines the common data requirements for declarations and notifications. The dataset was developed by taking into account the constraints relating to data availability that prevail particularly to postal traffic.

The UCC provides for specific rules to facilitate the return of low value goods. Goods in postal consignments with values of up-to 1,000€ that are not liable for export duty are deemed to be
declared for export by their exit from the Customs territory of the EU, in accordance with Article 141(4) of the UCC-DA. Similarly, goods in express consignments with values of up-to 1,000€ that are not liable for export duty are deemed to be declared for export by their presentation at the Customs office of exit, in accordance with Article 141(4a) of the UCC-DA.

4. Safety and Security

EU Member States use a combination of the Import Control System (ICS2) for risk analysis and the Customs Risk Management System (CRMS) for exchange of risk related information. Customs at the first point of EU entry has a legal obligation to carry out the security and risk analysis on all the goods regardless of the Member State of destination.

To assess the risks and respond appropriately, a set of criteria for security and safety purposes were developed and included in the Member States’ risk analysis systems. They are automatically applied on the Entry Summary Declarations (ENS). The common risk criteria based on common risk analysis aims to identify high-risk consignments and to provide an equal level of protection along the external EU frontier. The Commission adopts by means of implementing acts the common risk criteria and standards, which are not available to the public.

5. Partnerships

The EU established its Authorized Economic Operator (AEO) concept based on internationally recognised standards. It is a partnership programme between the Customs authority and economic operators. This relationship must be based on principles of mutual transparency, correctness, fairness and responsibility.

The aim of the programme is to enhance international supply chain security and facilitate legitimate trade. It is open to all supply chain actors established in the Customs territory of the Union and involved in the Customs legislation. They must comply with the following UCC criteria: “Customs and fiscal compliance”, “record keeping”, “solvency”, “professional competency” (AEOC), and “safety and security” (AEOS). Customs and fiscal compliance involves the absence of any serious infringements or repeated infringements of Customs legislation and taxation rules. This includes no record of serious criminal offences relating to economic activity of the AEO applicant or AEO authorisation holder. The AEO programme covers economic operators authorised for Customs simplification (AEOC), security and safety (AEOS) or a combination of the two. Among the e-commerce stakeholders, mainly express carriers and some postal operators have obtained the AEO authorisation. For these types of operators, the importance of the AEO record keeping criterion is especially relevant. This is so because of the need to clearly identify the content of the large number of packages that are processed by these operators.

In addition, the UCC provides for the possibility of establishing co-operation and partnership between Customs authorities and e-commerce stakeholders. Article 13 UCC allows for the exchange of information beyond the mandatory data requirements. This is done primarily to enhance risk management capabilities. In accordance with this provision, some Member States have concluded memoranda of understanding with key e-commerce stakeholders.
6. Public awareness, outreach and capacity building

The relevant regulatory requirements of cross-border e-commerce and practical information for consumers and private stakeholders are available on DG TAXUD’s website. The authentic texts of the EU legal instruments are published in the Official Journal of the European Union.

To facilitate the implementation of the VAT e-commerce package, the Commission has published VAT Explanatory Notes on DG TAXUD website. They contain extensive explanations and clarifications on these new rules. They include practical examples on how suppliers or electronic interfaces (e.g. Marketplace, platforms) involved in e-commerce transactions should apply the rules. Their aim is to help online businesses and in particular SMEs to understand their VAT obligations arising from cross-border supplies to consumers in the EU. The VAT Explanatory Notes will soon be complemented by a Customs Guidance on Import and Export Customs Formalities related to Low Value Consignments. The objective of the guidance is to ensure that there is a common interpretation of the relevant rules and a uniform implementation across the EU.

Moreover, the Commission is about to launch a specific communication campaign to inform the relevant stakeholders about the new rules. The different stakeholders (consumers, suppliers, marketplaces, postal operators and couriers) will be informed by targeted materials (leaflets, factsheets, posters). The communication materials will be available in Chinese, Japanese and Russian as well as the EU official languages.

7. Technological developments

The UCC promotes the use of information technology. In order to leverage the latest technological developments, Article 282 of the UCC provides for the possibility of one or more Member States to carry out pilots at national level to explore the use of new technologies. Such pilots aim at testing simplifications in the application of the Customs legislation for a limited period.

8. Timeline, Benefits and Challenges

In shaping its e-commerce approach, the EU takes due consideration of the standards and recommendations provided for in the WCO Framework of Standards on Cross-Border E-Commerce. The legal framework and the deadlines for the implementation of standards are provided for at EU level.

The Import Control System (ICS2) will be operational in three releases. Each release affects different Economic Operators and models of transport. The first release becomes effective on 15 March 2021. Express carriers and designated postal operators established in the EU will be required by the UCC to provide a minimum set of advanced electronic data. This will be in the format of the electronic ENS to the ICS2, for all goods in consignments coming into the EU Customs territory.

On 1 July 2021, the VAT e-commerce package will be implemented with the introduction of the Import – One – Stop - Shop (IOSS) and the Special Arrangements (SA) simplifications mechanisms.
Due to the COVID-19 pandemic, the entry into application of the VAT e-commerce package was postponed by six months.

The key elements to successful implementation of the standards are the timely provision and formulation of legal requirements and specifications, the testing and acceptance of the systems and regular evaluation, to identify the gaps and make the necessary modifications.

9. Compliance and Future Developments

The Customs union is an exclusive competence of the European Union in accordance with Article 3(1)(a) of the Treaty on the Functioning of the European Union. This implies that Customs legislation is adopted at EU level, however, its implementation and enforcement is the responsibility of Member States via their national Customs administrations.

In designing the EU’s e-commerce policy, the VAT e-commerce package and accompanying Customs measures were the first steps to adapt to the rules of a digital world. It is clear however, that, more needs to be done in this manner.

On 28 September 2020, the European Commission launched a new Customs Union Action Plan. It sets out a series of measures to make EU Member States’ Customs smarter, more innovative and more efficient over the next four years. The measures will strengthen the Customs Union as a cornerstone of the Single Market. They also confirm its pivotal role in protecting EU revenue and the security, health and prosperity of EU citizens and businesses.

One of the key initiatives of the action plan is addressing e-commerce. On the one hand, obligations on payment service providers and online sales platforms will be strengthened to help fight Customs duty and tax fraud in e-commerce. On the other hand, the Commission will also examine the effects of e-commerce on Customs duty collection and on the level playing field for EU operators. This will include exploring arrangements for Customs duty collection on the terms of the new VAT collection approach.

These actions will determine the direction for the EU’s e-commerce policy in the years ahead.

Source: The European Commission, Directorate General Taxation and Customs Union (DG TAXUD), submitted in December 2020 for the 2nd edition of the Compendium
Guatemala

1. Introduction and Overview

The Customs Administration of Guatemala, in accordance with its regional legislation that applies to Central America, implements provisions in line with the Framework of Standards on cross-Border E-Commerce (E-Commerce FoS) through the modality called "Fast Delivery or Courier", which consists of a definitive import operation by air, and is constituted by companies whose main activity is the provision of express international transport services to third parties of correspondence, documents and consignments of goods requiring immediate movement and disposal by the consignee; this modality has a specialized regulation that allows its simplified clearance at Customs.

The authorized operators for these operations are the fast delivery companies or Courier, which must register with Customs, and comply with requirements and obligations in accordance with current legislation.

The goods included in this modality according to the current regulations must be able to be classified in some of the following categories:

- Correspondence and documents
- Shipments subject to the payment of taxes (goods less than or equal to a Customs value of $1,000.00 Central American pesos, equivalent to $1,000.00 US dollars)

In accordance with the provisions of the national legislation, the clearance process of this modality is carried out as follows:

- The fast delivery company or Courier transmits the electronic manifest in advance.
- The Guatemalan Customs Administration receives the manifest and the computer system automatically performs the risk analysis for the manifested air waybills.
- If the risk analysis determines release without review, the system notifies the user of the amount of taxes to be paid.
- If the risk analysis determines immediate verification, the fast delivery company or Courier presents itself to the Customs Service to carry out the capacity of the goods, which implies that the personnel of the Customs Administration of Guatemala verify the information found in the system, with what is being physically reviewed and determines if the declared values are correct, otherwise it is verified on pages such as Amazon and E-bay, at the end of this process the goods declaration is generated and the amount of taxes to be paid is reported.
- The fast delivery company or Courier makes the payment of taxes and the Customs Administration of Guatemala proceeds to confirm the release of the goods. The procedure for simplified clearance under the modality of fast delivery or Courier can be consulted through this link: https://portal.sat.gob.gt/portal/manual-de-procedimientos-de-la-intendencia-de-aduanas/#1604420674893-dc81160d-cb05.

The treatment for this simplified modality is established in Numeral 1 to 4 of Resolution number 223-2008 (COMIECO-XLIX) of the Council of Ministers of Economic Integration of the Central American Uniform Customs Code -CAUCA- published in Agreement number 469-2008 of the Ministry of Economy. Articles 8, 9, 12, 13, 108, 110, 116, 130 and 131 and paragraphs 1 to 4 of Resolution No. 224-2008 (COMIECO-XLIX) of the Council of Ministers of Economic Integration, Articles 118, 145, 146, 147, 148 (c) of Article 554, Articles 563 to 570 and Articles 572, 574, 577

The clearance process under the modality of fast delivery or Courier, which for the purposes of what is established in the Framework is the equivalent of cross-border electronic commerce, is performed with the support of several computer systems that interact with each other, which are: the manifest validator, risk analysis system, banking system and SAQBE.

Among the main challenges we have is that we lack a value base for the products that enter under the modality of fast delivery or Courier and that allows us to corroborate the prices actually paid, the Customs personnel who carry out this process do not have access to sources of primary information to confirm the values, such as databases or pages such as E-bay and Amazon which is the main origin of purchases of goods entering the national territory, if not, that the official pages of these companies are used showing the value of the merchandise at the time of consultation and not at the time of purchase, which can cause a difference in values.

In reference to the annual volumes (shipments) and number of declarations (if applicable, the proportion of low-value shipments), taxes and duties collected from e-commerce goods and the average clearance time of e-commerce goods, the following information is attached:

- Number of air waybills and declarations transmitted under the modality of fast delivery or Courier during 2021 and the selectivity under the green and red channels, can be consulted in Annex 1.
- Amounts collected per month under the modality of fast delivery or Courier, is attached in Annex 2.
- Related information on clearance times in the modality of fast delivery or Courier, can be consulted in Annex 3.

2. Planning and prioritization

The Customs Administration of Guatemala, to address what is related to "Cross-Border Trade", is governed by the provisions of the regional legislation adopted through CAUCA and RECAUCA, which complies with several of the components established in the WCO E-Commerce FoS.

In Guatemala, it is important to have measures to facilitate and simplify Courier's processes, which help minimize the risk of the valuation of goods and comply with the correct payment of taxes that helps achieve collection goals. It is important to mention that the simplified model of clearance for the modality of fast delivery or Courier that is in the Customs Administration of Guatemala has been recognized at the regional level as an agile system, which allows to carry out adequate Customs control, as well as a facilitation in the processes.

As part of the continuous improvement, within the Integral Customs Modernization, during the year 2021 the improvement of the simplified clearance process Courier (cross-border trade) began, with a process lifting based on the international methodology of "Management by Processes", likewise, a Time Release Study was carried out under the methodology of the WCO. This study was carried out with the different actors of the logistics chain of the process, with which it is intended to identify bottlenecks, as well as the identification of opportunities for improvement to be addressed from the year 2022 through a matrix of priorities.
3. **Advanced electronic data**

In accordance with the provisions of article 245 of our Regulations of the Central American Uniform Customs Code, which is the regulations in force at the Central American level for Customs matters, fast delivery or Courier companies carry out the transmission of the cargo manifest in electronic form, with a minimum of 2 hours in advance of the arrival of the aircraft; if the duration of transport between the port of departure and destination is fulfilled within shorter deadlines, the transmission must be made at least in advance of those deadlines.

Currently, the Guatemalan Customs Administration does not exchange information related to electronic commerce with other Customs administrations.

4. **Risk management**

Within the Customs Administration, there is a specific area for the subject related to risk management, called "Risk Analysis Unit", which is responsible for administering the computer system for risk management and analysis, and determining the criteria, scenarios and risk parameters for goods declarations and cargo manifests in the simplified modality of fast delivery or Courier, taking into account the type of merchandise, the origin of the same, the tax behavior of the importer, among others.

In the Courier modality (cross-border trade) risk analysis is performed on the cargo manifest, resulting in selecting the air waybills, which can be processed with immediate verification or release without review. During the period from January to November 2021, an average of 76% of immediate verification of the goods was handled, as can be seen in Annex 1.

5. **Facilitation and simplification**

It is important to mention that the issues related to facilitation and simplification in the Customs Administration of Guatemala are of vital importance and are worked on as follows: The goods that enter under the modality of fast delivery or Courier, are those that do not have a commercial character. If within the process goods of commercial character are identified or require non-Customs permits, they are isolated and transferred to the general import clearance area, where they are managed by a Customs agent, who must transmit the goods declaration, makes the payment of import taxes and manages the risk analysis process to the goods declaration. If as a result of a physical and documentary verification, an inconsistency is found, the rectification of the declaration is carried out and if it proceeds, the payment of the taxes is made and finally the confirmation of the exit of the goods from the Customs area is made, as long as the goods leave the simplified clearance model.

It is worth mentioning that for the clearance under the modality of fast delivery or Courier that include non-commercial shipments and documents, there is a specific area where all the merchandise, prior to entry into the Temporary Customs Warehouse, which is the Customs figure that in Guatemala is responsible for receiving and storing the goods waiting to be placed under a Customs procedure, go through a of non-intrusive inspection system.

Currently in Guatemala there are 3 Authorized Economic Operators that carry out Courier activities and work continues to grant facilities for this process, within which it is contemplated to reduce the selectivity in the manifests, with the aim of trade facilitation.
The average time of goods that are not high risk (risk analysis resulting in release without review) that is used for clearance under the Courier modality in the period from January to November 2021 is 29.9 hours (See Annex 3).

The clearance of the goods under the modality of Courier is only carried out in the Express Air Customs that has a specific area for its clearance.

6. Safety and security

Currently the Customs Administration has a computer system for risk management and analysis in accordance with the provisions of paragraph 4 "Risk Management". However, the cargo processing terminal, managed by a Temporary Customs Warehouse, which has the authorization of Customs, does have non-intrusive inspection equipment for the scanning of all goods entering this modality, as well as the capture of photographs of the conditions in which they are unloaded from the aircraft and entered the cargo area.

7. Revenue collection

Under the modality of fast delivery or Courier you can bring correspondence and documents which are exempt from payment of taxes, however, for goods the payment is made by the companies authorized to operate under this modality. The steps to follow are as follows:

- When the risk analysis of the air waybills results in release without review, the declaration is generated automatically and contains the value to be paid so that it can be carried out immediately.
- When the risk analysis of the air waybills results in a physical documentary review, they are made available to the Customs Authority to carry out the corresponding capacity and determine the new value of the goods or confirm the declared value, so a declaration is generated for the corresponding payment of taxes.

The taxes to be paid are the VAT that corresponds to 12% and the DAI that can be from 0% to 20% which is established in the Central American Tariff System.

Attached in Annex 2 are the amounts collected from January to November 2021.

8. Associations

In Guatemala, there is a public-private “dialogue table”, where the main actors of the logistics chain of the fast delivery process or Courier (cross-border trade) participate, with which actions are worked together to improve this type of clearance.

9. Public awareness, outreach and capacity-building

In the web-portal of the Customs Administration (www.sat.gob.qt) the Procedure for the simplified clearance of goods under the modality of fast delivery or Courier identified as PR-IAD-DNO/DE-12 is published in which the regulations and narrative for the clearance of goods under the modality of Courier are established.
The Customs Administration is working on informing external users through social networks about the fulfillment of the documents that they must present at the time of carrying out an operation under the Courier modality.

10. Measurement and analysis

No information is available regarding this section

11. Technological developments

Is there a strategy developed at the national level for the exploration and use of modern technologies?

As part of the Customs Modernization, the strengthening of the computer system in general is projected, and the application that manages the risk in the Courier modality with which it is planned to improve the controls and times that are currently in place.

What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?

Currently it is focused on the systemic reform of the application used for the clearance of this modality, and its computer component that manages the risk. After that stage some exchange of information could be considered. In the current conditions, there is some information that has the necessary characteristics to be able to be subject to exchange.

12. Timeline, benefits and challenges

The Guatemalan Customs Administration plans a gradual adoption, according to the milestones of modernization that are projected for electronic commerce.

13. Capacity-building

What instruments and tools from the WCO or other international organizations were considered?

The current model has considered the SAFE Framework of Standards, and its pillars 2 and 3; also, the Time Release Study (TRS) Guide; and the Guidelines for the Procurement and Deployment of Non-Intrusive Inspection Equipment.

Has support been received from the WCO or other organizations/countries to facilitate implementation?

No, but it would be something that by 2022 would be articulated very well with the modernization plans of Customs.

14. Compliance and future developments (if applicable and/or available)

What was the stakeholder response to the implementation approach?

In Guatemala, there is a “dialogue table” with the private sector, and derived from this a Time Release Study was carried out for the process of fast delivery or Courier, from which the main bottlenecks will be obtained, as well as an Action Plan at the level of the different actors of the logistics chain of this process to look for opportunities for improvement, having an approach and work together with the private sector.
15. Additional or final comments

The Customs Administration of Guatemala considers it feasible to continue with the adoption of the provisions contained in the WCO E-Commerce FoS, and to be able to continue with the technical assistance processes and learn about other best practices through the participation in working groups.

Submitting to the consideration of the WCO the fact that there is an agreement with global couriers (Amazon, eBay, DHL, etc.) to be able to access their databases, and thus member countries can validate the value of the merchandise.

Annex 1

Number of air waybills under the Courier modality according to risk analysis.
January - November 2021

<table>
<thead>
<tr>
<th>Months</th>
<th>Number of AWBs</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Immediate Verification</td>
<td>No Review</td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>122152</td>
<td>17383</td>
<td>139,535</td>
</tr>
<tr>
<td>February</td>
<td>108622</td>
<td>18245</td>
<td>126,867</td>
</tr>
<tr>
<td>March</td>
<td>110473</td>
<td>20790</td>
<td>131,263</td>
</tr>
<tr>
<td>April</td>
<td>99015</td>
<td>14371</td>
<td>113,386</td>
</tr>
<tr>
<td>May</td>
<td>78555</td>
<td>28222</td>
<td>106,777</td>
</tr>
<tr>
<td>June</td>
<td>92488</td>
<td>25779</td>
<td>118,267</td>
</tr>
<tr>
<td>July</td>
<td>92957</td>
<td>24660</td>
<td>117,617</td>
</tr>
<tr>
<td>August</td>
<td>73257</td>
<td>43526</td>
<td>116,783</td>
</tr>
<tr>
<td>September</td>
<td>75520</td>
<td>43825</td>
<td>119,345</td>
</tr>
<tr>
<td>October</td>
<td>80466</td>
<td>35032</td>
<td>115,498</td>
</tr>
<tr>
<td>November</td>
<td>84642</td>
<td>37918</td>
<td>122,560</td>
</tr>
<tr>
<td>Total</td>
<td>1,018,147</td>
<td>309,751</td>
<td>1,327,898</td>
</tr>
</tbody>
</table>

Source: Guatemalan Customs Administration
Quantity of declarations of air goods under the Courier modality according to risk analysis. January - November 2021

<table>
<thead>
<tr>
<th>Months</th>
<th>Quantity of goods declarations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Immediate Verification</td>
<td>No Review</td>
</tr>
<tr>
<td>January</td>
<td>1025</td>
<td>587</td>
</tr>
<tr>
<td>February</td>
<td>999</td>
<td>594</td>
</tr>
<tr>
<td>March</td>
<td>1046</td>
<td>655</td>
</tr>
<tr>
<td>April</td>
<td>916</td>
<td>577</td>
</tr>
<tr>
<td>May</td>
<td>876</td>
<td>583</td>
</tr>
<tr>
<td>June</td>
<td>988</td>
<td>626</td>
</tr>
<tr>
<td>July</td>
<td>981</td>
<td>627</td>
</tr>
<tr>
<td>August</td>
<td>865</td>
<td>637</td>
</tr>
<tr>
<td>September</td>
<td>920</td>
<td>621</td>
</tr>
<tr>
<td>October</td>
<td>863</td>
<td>587</td>
</tr>
<tr>
<td>November</td>
<td>865</td>
<td>598</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,344</strong></td>
<td><strong>6,692</strong></td>
</tr>
</tbody>
</table>

Source: Guatemalan Customs Administration
Annex 2.
Collection under the modality of fast delivery or Courier. January-November 2021

<table>
<thead>
<tr>
<th>Month</th>
<th>Collection Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>24,796,718.90</td>
</tr>
<tr>
<td>February</td>
<td>24,227,807.40</td>
</tr>
<tr>
<td>March</td>
<td>25,526,383.83</td>
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<tr>
<td>April</td>
<td>20,968,792.97</td>
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<tr>
<td>May</td>
<td>21,171,248.64</td>
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<tr>
<td>June</td>
<td>21,051,012.83</td>
</tr>
<tr>
<td>July</td>
<td>22,497,468.70</td>
</tr>
<tr>
<td>August</td>
<td>21,047,407.41</td>
</tr>
<tr>
<td>September</td>
<td>21,545,750.44</td>
</tr>
<tr>
<td>October</td>
<td>23,511,735.34</td>
</tr>
<tr>
<td>November</td>
<td>23,631,261.24</td>
</tr>
<tr>
<td><strong>Overall total</strong></td>
<td><strong>249,975,587.70</strong></td>
</tr>
</tbody>
</table>

Source: Guatemalan Customs Administration

Annex 3.
Average clearance hours for AWBs under the Courier modality, according to Risk analysis. January-November 2021

<table>
<thead>
<tr>
<th>MONTH</th>
<th>Immediate Verification</th>
<th>No Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>36</td>
<td>29</td>
</tr>
<tr>
<td>February</td>
<td>39</td>
<td>38</td>
</tr>
<tr>
<td>March</td>
<td>36</td>
<td>35</td>
</tr>
<tr>
<td>April</td>
<td>39</td>
<td>36</td>
</tr>
<tr>
<td>May</td>
<td>28</td>
<td>22</td>
</tr>
<tr>
<td>June</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>July</td>
<td>32</td>
<td>26</td>
</tr>
<tr>
<td>August</td>
<td>33</td>
<td>24</td>
</tr>
<tr>
<td>September</td>
<td>39</td>
<td>32</td>
</tr>
<tr>
<td>October</td>
<td>44</td>
<td>37</td>
</tr>
<tr>
<td>November</td>
<td>36</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Guatemalan Customs Administration

**Source:** Customs Administration of Guatemala, updated in December 2021 for the 3rd edition of the Compendium
Japan

1. Introduction / General Overview

With the rapid growth of e-commerce transactions, the number of import declarations for small consignments has increased exponentially over the past 10 years: from 12.3 million in 2010 to 63.4 million in 2020. Japan Customs saw in 2020 that nearly 90% of illicit drugs were seized from postal items and air cargoes. Furthermore, the suspension of IPR infringement goods from postal items accounts for 92.7% of total suspension in 2020: 28,090 cases out of 30,305 cases. Against this backdrop, Japan Customs has employed various measures including advance information on air cargo and postal items to fight against smuggling and to prevent terrorism.

2. Advance Electronic Data (AED)

(1) For air cargo
- Legal basis
  Art. 15 (9) of Customs law, etc.
- Party responsible for reporting
  Captain of incoming aircraft in principle. Practically, airlines, forwarders, etc., by virtue of Art. 26 of Customs law that stipulates the act of agency.
- Reporting timeline, reporting method, etc.
  3 hours before arrival in principle. For detailed information, see annex 1.
- Partnership arrangement
  Japan Customs cooperates with express carriers. We conduct on-site inspection for those carriers, while one of the conditions for this treatment is to provide advance electronic information related to their consignments. For detailed information, see annex 2

(2) For postal cargo
- Legal basis
  Art. 8 of Universal Postal Convention
- Party responsible for reporting
  The Japan Post sends AED received from foreign postal operators to Japan Customs via the NACCS that is Japan’s single window.
- Reporting method and the use of AED in Customs
  See annex 3

3. Risk Management

Approach for risk management including the use of non-intrusive inspection (NII) technologies
NII equipment such as X-ray machines and Trace Detection Systems (TDS) have been deployed in Customs offices which handle foreign postal items and small packages. In addition, for the further efficiency of Customs inspection procedure, Japan Customs is considering to introduce an X-ray machine with AI technology for identifying and selecting postal items which are subject for Customs inspection automatically.
4. Safety and Security

Concerning the role of private sector stakeholders, see annex 2.

5. Partnerships

See the answer of No.3 (1) and annex 2

6. Measurement and Analysis

Japan Customs has carried out the time release study (TRS) on import cargoes (including, but not limited to e-commerce shipments) at almost triennial intervals and has publishes its result. According to the latest TRS whose result was published in 2018, the average time from import declarations for air cargo to the issue of import permission is 0.3 hour. This figure is 0.0 hour for declarations from AEOs: the immediate release. For details, see annex 4.

7. Technological developments

See the answer of No.4.

8. Capacity building

Japan Customs has supported capacity building activities of the WCO. For example, the following event was financed by the Customs Cooperation Fund (CCF)/Japan: WCO 2nd Global Online Conference on Cross Border E-Commerce in June 2021, in which our Deputy Director General of the Customs and Tariff Bureau served as a moderator and delivered a keynote speech. Outside of CCF/Japan, we sent two experts as presenters at WCO Online Regional Workshop on E-Commerce for the Asia/Pacific Region in January 2021.
Annex 1

Summary of Advance Electronic Information on Air Cargo in Japan

Cargos to be filed, Party obliged to make the report
Cargoes carried by international aircraft, Captain in principle
(An agent, such as airline, may report on behalf of the captain)

Deadline of filing
3 hours before arrival in principle
*Exception based on the flight time
** 1 hour before arrival in case the flight time is longer than 3 hours and shorter than 5 hours
*** before arrival in case the flight time is shorter than 3 hours

Filing methods
In principle, mandatory online filing in electronic form through NACCS

Note: Any person who submits no (or false) cargo information until the deadline and enter a airport in Japan will be liable to imprisonment with labor for up to a maximum period of one year or a fine not exceeding five hundred thousand yen.

Summary of Advance Electronic Information on Air Cargo in Japan

Data elements for filing to NACCS (mandatory & optional)

<table>
<thead>
<tr>
<th>Advance Cargo Information</th>
<th>Data Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration: ADM01</td>
<td>AWRB number; Flight number; Estimate arrival date and time; Description of Goods; Number of goods; Weight; Total number of goods; Gross weight; Place of loading; Place of unloading; Name and address of consignor and consignee; Code of consignee; Telephone number of consignor and consignee; etc.</td>
</tr>
<tr>
<td>House Manifest Information (House Manifest) Registration: HDM01</td>
<td>MAWB number; HAWB number; Arrival airport; Flight No; Description of Goods; Total number of goods; Gross weight; Place of loading; Place of unloading; Name and address of consignor and consignee; Code of consignee; Telephone number of consignor and consignee; etc.</td>
</tr>
</tbody>
</table>

Note: Any person who submits no (or false) cargo information until the deadline and enter a airport in Japan will be liable to imprisonment with labor for up to a maximum period of one year or a fine not exceeding five hundred thousand yen.
Cooperation with Express Industry

**Ordinal inspection**
Importer / Exporter need to bring the cargo for Customs inspection.

**Special treatment**
Express Industry needs to provide information on consignment before import/export declaration.

**Requirements**
- Large number of consignments
- Both customs broker and warehouse operator concerned have AEO status
- Capacity to provide information on cargo before import/export declaration etc.

Annex 2
Utilizing AED on postal items for Customs Control in Japan

**Foreign postal operators**

Send AED on CN22/23 in UPU electronic data interchange format (ITMATT)

**UPU server**

Download AED in UPU format (ITMATT)

**Convert UPU format to CSV**

**Japan Post IT system**

Send AED in CSV

**Post offices**

Present separately the selected items to Customs for inspection

Notice for inspection of selected postal items

**Screening of AED**

**NACCS (Japan’s SW)**

= Japan Customs

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**Website of Ministry of Finance**

財務省 Ministry of Finance, JAPAN

Annex 3

Annex 4

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第12回 輸入通関手続の所要時間調査

通関所要時間 輸入検査21時間に短縮 輸出検査0時化の前提

～第12回 輸入通関手続の所要時間調査～

- 通関所要時間要観を踏まえ、輸入検査21時間に短縮、輸出検査0時化の前提

- NACCSへ搬入される時点を指すと、検査所要時間に係る通関所要時間については、海上出荷までの所要時間、コンテナ取扱い所要時間になります。

- 第12回調査結果を踏まえ、輸入検査21時間に短縮、輸出検査0時化の前提

- 輸入検査21時間に短縮、輸出検査0時化の前提

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1. Aggregated data on sea
2. Aggregated data on air
3. Study method

66.
### Policy Evaluation through TRS (1)

**CHANGES IN THE MEANTIME REQUIRED FOR A TIME PERIOD FROM ARRIVAL TO RELEASE ON SEA CARGO**

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrival～Warehousing</th>
<th>Warehousing～Declaration</th>
<th>Declaration～Release</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>47.6</td>
<td>94.5</td>
<td>26.1</td>
</tr>
<tr>
<td>1992</td>
<td>45.2</td>
<td>84.9</td>
<td>19.8</td>
</tr>
<tr>
<td>1993</td>
<td>39.4</td>
<td>63.7</td>
<td>13.1</td>
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<tr>
<td>1996</td>
<td>35.4</td>
<td>49.5</td>
<td>10.2</td>
</tr>
<tr>
<td>1998</td>
<td>35.1</td>
<td>46</td>
<td>5.6</td>
</tr>
<tr>
<td>2001</td>
<td>31.1</td>
<td>37.8</td>
<td>4.9</td>
</tr>
<tr>
<td>2004</td>
<td>26</td>
<td>36.8</td>
<td>4.3</td>
</tr>
<tr>
<td>2006</td>
<td>26.8</td>
<td>33.7</td>
<td>3.3</td>
</tr>
<tr>
<td>2009</td>
<td>26.3</td>
<td>33</td>
<td>3.1</td>
</tr>
<tr>
<td>2012</td>
<td>27</td>
<td>31.2</td>
<td>2.6</td>
</tr>
<tr>
<td>2015</td>
<td>26.7</td>
<td>30.4</td>
<td>2.4</td>
</tr>
<tr>
<td>2018</td>
<td>29.6</td>
<td>30.2</td>
<td>2.1</td>
</tr>
</tbody>
</table>

### Policy Evaluation through TRS (2)

**CHANGES IN THE MEANTIME REQUIRED FOR A TIME PERIOD FROM ARRIVAL TO RELEASE ON AIR CARGO**

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrival～Warehousing</th>
<th>Warehousing～Declaration</th>
<th>Declaration～Release</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>8.7</td>
<td>41.6</td>
<td>2.3</td>
</tr>
<tr>
<td>1992</td>
<td>8.6</td>
<td>42.7</td>
<td>1.6</td>
</tr>
<tr>
<td>1993</td>
<td>7.5</td>
<td>34.6</td>
<td>1.6</td>
</tr>
<tr>
<td>1996</td>
<td>6.7</td>
<td>37.9</td>
<td>1.8</td>
</tr>
<tr>
<td>1998</td>
<td>3.5</td>
<td>27.3</td>
<td>0.7</td>
</tr>
<tr>
<td>2001</td>
<td>3.5</td>
<td>21.6</td>
<td>0.6</td>
</tr>
<tr>
<td>2004</td>
<td>2.6</td>
<td>14</td>
<td>0.4</td>
</tr>
<tr>
<td>2006</td>
<td>1.2</td>
<td>12.8</td>
<td>0.4</td>
</tr>
<tr>
<td>2009</td>
<td>5.5</td>
<td>10.1</td>
<td>0.4</td>
</tr>
<tr>
<td>2012</td>
<td>7</td>
<td>6</td>
<td>0.3</td>
</tr>
<tr>
<td>2015</td>
<td>7.4</td>
<td>5.1</td>
<td>0.3</td>
</tr>
<tr>
<td>2018</td>
<td>8.2</td>
<td>3.7</td>
<td>0.3</td>
</tr>
</tbody>
</table>
Comparison between AEO and non-AEO (air cargo)

**MEANTIOME REQUIRED FOR A TIME PERIOD OF THE PROCEDES FROM ARRIVAL TO RELEASE OF AEOs**

<table>
<thead>
<tr>
<th></th>
<th>AEOs</th>
<th>non-AEOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrival～Warehousing</td>
<td>3.9</td>
<td>8.2</td>
</tr>
<tr>
<td>Warehousing～Declaration</td>
<td>23.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Declaration～Permission</td>
<td>0</td>
<td>0.3</td>
</tr>
</tbody>
</table>

* In this survey, express cargos occupies approximately 81% of total cargos of the non-AEOs, while that of AEOs is only about 1%, which is considered to cause the longer mean time for AEOs compared to non-AEOs.

**Source:** Customs Administration of Japan, updated in January 2022 for the 3rd edition of the Compendium
Korea

1- Introduction / General Overview
1.1 General description of the current practice and approaches to handling cross-border e-commerce shipments
1.1.1 Trends, relevance of and legislative framework for cross-border e-commerce, if possible and available, supported by statistics on,
1.1.1.1 Annual number of volumes (shipments) and declarations (if applicable, the proportion of low value shipments)

<table>
<thead>
<tr>
<th>Year</th>
<th>Taxation (General importation)</th>
<th>Tax exemption</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>General</td>
<td>List</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Declaration</td>
<td>Clearance</td>
</tr>
<tr>
<td>2018</td>
<td>1,081,000 cases</td>
<td>12,016,000</td>
<td>19,158,000</td>
</tr>
</tbody>
</table>

1.1.1.2 Taxes and duties collected from e-commerce goods

<table>
<thead>
<tr>
<th>Year</th>
<th>Duties</th>
<th>VAT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>USD45,419,000</td>
<td>84,228,000</td>
<td>129,647,000</td>
</tr>
</tbody>
</table>

1.1.1.3 Average time for clearance of e-commerce goods
It takes about one and half hours on average (for express cargos carried by air and cleared by list clearance).

1.1.2 Use of electronic advance data
The advance electronic data filed by express couriers is used to select cargos to be inspected.

1.1.3 Main issues and challenges that the Customs administration has to face in relation with cross-border e-commerce shipments
The need for a separate system has emerged in line with the surge of e-commerce trade.

Appropriate Customs policies and incentives to effectively lead e-commerce supply chain stakeholders to cooperate and comply with.

In terms of e-commerce goods shipped by international mail, their advance electronic data cannot be received nor liable, which makes risk management and statistics calculation harder.

2- Planning and Prioritization
2.1 Which were the main elements/circumstance that triggered the (need for the) implementation of the Framework of Standards?
In line with the skyrocketed e-commerce trade, Korea Customs Service (hereinafter KCS) has mapped out a diversity of administrative measures and responses. Therefore, some principles in the WCO Framework of Standards on E-Commerce are implemented in Korea; risk management, utilization of Advance Electronic Data (AED), use of the WCO Data Model, simplification and facilitation, inter-agency cooperation, etc. KCS would refer to global standards for additional areas which are not taken into effect.
2.2 Prioritization of standards
2.2.1 What aspects have been taken into account in setting up the priority and the roadmap for the implementation?
Voluntary compliance and feasibility of e-commerce stakeholders (e.g. express couriers, forwarders) to implement standards.

2.2.2 Why is this approach / priority considered the most effective for e-commerce goods? For example, it is for providing facilitation and compliance, minimizing risk of undervaluation, preventing revenue losses, enhancing the predictability of delivery times if there is a need to pay duties and taxes, creating comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.
It is considered as the most effective approach in terms of trade facilitation.

2.2.3 If not all the Standards have been selected for implementation, what was the basis for the selection?
Because the KCS has developed standards and procedures by its own schedule to handle e-commerce goods before the Framework of Standards was established, there can be some standards not been applied yet. But it doesn't mean that those are not selected. Among standards which are not yet implemented, KCS will select standards to be implemented.

2.2.4 Is there any phased implementation foreseen?
It is scheduled to be implemented in phases.

2.2.5 Use of studies, gap-analysis between ‘as-is’ and ‘to’
It is about to be introduced but there is no plan to utilize analysis by independent experts.

2.3 Were any other government agencies, besides Customs, involved in the planning phase?
Korea Post Service is required to raise volume and quality of Electronic Advance Data on postal items containing e-commerce goods.
National tax agency is required to be involved in the implementation of the Framework standards for relevant works such as collecting VATs.

3- Advance Electronic Data
3.1 Is there any legal framework that requires (or enables) the exchange of electronic advance data? Is there any differentiation between economic operators with similar business activities (e.g., postal operators and express couriers)?
For an express cargo, the electronic data shall be filed before its entry. However, electronic data of an international mail is not submitted in advance, and the data is provided after the entry.

3.2 Is there any timeline defined for the submission of data, and if so, what is it?
A manifest of air cargo shall be filed up to 4 hours before the entry of the plane. For a short haul such as shipment from China, Japan, Chinese Taipei, Hong Kong, China and the Far East region of Russia, however, the manifest shall be filed before the departure of the flight from the port of loading. A Manifest of express cargo shall be submitted up to one hour prior to the entry.

A manifest of sea cargo shall be filed up to 24 hours before loading of the cargo at the port of charge. For a short haul, the manifest shall be submitted before the departure of vessel at the port
of charge. When it comes to a sea cargo in bulk, the manifest shall be filed up to four hours before the entry.

3.3 Describe the purposes for which advance electronic data is used (safety & security risk analysis, financial risk analysis, etc.).
To select and inspect a high risk cargo using advance electronic data.

3.4 Describe how data security, protection and privacy aspects are ensured (if applicable, also in relation to voluntary data submission).
Individual consumers and traders are induced to use Personal Customs Code (PCC) instead of Social Security Number to protect privacy.

3.5 Describe any measure(s) taken to ensure or improve data quality.
Penalties are following when the insufficient or incorrect data is filed with Customs. Penalties can be an additional inspection of the cargo or charging a fine.

3.6 Are there new actors and data sources identified (e.g., new reporting obligation introduced in legislation) in relation with e-commerce, and how can they improve the effectiveness and efficiency of risk analysis?
Currently there are no new actors and data sources identified by legislation. However, a platform/marketplace operator or re-deliverer (purchase intermediary) would be added as new actors following the amendment of the legislation.

3.7 Any possibility / incentive for voluntary submission of additional data? What is the basis of such submission (e.g., legislation, MoU, etc.)? What are the main benefits of such extra reporting?
Currently, there is an ongoing process of amendment of the legislation to obtain additional data such as order number and details from a platform/marketplace operator.

4- Risk management
4.1 New approach or elements introduced to the risk management processes following the implementation.
4.1.1 Describe the main principles and methods used for the risk analysis of e-commerce shipments.
KCS conducts risk management of e-commerce shipments tapping into results of inspection and detection, and risk analysis. Also, it cooperates with other government agencies for risk management.
The risk indicators mainly used are item description, names and address of consignor and consignee which are identified as risky and name and address of consignee which are used repeatedly.

4.1.2 What are the main benefits of the new approach? What were the main gaps/challenges of the old system?
It helps safe and expedited clearance since the advance data is used in the pre-clearance stage to select shipments to be inspected, and the data is also referred at the x-ray inspection by x-ray interpreters.

4.1.3 Any differentiation between transport modes?
Korea doesn’t have land border and only has sea and air transport modes. A unified process is applied to an express cargo and international post regardless of the transportation mode (plane/vessel).

4.2 Describe the approach in detail, to the extent possible, including the use of non-intrusive inspection (NII) technologies.
KCS conducts a non-intrusive inspection using technological equipment such as an x-ray machine and an ion scanner.

4.3 What are the measures taken to cope with a large number of unknown parties?
For express cargos, all consumers (importers) can be identified based on Personal Customs Code (PCC) and EAD submitted by express couriers so there can’t be unknown parties.

However, for postal items, there can be a large number of unknown parties due to lack of EAD. KCS cannot conduct 100% x-ray inspection and manual selectivity on postal item.

4.4 Describe how other government agencies and private sector stakeholders are involved in risk management.
KCS collaborates with the public sector such as the Ministry of Food and Drug Safety and the Ministry of Environments, etc. At the same time, the Korea Products Safety Association is one of the key partners in the private sector.

5- Facilitation and simplification
5.1 Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.
CLEARANCE OF E-COMMERCE GOODS : EXPRESS CARGO

VALUE = PRICE OF PRODUCT + TRANSPORTATION CHARGE (USD)

① VALUE ≤ 150$ : ONLY SUBMIT ‘CLEARANCE LIST’
  EXEMPTION OF TARIFF AND V.A.T DUTIES
  NOT APPLICABLE FOR COMMERCIAL OR LICENSE/PERMIT REQUIRED GOODS
  *PRODUCTS FROM THE US ARE APPLIED UP TO 200$ (KOR-US FTA)

② 150$ < VALUE ≤ 2000$ : SUBMIT SIMPLIFIED IMPORT DECLARATION
  FILL IN LESS INFORMATION (57 ITEMS) ON IMPORT
  DECLARATION
  OTHER DOCUMENTS (B/L, INVOICE, P/L, ETC.) NOT NEEDED

③ VALUE > 2000 $ : SUBMIT GENERAL IMPORT DECLARATION
  FILL IN FULL INFORMATION (69 ITEMS) ON IMPORT DECLARATION
  ALL TRADE DOCUMENTS (B/L, INVOICE, P/L, ETC.) ARE NEEDED
  FOR COMMERCIAL GOODS OR LICENSE/PERMIT REQUIRED GOODS
CLEARANCE OF E-COMMERCE GOODS : EXPRESS CARGO

CLEARANCE OF E-COMMERCE GOODS : MAIL

\[ \text{Value} = \text{Price of Product} + \text{Transportation Charge (USD)} \]

1. **Value \( \leq 150\) : Duty Exemption and Release at the Spot**

2. **150\(< \text{Value} \leq 1000\) : Send Simplified Declaration Application to Recipient**
   Duties will be calculated and levied by Customs ‘Notification of Assessment’ basis

3. **Value > 1000 \$ : Submit General Import Declaration**
   Fill in full information (69 items) on Import Declaration
   All trade documents (B/L, Invoice, P/L, etc.) are needed
   ‘Declaration and Payment’ basis
   For commercial goods or License/permit required goods
**CLEARANCE OF E-COMMERCE GOODS : MAIL**

![Flowchart Diagram]

**DE MINIMIS THRESHOLD FOR PERSONAL GOODS**

*STIPULATED IN CUSTOMS ACT AND ORDINANCE*

**<CUSTOMS ACT ARTICLE 94>**

CUSTOMS DUTIES MAY BE EXEMPTED ON ANY OF THE FOLLOWING IMPORTED GOODS;

4. GOODS DETERMINED BY THE ORDINANCE AS SMALL-SUM (LOW-VALUE) GOODS RECEIVED BY RESIDENTS IN KOREA

**<CUSTOMS ACT ORDINANCE ARTICLE 45>**

② GOODS WHICH ARE EXEMPTED FORM CUSTOMS DUTIES BY CUSTOMS ACT ARTICLE 94 SUBPARAGRAPH 4 ARE ANY OF THE FOLLOWING GOODS;

1. GOODS OF WHICH VALUE IS UNDER 150 USD AND RECOGNIZED FOR PERSONAL USE.
5.2 What is the scope of simplified processes (e.g., low value shipments, all e-commerce goods, goods subject to prohibitions and restrictions are excluded, etc.).
Please refer to the answer to 5.1.

5.3. Is a level playing field ensured in terms of economic operators, transport modes others.

In terms of economic operators, Postal operator doesn’t have duty to do Customs declaration and EAD on postal items are scarcely filed to Customs before clearance. Compared with postal operator, express couriers might feel that playing field is not level considering their cost for submitting EADs and compliance with other Customs obligations.

5.4 Do economic operators need to comply with specific criteria in order to benefit from simplifications and expedited release of goods? Can e-commerce stakeholders (in particular e-platforms and marketplaces) take part in AEO programmes? Are there any specific criteria that they have to meet due to their particular business model?

Up to date, there is no specific simplified clearance process only for e-commerce shipments. However, the exclusive process would be mapped out in the near future. The process may include submission of order details for expedited clearance benefits.

E-commerce stakeholders are not the subject to be AEOs. However, KCS is planning to enable e-commerce stakeholders to take part in the AEO programs.

There are no specific criteria to be satisfied by business model.

5.5 Is there any specific trusted trader programme set up for e-commerce stakeholders (in addition to AEO)?

There isn’t specific / additional trusted trader program for e-commerce stakeholders. KCS is willing to widen AEO program to e-commerce stakeholders.

5.6 What is the average release time of non-risky e-commerce shipments?

For a low risk e-commerce shipment carried as air-express cargo and applied for list clearance, less than 30 minutes are required.

5.7 Are there any simplified methods available for the determination of the Origin, Customs value and Classification of the goods? Describe these methods in detail.

There are no simplified methods for the determination of the origin, classification and Customs value.
5.8 Is there any possibility for account-based consolidated reporting and payment of the Customs duties and taxes due in relation to e-commerce goods?
There is no centralized platform which integrated Customs clearance and duty payment of e-commerce shipments.

5.9 Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments?
Though there is no centralized platform, it is planned to build a platform for e-commerce clearance only.

5.10 Describe the return/refunds procedures in detail.
Filing of the export declaration is necessary for the tax refund of e-commerce shipments of which the value is USD 1,000 or over.

When it comes to the shipments of which the value is USD 1,000 or under, simplified method is applied without export declaration. If the shipment is returned to a third person, not the seller, simplified method cannot be applied. In this case, the buyer can get the tax refund only after the export declaration.

6- Safety and Security
6.1 Is there any IT system in place for safety & security risk management?
KCS is using an Image Processing System, which scans bar-code number on top of the parcel and automatically matches to its manifest information so that x-ray interpreters can compare x-ray picture and parcel information simultaneously.

Also, KCS is developing AI X-ray machine to select high-risk e-commerce parcels to be in place soon.

6.2 Describe the approach applied in detail, including the use of dynamic risk profiling to identify high-risk shipments.
Recent detections and trends of illicit activities are received from frontline Customs officials. Also, information of high-risk business is obtained, and these data are uploaded on the Data Warehouse (DW). Using the DW, Customs officials analyse the clearance data, and find our risk factors. Tapping into combinations of risk factors, concrete risk patterns are created, and the patterns are saved as risk criteria. Finally, the risk criteria are used for cargo selectivity.

6.3 Is there any inter-agency cooperation established with other government agencies?
KCS works closely with the key public agencies that secure public health and safety, such as the Ministry of Food and Drug Safety, the Korean National Police Agency, and Quarantine agency. At the same time, those in charge of logistics such as express couriers and Korea Post Service are in cooperation with KCS.
6.4 What is the role of private sector stakeholders in identifying illicit trade channels and high-risk e-commerce goods?
When couriers discover a risk behaviour such as a delivery of shipment to the address different from that on the declaration, couriers shall report it to the Customs authorities.

7- Revenue collection
7.1 Refer to the template for revenue collection models.
Currently, KCS runs buyer / consumer based revenue collection model

8- Partnerships
8.1 What kind of partnership arrangements have been established with e-commerce stakeholders?
KCS may sign MOU on securing liability of data and providing risk information with express couriers.

8.2 Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to facilitate understanding.
Registration of e-commerce supply chains, and submission of relevant data would be implemented following the amendment of legislations.

9- Public awareness, outreach and capacity building
9.1 Is there a dedicated website available to consumers and private stakeholders, developed by the Customs administration, which collects all the relevant information and regulatory requirements related to cross-border e-commerce?
Consumers and private stakeholders can easily access the relevant information through the website of Korea Customs Service: http://unipass.Custums.go.kr and http://www.Custums.go.kr.

9.2 How do you ensure that e-commerce stakeholders are aware of their responsibilities and obligations related to e-commerce goods?
KCS informs express couriers of responsibilities and regulations when they apply to register their business. For the declarant, the Customs notify measures to be taken to avoid mistakes, by email or by hosting a meeting.

9.3 What other measures are taken or methods used to raise consumers’ awareness of the regulatory requirements?
KCS announces items banned to be released, and things to be taken to avoid mistakes in the clearance process using SMS, SNS, Public media, and etc.
10- Measurement and Analysis

10.1 Describe the approach used for the measurement of cross-border e-commerce, including the following main aspects:

   Scope of the statistics
   Dimensions considered in the statistics (e.g., value, quantity, geographic locations, type of goods, etc.)

Data input with the code, ‘E-commerce(‘15’ for general import declarations and ‘A’ for List clearance)’, following submission of the import declaration and clearance list.

The number of importations, value, proposition of items, and country of departure in the statistics of importations are considered in the statistics.

10.2 Are returns also measured? If yes, please describe the approach in detail.

Returns are not measured.

10.3 What are the main sources used for drawing up statistics? Is the private sector directly involved in drawing up statistics on cross-border e-commerce goods?

The statistics are drawn up based on the data that express couriers and brokers filed to the Customs. The private sector is not involved in the statistics.

10.4 Is there any legislative framework on statistics available in the country?

There is no legislative framework for statistics calculation.

10.5 To what extent is the WCO Data Model considered for statistical purposes?

Up to date, WCO Data Model Standards 3.4 ver. is applied.

10.6 For what purposes are these statistics used?

The statistics are used as reference for decision making policies on e-commerce.

11- Technological developments

11.1 Is there any strategy developed at the national level for the exploration and use of modern technologies?

Considering the maturity and stability of new technologies and impact of laws and system, technologies are explored and applied in phases of research, pilots, and development.

To be specific, new technologies below are under development to be applied to clearance of e-commerce shipments:

   - X-ray image interpretation by AI to be applied to the shipment management;
   - Introduction of the block chain technology to the Customs clearance; and
   - Establishment of platform for big data analysis

11.2 What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?

KCS is running a test operation for interpretation of x-ray images and selectivity of high risk goods by Artificial Intelligence. At the same time, a project to develop a block chain technology-adopted e-commerce platform for import and export is in process. The block chain technology helps e-commerce stakeholders share the data relevant to order, payment and delivery.
11.3 Are there any pilots and trials already in place or under planning?
The projects are being implemented or scheduled to be implemented: interpretation of x-ray images using Artificial Intelligence; and establishment of an e-commerce platform for import/export using block chain technology.

11.4 If such pilots are in place, or certain technological developments are already in use in relation with cross-border e-commerce, what are the main challenges and benefits of their use?
With respect to the project of x-ray image interpretation by AI, it is expected to reduce workload of x-ray interpreters that resulted from the exponentially increased e-commerce volume. Meanwhile, the Customs expects to obtain reliable, comprehensive, and verified data from the stakeholders if it taps into the block chain technology in the e-commerce platform for import and export.

12- Timeline, Benefits and Challenges
12.1 What was the timeline to implement the Standard(s) concerned?
KCS mapped out a three year plan to be launched in 2020.

12.2 Which were the main difficulties or challenges encountered during the implementation process?
Amendment of legislations to modify clearance system in accordance with the WCO standards and cooperation of stakeholders following the modification of clearance process.

12.3 What are the key enablers for a successful implementation?
Stakeholders’ cooperation on the implementation is a key to success.

12.4 What are the most important lessons learnt?
It is pivotal to understand the nature and features of e-commerce business including its platform. And tailor-made policy of taxation system is needed.

13- Capacity Building
13.1 Which instruments and tools of the WCO or other international organizations were considered?
Diverse tools, guidelines, and framework of standards released by the WCO were referred.

13.2 Has any support been received from WCO or other organizations/countries to facilitate the implementation?
E-commerce systems of the USA and China were good reference.

13.3 Is there any plan to support other countries’ implementation based on the experience gained?
KCS’ experience would be surely shared upon the request by other countries.

Source: Korea Customs Service, submitted in December 2019 for the 1st edition of the Compendium
1- Introduction / Overview

Electronic commerce in Mexico has grown exponentially as a result of the COVID-19 pandemic. The Mexican authorities have granted facilities in terms of Customs clearance, authorizing courier and parcel companies to carry out their imports through a simplified process in which the clearance of merchandise is carried out smoothly.

The courier and parcel companies with authorization to carry out their operations through simplified processes must send the Customs administration a monthly list of their requests. This applies if the goods have been transported by air and the same consignee or recipient or the same delivery address is indicated in more than three import operations in a calendar month in accordance with national regulations.

Two reports are requested from each company that is registered to operate under this arrangement, as follows:

1. Detailed report about the company’s imports whose entry into the country is by air in the previous calendar month, reported within the first 10 days of the following month.

2. Detailed report of the requests that contain data on the same consignee or recipient or the same delivery address in more than three import operations within the calendar month. This report must be transmitted to the authority within the first 5 days of the following month.

2- Planning and prioritization

Given the increase in imports through electronic commerce, instruments have been created to facilitate the Customs clearance process and standardize certain criteria for the payment of Customs duties and taxes. However, certain requirements and conditions have also been established that must be met to qualify for the Customs facilitations that are offered.

With regard to the payment of Customs duties and taxes, there are 4 scenarios:

A) Merchandise the Customs value of which does not exceed 50 (fifty) United States Dollars (USD) or its equivalent in national or foreign currency, may be dispatched without paying foreign trade taxes.

B) The Customs value of the merchandise does not exceed 1,000 (one thousand) USD or its equivalent in national or foreign currency, in which case a global rate of 19% may be applied.

C) The Customs value of the merchandise is greater than 1,000 (thousand) USD or its equivalent in national or foreign currency, in which case a global rate of 20% may be applied to the value of the merchandise.

D) The importation of goods from United States-Mexico-Canada Agreement (USMCA) member countries: provided that the merchandise originates from one of the parties and the value of the merchandise is the equivalent in national currency of between 50 and up to 117 USD, it will be subject to a payment of an overall rate corresponding to 17%.
However, during the analysis of the operations, it was found that there are facilities to streamline the Customs process for these companies. Although they share information with Customs in advance, not all the areas involved with the analysis have the information in advance.

3- Advanced electronic data

The legal framework for imports carried out through courier and parcel companies must be based on the provisions of articles 14, 14-A, 20, 21, 36, 36-A, 37-A, 40, 43, 59, 59-A, 81, 82, 88, 96 and 144-A of the current Customs Law; Article 240 of the Regulations to the Law; Rules 3.7.1., 3.7.2., 3.7.3., 3.7.4., 3.7.5., 3.7.6., 3.7.35 and 3.7.36. of the General Rules of Foreign Trade in force and its annexes; Article 49 of the Federal Law of Duties (LFD), and regulations that indicate the process and conditions that must be met to carry out the import through the simplified process and the payment of the corresponding Customs duties and taxes.

Therefore, it is important to have the transmission of accurate information and if possible, in advance, since the National Customs Agency has found inconsistencies in the transmission of information by courier and parcel companies, since this information is incomplete or the company omits to declare required data, since it does not have the full names of the consignees and recipients, address, description of the merchandise, etc. For this reason, a risk analysis cannot be carried out to avoid revenue losses and to guarantee the application of regulations and non-tariff restrictions.

4- Risk management

For the Customs Administration of Mexico it is important to have effective control of the imported merchandise as well as of the data transmitted in order to assess the risks and avoid revenue losses and guarantee the application of non-tariff regulations and restrictions. Therefore, work is being done to standardize the transmission and collection of data by courier and parcel companies, with the intention of making it mandatory to fill in the information described below in order to carry out an efficient risk analysis:

- Full name of the consignee and sender.
- Full address.
- Detailed description and value of the merchandise.
- Source.

Other important aspects to maintain an adequate risk analysis and management are:

- Have an automated system for risk analysis focused on automated analysis of information.
- Modify and update the existing laws and regulations to homogenize the rules that promote certainty, transparency and security in the transmission of electronic commerce data.
- Promote a cross-border Customs cooperation approach through the exchange of advance data, through a digital electronic system to carry out the analysis that helps us identify risks and threats, and prevent illegal activities in cross-border electronic commerce.
- Maintain control over the compliance with non-tariff regulations.
- Verify that the payment of Customs duties and taxes is adequate and in accordance with the value of the imported merchandise and its characteristics.
- Develop tools to verify the veracity of the information reported regarding the operations carried out.
It is important to note that the Customs Administration of Mexico works to promote a cross-border Customs cooperation approach through the exchange of advance data, through a digital electronic system to carry out the analysis that helps identify risks and threats, and prevent illegal acts in cross-border e-commerce. At the same time, the Customs administration is improving the cooperation with other public and private organizations involved in electronic commerce for risk assessment, simplification, and security in data transmission.

5- Facilitation and simplification

To control the information related to the flow of goods in the entire supply chain and to be able to promote the digital transformation of courier and parcel services to streamline procedures and trade flow between countries, Mexico proposes adopting the UPU strategy through a personalized code for data collection by courier and parcel companies, in addition to improving the performance of existing digital services. It is planned that, through the implementation of these proposals, the following benefits will be obtained:

- Have adequate systems to carry out the analysis of courier and parcel operations.
- Have full overview whether users comply with the applicable Customs regulations.
- Guarantee the security in the sale and transport of the goods subject to commerce.
- Maintain a legal framework updated according to the needs of e-commerce.

6- Safety and Security

There is no automated risk-management system, therefore it is not possible to validate the veracity of the information sent by the parcel and courier companies. In addition, much of the information received is incomplete or has inaccurate data (unfortunately neither there is adequate cooperation between Customs, courier companies and other organizations involved in the matter).

Notwithstanding the foregoing, cooperation is sought between all actors to carry out a unified, transparent process and apply the Customs facilities established in the regulatory framework. With this it is sought that the analyses are precise and that Customs is sure that the security conditions are met in imports by courier companies, as well as maintaining a fast and fluid dispatch process so as not to jeopardize delivery times. It is of the utmost importance that each actor fulfills its role in this process to prevent illegal acts and ensure due payment of Customs duties and taxes.

7- Revenue collection

There are four approaches to collecting revenue from taxes and duties in Mexico:

I. In the case of merchandise the Customs value of which does not exceed 50 (fifty) USD or its equivalent in national or foreign currency, there are several options to dispatch the merchandise without payment of the General Import Tax (IGI) and Value Added Tax (VAT), provided that:
   a) They are covered by an air waybill or bill of lading and the value shown therein does not exceed the amount indicated above,
   b) They are not subject to compliance with non-tariff regulations and restrictions, and
   c) The Customs Procedure Fee is paid.

II. In the case of merchandise the Customs value of which does not exceed 1,000 (thousand) USD or its equivalent in national or foreign currency, a global rate of 19% may be applied to the value thereof.
III. In the case of merchandise the Customs value of which is greater than 1,000 (thousand) USD or its equivalent in national or foreign currency, a global rate of 20% may be applied to the value of the merchandise.

IV. For the purposes of article 7.8 (1), subparagraph f), sub-paragraph (ii) of the USMCA, a rate of 17% may be applied in the case of merchandise that comes from any of the countries that are Parties to the said treaty, the value of which exceeds 50 (fifty) USD or its equivalent in national or foreign currency and does not exceed 117 (one hundred and seventeen) USD or its equivalent in national or foreign currency, provided that:
   a) They are covered by an air waybill or bill of lading, in which the value mentioned in the previous paragraph is recorded.
   b) They are not subject to compliance with non-tariff regulations and restrictions.

Additional or final comments

The National Customs Agency of Mexico considers it important to improve cooperation between the Customs of each country and other public and private organizations involved in electronic commerce. This is in view of making the analysis of information from the entire supply chain more efficient and at the same time carry out risk assessment to prevent unfair foreign trade practices.

Additionally, the application of sanctions or corrective measures is required in accordance with the current legislation for companies to adhere to the established guidelines as part of risk analysis; effective and streamlined strategies must be generated to expedite the Customs process for taxpayers and action should be taken with regard to taxpayers with risky behaviors to prevent the introduction of merchandise that adversely affects the nation.

As an important point, there must be effective cooperation between the agencies of the Member countries to exchange information on the alerts issued in relevant cases in order to succeed in the detection of high-risk merchandise.

Improve cooperation between Customs and competent public and private bodies involved in electronic commerce for risk assessment, simplification and security in data transmission.

Source: Customs Administration of Mexico, submitted in December 2022 for the 4th edition of the Compendium
Morocco

1- Introduction/General Overview

General description of the current practices and approaches to handling cross-border e-commerce shipments

- Trends, relevance of and legislative framework for cross-border e-commerce, supported by statistics (if possible and available)

In Morocco, the scale of cross-border e-commerce continues to expand, thanks to the proliferation of commercial websites, the growth of electronic payment options and partial liberalization of the foreign exchange system, which was formalized in 2020 by the Foreign Exchange Office’s circular No. 3/2020 allowing MAD 15,000 a year to be spent exclusively on cross-border e-commerce.

The COVID-19 pandemic saw an unprecedented growth in e-commerce, which has now become a fully-fledged part of the supply chain.

Other positive factors include:
- High Internet penetration: over 93% of the population have access to the Internet;
- High uptake of banking services: more than 78% of the population have a bank account;
- A range of relevant legal instruments, including:
  - Law No. 53-05 on the electronic exchange of legal data;
  - Law No. 09-08 on the protection of individuals with regard to the processing of personal data;
  - Decree No. 2-08-444 of 21 May 2009 establishing a National Council for Information Technology and the Digital Economy;
  - Law No. 31-08 on consumer protection;
  - Decision of the Minister Delegate to the Prime Minister in charge of Economic and General Affairs No. 649-07 of 4 May 2007 setting advertising and consumer information terms concerning telecommunications services.

In order to manage this trend and address the associated demands, particularly in terms of tax revenues, Article 190(e)(2) of Decree No. 2-77-862 of 9 October 1977 implementing the Customs and Excise Code was amended by Decree No. 2-22-438 of 16 June 2022 in order to exclude products and objects acquired via e-commerce from Customs duty exemptions.

Use of electronic advance data.

As part of the UPU’s SECUREX Project, the objective of which is to set up electronic interchange between postal operators and with Customs administrations (Morocco is a pilot country), Customs and Poste Maroc have introduced a system of electronic advance data (EAD).

This system allows three types of messaging, structured in line with the joint WCO-UPU Standards, namely:

- **ITMATT**: electronic exchange of CN22/CN23 declarations between designated operators of origin and destination: in production.

- **CUSITM**: electronic exchange of CN22/CN23 declarations between Post and Customs: in production.
CUSRSP: electronic transmission of Customs decision to Post (authorized, to be retained, charges, etc.): under development.

For express courier consignments, designated operators must submit electronically a summary declaration (manifest), using the Customs IT system, before express courier consignments arrive in Morocco.

Main issues and challenges that the Customs administration has to face in relation to cross-border e-commerce shipments
Cross-border e-commerce creates a twofold challenge for Customs: goods must flow freely but, at the same time, they must be checked as effectively as possible by:
• simplifying procedures by cutting delivery costs and times;
• preventing losses of duty and tax revenue caused by the practices of splitting and under-invoicing; and
• combatting cybercrime.

2- Planning and Prioritization

Which were the main elements/circumstances that triggered the (need for the) implementation of the Framework of Standards?
• Need to keep pace with the exponential growth in e-commerce;
• Need to meet the challenge described above.

Prioritization of Standards:
○ What aspects have been taken into account in setting up the priority and the roadmap for the implementation?
See factors mentioned in the first part of point 2.

Why is this approach/priority considered the most effective for e-commerce goods? For example, it is for providing facilitation and compliance, minimizing risks of undervaluation, preventing revenue losses, enhancing the predictability of delivery times if there is a need to pay duties and taxes, creating comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.
• Reduces risks of undervaluation;
• Prevents revenue losses;
• Improves predictability of delivery times;
• Improves conditions for consumers.

If not all the Standards have been selected for implementation, what was the basis for the selection?
All the Standards are implemented.

Is there any phased implementation foreseen?
Yes, a phased approach has been followed with the aim of ensuring that e-commerce measures are implemented only in stages.

Use of studies, gap-analysis between ‘as-is’ and ‘to-be’ situations and any other analyses made by independent experts.

86.
No particular methodology is applied, but completion of the various stages is always assessed in relation to the previous situation (for example as regards the number of operations/the volume of revenues generated, etc.).

*Were any other government agencies, besides Customs, involved in the planning phase?*
All of the stakeholders in the e-commerce chain were involved in implementing the e-commerce measures (postal service/express integrators/departments responsible for enforcing regulations in non-Customs areas, etc.).

### 3- Advance Electronic Data

*Is there any legal framework that requires (or enables) the exchange of electronic advance data?*  
*Is there any differentiation between economic operators with similar business activities (e.g., postal operators and express couriers)?*

For postal consignments: the UPU’s SECUREX Project.

For express courier services: Articles 49 and 57 of the Customs and Excise Code, and Decision No. 3414-12 of the Minister for the Economy and Finance dated 2 October 2012.

*Is there any timeline defined for the submission of data, and if so, what is it?*

For postal consignments: Before the consignments arrive (timeline not set more precisely).  
For express courier services:  
- By air:  
  - at least 4 hours before the aircraft arrives;  
  - no later than take-off time of the aircraft from the last airport served, if the flight duration is less than 4 hours.

*Describe the purposes for which advance electronic data is used (safety & security risk analysis, financial risk analysis, etc.).*  
- Forward planning of Customs clearance formalities;  
- Risk analysis.

*Describe how data security, protection and privacy aspects are ensured (if applicable, also in relation to voluntary data submission).*  
- Enforcement of Law No. 09-08 on the protection of individuals with regard to the processing of personal data;  
- Information of a private or confidential nature relating to third parties is covered by professional secrecy and may not be divulged without the express consent of the person providing it, except in the context of court proceedings or the tax authorities, or agencies and establishments responsible for collecting statistics (Customs and Excise Code, Article 45 ter);  
- Application by Customs of a data security policy and charter.

*Describe any measure(s) taken to ensure or improve data quality.*  
- Comparison of the carrier’s data (summary declaration/manifest) with the importer’s data (detailed declaration)  
- The SECUREX Project mentioned above provides for re-processing by the postal authorities to improve the quality of data in postal declarations.
Are there new actors and data sources identified (e.g., new reporting obligation introduced in legislation) in relation with e-commerce, and how can they improve the effectiveness and efficiency of risk analysis?

There is an obligation to indicate the nature of e-commerce consignments in Customs declarations for the purposes of risk analysis and the compilation of statistics.

Any possibility / incentive for voluntary submission of additional data? What is the basis of such submission (e.g., legislation, MoU, etc.)? What are the main benefits of such extra reporting?

The data required are stipulated by the regulations.

Any possibility for the re-use of data (including data provided by different e-commerce stakeholders)? How is the liability issue tackled in the case of reporting and re-use of data by different actors?

These matters are governed by the aforementioned Law No. 09-08 and Article 45 ter of the Customs and Excise Code.

4- Risk management

New approach or elements introduced to the risk management processes following the implementation.

- Describe the main principles and methods used for the risk analysis of e-commerce shipments.
- What are the main benefits of the new approach? What were the main gaps/challenges of the old system?
- Any differentiation between transport modes?

Describe the approach in detail, to the extent possible, including the use of non-intrusive inspection (NII) technologies.

- Transmission (prior to the arrival of the aircraft) of the air waybills (manifests) containing data relating to the consignments being transported;
- Advance processing of these data by the Customs service and identification of high-risk consignments;
- All Customs inspection points (ports, airports and border crossings) are equipped with non-intrusive inspection equipment; all e-commerce consignments must be scanned prior to sorting and Customs clearance;
- Removal is allowed for non-risky consignments.

What are the measures taken to cope with a large number of unknown parties?

Risk analysis and the use of declarations continue to be the main measures taken in this area.

Describe how other government agencies and private sector stakeholders are involved in risk management.

They are involved in risk management through transmission of the advance data originating from the manifests for airborne shipments, in accordance with the regulations. Partnerships have been entered into with most of those involved in the cross-border trade chain.
5- Facilitation and simplification

Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.

Multi-channel payment of duties and taxes:
Duties and taxes receivable may be paid directly by consignees using a multi-channel payment system (GAB, m-banking, e-banking, etc.) or via the postal operator or express courier.

Online calculator of Customs duties:
An application called ADIL (“Online Assistance with Customs Clearance of Imported Goods”) is available to consignees to calculate the duties and taxes they need to pay.

What is the scope of simplified processes (e.g., low value shipments, all e-commerce goods, goods subject to prohibitions and restrictions are excluded, etc.)?
All e-commerce consignments are taxable, and no threshold has been set for an exemption. However, allowances apply under specific regulations (healthcare products, etc.), and the certificates issued by the departments responsible for enforcing these regulations are not required when the value of the consignments does not exceed MAD 500.
Is a level playing field ensured in terms of
- economic operators
- transport modes
- others?
Yes.

Do economic operators need to comply with specific criteria in order to benefit from simplifications and expedited release of goods?
In order to benefit from simplified procedures and faster release of goods, express couriers must be:
- authorized by the postal service supervising department;
- authorized by Customs with the need to set up a bonded warehouse (Magasin et Aire de Dédouanement – MEAD) on the basis of terms and conditions established by the administration.

Can e-commerce stakeholders (in particular e-platforms and marketplaces) take part in AEO programmes?
Yes.

Are there any specific criteria that they have to meet due to their particular business model?
No.

Is there any specific trusted trader programme set up for e-commerce stakeholders (in addition to AEO)?
No.

What is the average release time of non-risky e-commerce shipments?
2 hours.

Are there any simplified methods available for the determination of the
- Origin
- Customs value and
- Classification
of the goods? Describe these methods in detail.

Is there any possibility for account-based consolidated reporting and payment of the Customs duties and taxes due in relation to e-commerce goods?
To be clarified.

Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments?
Customs information system: BADR (Base Automatisée de Dédouanement en Réseau).

Describe the return/refunds procedures in detail.
Imported postal consignments:
- All items not delivered to consignees must be returned within 3 months of the date of their removal;
- Consignments must be presented in the state in which they were removed on importation and must have the same weight;
• A list showing the references for the consignments being returned to their point of origin is given to the Customs service, which authorizes the return operation after checking the paperwork and verifying the consignments being returned to their point of origin.

Exported postal consignments:
Reimported consignments that originated in Morocco are admitted free of duties and taxes on presentation of the documents relating to their initial exportation: CN22/CN23, or the SGD.

6- Safety and Security

Is there any IT system in place for safety & security risk management?
Yes, the BADR system mentioned above.

Describe the approach applied in detail, including the use of dynamic risk profiling to identify high-risk shipments.

Is there any inter-agency cooperation established with other government agencies?
Yes.

What is the role of private sector stakeholders in identifying illicit trade channels and high-risk e-commerce goods?
Private-sector stakeholders are encouraged to report illicit trade channels and high-risk goods traded in e-commerce.

7- Revenue collection

Refer to the template for revenue collection models.

Duties and taxes receivable may be paid directly by consignees using a multi-channel payment system (GAB, m-banking, e-banking, etc.) or via the postal operator or express courier. The amount due in Customs duties and taxes can be paid directly via the sales platform if the foreign website selling the objects and products provides this option.

8- Partnerships

What kind of partnership arrangements have been established with e-commerce stakeholders?
With the post: signature in 2017 of a memorandum of understanding on Customs-Post co-operation.

With express couriers: the ability to benefit from the simplified Customs clearance procedure for express consignments is conditional on signature by the express courier of terms and conditions for use of the bonded warehouse, which govern its relationship with Customs. The approval decision by the operator (as the express integrator) follows the Customs clearance procedure for express consignments.

Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to facilitate understanding.
9- Public awareness, outreach and capacity building

Is there a dedicated website available to consumers and private stakeholders, developed by the Customs administration, which collects all the relevant information and regulatory requirements related to cross-border e-commerce?
This information is available on the website of the Customs and Excise Administration: www.douane.gov.ma.

How do you ensure that e-commerce stakeholders are aware of their responsibilities and obligations related to e-commerce goods?
Postal operators and express couriers: see point 8 above.
Consumers: see first question, point 9 above.

What other measures are taken or methods used to raise consumers’ awareness of the regulatory requirements?
Video clip explaining the Customs clearance procedure for postal and express consignments.

10- Measurement and Analysis

Describe the approach used for the measurement of cross-border e-commerce, including the following main aspects:
- **Scope of the statistics**
  Customs declarations are labelled as e-commerce shipments if they meet predefined criteria.

- **Dimensions considered in the statistics (e.g., value, quantity, geographic locations, type of goods, etc.)**
  Value/quantity/commercial name (HS heading)/origin/etc.

Are returns also measured? If yes, please describe the approach in detail.
No.

What are the main sources used for drawing up statistics? Is the private sector directly involved in drawing up statistics on cross-border e-commerce goods?
Customs declarations labelled as e-commerce shipments.

Is there any legislative framework on statistics available in the country?
To what extent is the WCO Data Model considered for statistical purposes?
For what purposes are these statistics used?
A dashboard showing tax revenues, scale of the sector, etc.

11- Technological developments

Is there any strategy developed at the national level for the exploration and use of modern technologies?
- Digital Morocco Plan
- E-gov

What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?
• The labelling of Customs declarations for e-commerce consignments in the Customs service’s IT system in order to identify them as such;
• The issuing of receipts and an option on the Customs website to verify the amount of duties and taxes assessed by Customs in order to allow users to check the amounts they have spent for the Customs clearance of their consignments.

Are there any pilots and trials already in place or under planning?
If such pilots are in place, or certain technological developments are already in use in relation with cross-border e-commerce, what are the main challenges and benefits of their use?

12- Timeline, Benefits and Challenges

What was the timeline to implement the Standard(s) concerned?
All the Standards are implemented (see point 4 above).

Which were the main difficulties or challenges encountered during the implementation process?
• Change management: firstly in respect of individual e-commerce clients that were requested to pay import duties and taxes; and secondly in respect of postal and express operators that were obliged to modify their working methods in order to implement these new measures.
• Modification of the Customs clearance circuit to make it possible for e-commerce consignments to be taxed in compliance with the necessary traceability and transparency requirements but without affecting Customs clearance timelines.

What are the key enablers for a successful implementation?
A gradual roll-out.

What are the most important lessons learnt?

13- Capacity Building

Which instruments and tools of the WCO or other international organizations were considered?
Revised Kyoto Convention.

Has any support been received from WCO or other organizations/countries to facilitate the implementation?
No.

Is there any plan to support other countries’ implementation based on the experience gained?
14- Compliance and Future Developments (if applicable and/or available)

What was the response of stakeholders to the implementation approach? The approach that was followed was positively received by the partners.

What is the approach to ensure compliance (penalties, education, etc.)? Communication and awareness-raising.

How is the success of the approach measured? The traceability and successful management of e-commerce flows on the one hand, and the prompt handling of these flows on the other hand.

Next steps (phases, reviews, adjustments, if applicable, other Standards to be implemented)? Development of an electronic platform allowing users to verify the amount of Customs duties and taxes owed using consignment tracking numbers.

15- Additional or final comments

Any additional or final comments.

Source: Customs Administration of Morocco, updated in December 2022 for the 4th edition of the Compendium
Myanmar

Myanmar is currently in the stage of drafting its E-Commerce Law. In the meantime, in order to lay down the related policies before the law, the E-Commerce Guidelines which are set to be issued later in 2020 are being formulated by the Ministry of Commerce as the focal Ministry with the assistance under the programme of the ASEAN Regional Integration Support by the EU (ARISE) Plus Myanmar.

Although the E-Commerce legislation of Myanmar is still in the drafting process, Myanmar Customs Department has practiced de minimis threshold since 1 April 2017 to be in line with the guidelines of the World Customs Organization. The amount of the de minimis threshold is USD 50/- and the consigned goods with a value of less than USD 50/- shall be exempted from taxes and any additional charges.

Source: Customs Administration of Myanmar, submitted in November 2020 for the 2nd edition of the Compendium
Panama

1. Introduction/General description

There has been a trend towards e-commerce in our country in recent years, with an increased percentage in the volume of online purchases. The majority of these transactions are carried out through courier and express mail services.

In accordance with the Regional Framework of Standards, courier and express mail services are ancillary to the public Customs service, providing international express transport services in terms of correspondence, documents and shipments of goods via air or land to third parties, in cases where the recipient requires these to be immediately transported or available.


The procedure for the final importation of goods within the context of courier and express mail companies is as follows:

- Ancillaries to the public Customs service engaged in the transportation of goods via air are required to provide detailed information about their cargo manifest at least two hours before the arrival of the aircraft. If transportation between the port of departure and the port of arrival is completed within a shorter period, transmission in advance must be equal to at least that period.

- The courier or express mail company must send an e-mail with the express shipping manifest containing a list of the goods before their arrival, once the general goods manifest containing the consolidated or master air waybill made out to its name has been sent, which must contain the following:
  1.1 Port of origin, departure and arrival as applicable, as well as the trip number;
  1.2 Shipping document numbers; marks, numbers and package quantities;
  1.3 Class, content of the packages and their gross weight expressed in kilograms; physical state of the goods; an indication as to whether the goods are arriving in bulk, separately identifying batches of the same class of goods, in which case the batches shall be considered as one single package. The Customs Administration may determine other goods whose identification may be mandatory;
  1.4 Place and date of the shipment; name, business name or name of the shippers or consignees;
  1.5 Total number of packages;
  1.6 Total weight of the cargo (in kilograms);
  1.7 Description of the goods;
  1.8 Place and date that the document was sent;
  1.9 Name, business name or denomination, code and signature of carrier;
  1.10 Shipment categories;
  1.11 Free on board (FOB) value declared; and
  1.12 Any others that the Customs administration may establish.

The total cost of the freight and the invoice must be presented upon request by the Customs Administration.
• The express mail company must ensure that each express delivery receipt covering a shipment contains the information provided by the consignor in terms of the consignee’s name, the description of the goods and the price according to the invoice. With regard to freight, it must be presented upon request by the Customs administration.

• In cases where the express mail company or courier uses their own aircraft and carries out express deliveries as well as transporting general cargo, they must present the cargo manifest in addition to the express delivery files.

• The Customs analyst responsible for profiling the express shipping or courier goods must do so in accordance with the information set out in the express delivery manifest in respect of packages where there is doubt as to correct value or categorization concerning description, weight or value; this profiling does not preclude the officer from randomly selecting other packages to be inspected when reviewing the transport unit.

• The Customs analyst responsible for the profiling must email the express delivery companies or courier concerning the packages or goods to be inspected in the review following the profiling, prior to the clearance of the goods.

• The air carrier must remove the express delivery packages, which must be properly identified in accordance with the following:
  1.13 The packages with express delivery goods that are arriving into or leaving the Customs territory must be clearly identified, by including special markings for documents and other express delivery shipments, and must be presented separately from the general cargo;
  1.14 Each shipment must be presented sealed and must also contain a label or other medium that provides the following information as a minimum:
     a) Identification of the exporter or shipper;
     b) Consignor’s name and address;
     c) Identification of the express delivery company;
     d) Consignee’s name and address;
     e) Description and quantity of goods or documents contained;
     f) Gross weight of the package expressed in kilograms; and
     g) Customs value of the goods.

• The air carrier must comply with the pre-shipment standards, and must transport express delivery packages to the sorting facilities and deliver them to the express mail company. Packages that do not have the aforementioned identification must be submitted to the bonded warehouse as general cargo.

• When the classification or sorting process is complete, if there are discrepancies identified in the information declared in the express shipping manifest, the express delivery company or courier must present the corresponding corrections and provide the relevant justifications within a maximum of five (5) business hours. When the discrepancies found relate to the weight, quantity of packages or description of the goods, the corrections must be made following authorization from the Customs Authority.
• The express delivery or courier goods must be cleared in accordance with the categories described in Article 3 of Resolution 406 of 2021, after physical inspection by the Customs Authority.

• The clearance of shipments under categories a) or b) of Article 3 of Resolution 406 of 2021 shall be carried using the information in the express shipping manifest, once the manifest has been pulled out and the risk criteria have been applied. For shipments under categories a) and b) set out in the previous paragraph, once the general shipping manifests and express delivery manifests have been submitted, goods may be collected by the express delivery company or courier intended. The Customs Authority shall clear the goods by completing the “Exit without Customs declaration control form, for goods subject to express or courier delivery”, which may cover one or more waybills belonging to different consignees.

• For shipments under category c) set out in Article 3 of Resolution 406 of 2021, the express delivery or courier company must present the goods declaration through a Customs broker; it may cover one or more waybills belonging to different consignees, provided that the Customs value is higher than one hundred Balboas (B/.100.00) and lower than two thousand Balboas (B/.2,000.00), and they are not subject to non-tariff restrictions or prohibitions or controlled by any regulatory agency from the Republic of Panama.

• The shipments included in category d) set out in Article 3 of Resolution 406 of 2021 shall be regulated by the general import processing procedure for final consumption, for each waybill in the name of its consignee. The shipments included in category e) set out in Article 3 of Resolution 406 of 2021 shall follow the ordinary process adopted by the National Customs Authority.

• The Customs inspector for the port of departure shall verify compliance with the aforementioned procedure prior to the transport unit’s departure. The main challenge encountered by the National Customs Authority is the tax evasion of goods, which is detected in subsequent inspections.

2. Planning and prioritizing

The main elements or circumstances that triggered the need to implement a Framework of Standards emerged from a preliminary analysis of freight transport activity via courier, with threats detected including:
• Companies conducting courier activities without authorization from the Panama National Customs Authority (ANA);
• A possibility of loss of tax revenue collection;
• Large amount of package traffic, allowing evasion of Customs controls;
• No record of the courier transaction in the information system;
• Maintaining oversight of cargo that arrives on Panamanian territory;
• Lack of technological equipment for Customs control corresponding to the nature of the activity;
• Manual procedures; and
• Guaranteeing correct regulatory control and payment by users of the relevant taxes for cross-border e-commerce activity.

In this regard, in addition to the regional standards that Panama adopted in Law 26 of 2013, the following Resolutions were issued: Resolution 672 of 2020, which establishes the requirements
for authorizing companies under this procedure, and Resolution 406 of 2021, which defines the obligations and procedures that authorized companies must follow. In addition to the implementation of the above Resolutions, Panama’s 2021-2022 roadmap includes the creation of a courier module in the official Customs IT system, which will lead to better goods control.

3. **Advance electronic data**

Article 245 of the RECAUCA does not include the exchange of advance electronic data, but does cover advance transmission of the cargo manifest.

The difference between postal operators and express delivery or courier companies is the way in which they process goods and the applicable procedure for settlement: for packages that do not exceed a value of B/.500.00, postal operators can make an official declaration via a Customs official. If the goods exceed this amount, they must contract a Customs broker. For courier companies, goods with a value lower than B/.100.00 do not require a declaration. If the value is between B/.100.00 and B/.2,000.00, the company must contract a Customs broker for overall settlement of the goods, and if it exceeds B/.2,000.00, the company must process it as an import for consumption for each waybill in the consignee’s name.

The advance data is used for advance risk management and as backup information for the assessment at the point of Customs clearance.

As previously mentioned, under Resolution 406 of 2021, the ANA sets out the content of the advance manifest data, following consultation with the economic operators, with the aim of improving the submission and quality of the declared data.

<table>
<thead>
<tr>
<th>Spanish</th>
<th>English</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrada de carga diaria de COTEL, es colocada en escáner de UNITEC</td>
<td>Entry of daily cargo from COTEL [Post and Telegraphs], placed in UNITEC</td>
</tr>
<tr>
<td>Se escanea la carga</td>
<td>The cargo is scanned</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Operador de UNITEC analiza imágenes estimadas por el escáner.</td>
<td>UNITEC operator analyses scanner images</td>
</tr>
<tr>
<td>INSPECTOR DE RECINTO Aduanero</td>
<td>CUSTOMS AREA INSPECTOR</td>
</tr>
<tr>
<td>Se realiza inspección de aquella carga sospechosa</td>
<td>Suspicious cargo inspected</td>
</tr>
<tr>
<td>• En este proceso se notificar formalmente al jefe de Recinto Centralizado de Importaciones Postales y a COTEL sobre la irregularidad observada en la carga y se planifica la inspección de la misma.</td>
<td>• In this process, the Head of the Central Area for Postal Imports and COTEL are formally notified about the irregularity observed in the cargo, and cargo inspection is planned.</td>
</tr>
<tr>
<td>• El proceso de inspección física queda a cargo de recinto de Aduanas con la colaboración de UNITEC quienes indicaran en que área de la carga se observa la anomalía.</td>
<td>• The physical inspection process is the responsibility of the Customs Area, with cooperation from UNITEC, which will indicate the area of the cargo in which the anomaly is observed.</td>
</tr>
<tr>
<td>• <strong>Tarea pendiente:</strong> verificar si COTEL participará como representante de la carga!</td>
<td>• <strong>Pending task:</strong> verify if COTEL will take part as cargo representative!</td>
</tr>
</tbody>
</table>

### 4. Risk management

To discharge its Customs role of cargo control and inspection, as well as to comply with the commitments and requirements of the Financial Action Task Force (FATF) on the traceability of goods during cross-border e-commerce operations, the ANA works with the Risk Analysis Office and the Container Technical Inspection Unit. The latter are responsible for conducting the profiling, in line with the analysis of each air waybill for each cargo manifest, and for non-intrusive inspection using the scanner at Tocumen International Airport, where the goods arrive.

### 5. Facilitation and simplification

As highlighted earlier, the process applied to the goods is determined by their value. Goods such as documents, correspondence or samples without commercial value, in addition to small shipments (provided that their value is one hundred Balboas (B/.100.00) or less), may be collected with an official declaration, without the need for further authorization or countersignature and without entailing any fee, duty or contribution.

Goods with a value of one hundred Balboas (B/.100.00) to two thousand Balboas (B/.2,000.00) may be collected with a declaration, provided that the goods are not subject to controls from other authorizing agencies.

The other goods are regulated through the general import processing procedure.

Panama guarantees equal terms to economic operators as long as they are authorized by the ANA.
In addition to being authorized by the ANA, courier companies can be Authorized Economic Operators (AEOs), with the benefit of being deemed trusted companies subject to less stringent controls.

Currently, Panama has 38 companies authorized under the express delivery or courier arrangement, and incoming cargo is only at Tocumen International Airport.

6. Safety and security

The ANA has interinstitutional agreements with the Ministries of Commerce and Industry and Post and Telegraphs for recording and authorizing courier companies. Information is also shared with the public security institutions or authorizing agencies that supervise or are involved in cross-border e-commerce transactions.

In addition, the ANA has signed a Memorandum of Understanding with the private sector on the exchange of information and capacity building in order to avoid illicit trade and high-risk e-commerce goods since, as Customs, we must establish simplified clearance procedures using pre-arrival processing and risk assessment of cross-border e-commerce shipments.

7. Revenue collection

As mentioned in previous paragraphs, goods with a value higher than one hundred Balboas (B/.100.00) must pay the corresponding Customs duties.

8. Public awareness, outreach and capacity building

The ANA website contains publications on e-commerce, and the list of companies authorized to operate as couriers is updated monthly.

Furthermore, information and technical meetings are held, along with interviews in the national media, training, and the publication of legal regulations and Authorized Economic Operators dealing with this activity.

It is important to emphasize that the ANA has a private sector working group which includes governmental institutions and the Panamanian Association of Courier Companies, as well as most private sector companies, working together towards the objective of improving courier activity procedures.

9. Measurement and analysis

We currently manage general data that is not specific to cross-border e-commerce; however, the module to record and control cross-border e-commerce goods in the Customs information system is being developed, including functionalities that will allow us to extract useful transaction statistics.

10. Technological developments

Panama has a National Digitization Plan that includes a presidential-level strategy led by the Authority for Government Innovation (AIG), which includes the digitization and use of cutting-edge technology.
There are initiatives to improve the Customs IT system and establish technological processes that include business rules to improve Customs control and revenue collection and facilitate the Customs clearance of goods.

We are currently in the IT development stage; there will be pilot programmes prior to implementation.

11. Timelines, benefits and challenges

The timeline to follow is the gradual implementation of the courier module in the official Customs IT system, which will benefit the ANA in terms of statistics, better traceability of courier cargo and better revenue collection. The aim is to implement it in 2022.

12. Capacity building

We have received economic support from the Development Bank of Latin America (CAF) to carry out the project proposal for the development of the Customs Framework for Cross-Border E-Commerce using a consultancy. The aim is to develop strategies through joint working between the public and private sectors to revitalize the logistics sector and boost the growth of the national and regional economy.

In addition to this, we have received air cargo inspection training from U.S. Customs and Border Protection (CBP), and the U.S. Embassy has donated some scanner equipment.

13. Compliance and future developments (if applicable and/or available)

Panama is currently drafting a Bill to amend its criminal Customs legislation, which includes the implementation of penalties for administrative offences committed by companies that fail to comply with the standards. Similarly, the Customs legislation currently sets out criminal penalties for companies found guilty of smuggling and Customs fraud involving tax evasion.

14. Additional or final comments

In conclusion, although the ANA currently lacks the technological tools needed for the effective control of goods in the context of this activity, Panama is working towards implementing these tools in our official Customs IT system, thus enabling us to improve control.

Source: Customs Administration of Panama, submitted in January 2022 for the 3rd edition of the Compendium
1 - Introduction / General Overview

- General description of the current practices and approaches to handling cross-border e-commerce shipments

The National Customs Directorate (Dirección Nacional de Aduanas, DNA) treats courier imports (importaciones por Remesa Expresa, IRE) in accordance with the final provision of DNA Decision No. 121/2018, preceded by other provisions from 2014, which regulates the already implemented computerized uses:

✓ IRE1 (Simplified Clearance of Documents);
✓ IRE2 (Simplified Clearance from USD 0 to USD 100);
✓ IRE3 (Simplified Clearance from USD 100 to USD 1,000; and
✓ IRE4 (Simplified Clearance up to USD 1,000, with Customs broker intervention).

The DNA treats courier exports (exportaciones por Remesa Expresa, ERE) in accordance with DNA Decision No. 136/2018, which regulates the already implemented computerized uses:

✓ ERE1 (for documents);
✓ ERE2 (for goods from USD 0 to USD 1,000);
✓ ERE3 (for goods from USD 0 to USD 1,000, with Customs broker intervention).

○ Trends, relevance of and legislative framework for cross-border e-commerce, supported by statistics (if possible and available), on
  ▪ annual number of volumes (shipments) and declarations (if applicable, the proportion of low value shipments)
  ▪ taxes and duties collected from e-commerce goods

It should be pointed out here that exports are not subject to any Customs or internal duty or tax in Paraguay.

### COURIER IMPORT STATISTICS; PERIOD CONSIDERED FOR REPORT:
FROM 01/01/2018 TO 30/09/2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DECLARED WEIGHT</td>
<td>DOLLAR FOB</td>
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<td>OVERALL TOTAL</td>
<td>1,962,368.109</td>
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### COURIER EXPORT STATISTICS; PERIOD CONSIDERED FOR REPORT:
FROM 01/01/2018 TO 30/09/2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DECLARED WEIGHT</td>
<td>DOLLAR FOB</td>
</tr>
<tr>
<td>OVERALL TOTAL</td>
<td>37,488.510</td>
<td>412,528.27</td>
</tr>
</tbody>
</table>
- average time for clearance of e-commerce goods
  Depending on the channel assigned, the time varies: between 30 to 45 minutes.

- other important information.
  
  o Use of electronic advance data
  Courier companies that wish to carry out simplified exports should send their advance data in accordance with technical specifications laid down by the DNA and by means of web services. Courier companies generate the export documentation from this information.

  o Main issues and challenges that the Customs administration has to face in relation to cross-border e-commerce shipments
  These shipments generally have to be dealt with very rapidly, sometimes to the detriment of the necessary Customs control.

2- Planning and Prioritization

- Which were the main elements/circumstances that triggered the (need for the) implementation of the Framework of Standards?
  The DNA’s predominant concern was to formalize courier exports.

- Prioritization of Standards:
  o What aspects have been taken into account in setting up the priority and the roadmap for the implementation?
  Courier imports were formalized first, followed by exports in a second stage. The whole process began with the cooperation of courier companies. After seeing the benefits of computerization, these companies decided to take part in this project with the DNA and have been involved since 2014.

  o Why is this approach / priority considered the most effective for e-commerce goods? For example, it is for providing facilitation and compliance, minimizing risks of undervaluation, preventing revenue losses, enhancing the predictability of Consignment times if there is a need to pay duties and taxes, creating comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.
  For the DNA as an institution, this approach represented another challenge in strengthening trade facilitation and improving certainty with regard to exported goods.

  o If not all the Standards have been selected for implementation, what was the basis for the selection?
  It should be pointed out that the DNA neither sells nor purchases goods, i.e. it is not an e-commerce agent as such. It focuses on regulating undertakings that use Customs/state services to import and export e-commerce goods.

  o Is there any phased implementation foreseen?
  At the current time the project is 100% complete.

  o Use of studies, gap-analysis between ‘as-is’ and ‘to-be’ situations and any other analyses made by independent experts.
Were any other government agencies, besides Customs, involved in the planning phase? For these measures, the DNA always involves other institutions that have to take part in the processes. Their participation, however, is conditioned by their operational priorities.

3- Advance Electronic Data

Is there any legal framework that requires (or enables) the exchange of electronic advance data? Is there any differentiation between economic operators with similar business activities (e.g., postal operators and express couriers)? The legislation consists of DNA Decision No. 653/2016, which approves the “Advance Electronic Submission of the Air Waybill (TEMA)” software application, and No. 1057/2019, the “Advance Electronic Submission (TERE 2)” software application.

The only difference introduced by the Paraguayan legislation is courier or express mail companies on the one hand, and the National Postal Service on the other. In terms of Customs legislation, however, they all have the same responsibilities.

Is there any timeline defined for the submission of data, and if so, what is it?
TEMA: The airline should submit air waybill data between two hours (for regional flights) and four hours prior to the aircraft’s arrival in the country.

TERE 2: The courier company should submit single air waybill data between two hours (for regional flights) and four hours prior to the aircraft’s arrival in the country.

Describe the purposes for which advance electronic data is used (safety & security risk analysis, financial risk analysis, etc.). Data are used for goods risk analysis.

Describe how data security, protection and privacy aspects are ensured (if applicable, also in relation to voluntary data submission).
All web services used by the DNA are covered by a security protocol laid down in the documents: WSAA, signed certificates, data encryption, etc.

Describe any measure(s) taken to ensure or improve data quality.
- Advance submission.
- Confirmation of the tax identifiers of co-signatories and/or shippers.
- Confirmation of the identity documents of co-signatories and/or shippers, if they are not taxpayers.

Are there new actors and data sources identified (e.g., new reporting obligation introduced in legislation) in relation with e-commerce, and how can they improve the effectiveness and efficiency of risk analysis?
Nothing in particular has been identified up to the date of this report.

Any possibility / incentive for voluntary submission of additional data? What is the basis of such submission (e.g., legislation, MoU, etc.)? What are the main benefits of such extra reporting?
The main benefit is the speeding-up of procedures.
• Any possibility for the re-use of data (including data provided by different e-commerce stakeholders)? How is the liability issue tackled in the case of reporting and re-use of data by different actors?

These data can be re-used by the Under Secretary of State for Taxation (Subsecretaria de Estado de Tributación, SET). The latter is currently focusing on other projects.

4- Risk management
• New approach or elements introduced to the risk management processes following the implementation.
  o Describe the main principles and methods used for the risk analysis of e-commerce shipments.
  o What are the main benefits of the new approach? What were the main gaps/challenges of the old system?
  o Any differentiation between transport modes?

These shipments are for air transport only.

• Describe the approach in detail, to the extent possible, including the use of non-intrusive inspection (NII) technologies.
• What are the measures taken to cope with a large number of unknown parties?
• Describe how other government agencies and private sector stakeholders are involved in risk management.

5- Facilitation and simplification
• Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.
• What is the scope of simplified processes (e.g., low value shipments, all e-commerce goods, goods subject to prohibitions and restrictions are excluded, etc.).
• Is a level playing field ensured in terms of
  o economic operators
  o transport modes
  o others.
• Do economic operators need to comply with specific criteria in order to benefit from simplifications and expedited release of goods? Can e-commerce stakeholders (in particular e-platforms and marketplaces) take part in AEO programmes? Are there any specific criteria that they have to meet due to their particular business model?
• Is there any specific trusted trader programme set up for e-commerce stakeholders (in addition to AEO)?

The DNA is still in the process of AEO implementation.

• What is the average release time of non-risky e-commerce shipments?
• Are there any simplified methods available for the determination of the
  o Origin
  o Customs value and
  o Classification
  of the goods? Describe these methods in detail.
• Is there any possibility for account-based consolidated reporting and payment of the Customs duties and taxes due in relation to e-commerce goods?
• Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments? The DNA introduced a simplified clearance system by means of DSWEB software developed in-house.

• Describe the return/refunds procedures in detail. Since exporting in Paraguay is not subject to any taxation, no refunds can be made.

6- Partnerships
• What kind of partnership arrangements have been established with e-commerce stakeholders? The TERE System had to be developed to allow courier companies to carry out these exports or imports. With this requirement, the DNA allowed them to register for this type of business.

• Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to facilitate understanding.

7- Public awareness, outreach and capacity building
• Is there a dedicated website available to consumers and private stakeholders, developed by the Customs administration, which collects all the relevant information and regulatory requirements related to cross-border e-commerce? The DNA webpage contains all the information foreign trade operators may need. In this particular case, the information can be found at: https://www.aduana.gov.py/3276-22-remita-expresa.html.

• How do you ensure that e-commerce stakeholders are aware of their responsibilities and obligations related to e-commerce goods? DNA legislation also sets the corresponding penalties for non-compliance. To avoid these penalties, however, all the systems are developed with the participation of the same operators, views are exchanged and there is a trial period before mandatory implementation.

• What other measures are taken or methods used to raise consumers’ awareness of the regulatory requirements?

8- Measurement and Analysis
• Describe the approach used for the measurement of cross-border e-commerce, including the following main aspects:
  o Scope of the statistics
  o Dimensions considered in the statistics (e.g., value, quantity, geographic locations, type of goods, etc.)
• Are returns also measured? If yes, please describe the approach in detail.
• What are the main sources used for drawing up statistics? Is the private sector directly involved in drawing up statistics on cross-border e-commerce goods?
• Is there any legislative framework on statistics available in the country?
• To what extent is the WCO Data Model considered for statistical purposes? The WCO model is currently being implemented in Paraguay and in MERCOSUR. The first action will be in the INDIRA system rather than in simplified clearance procedures.
• **For what purposes are these statistics used?**

9- **Technological developments**

• *Is there any strategy developed at the national level for the exploration and use of modern technologies?*
  Paraguay relies on the Ministry of Information and Communication Technologies (Ministerio de Tecnologías de la Información y Comunicación, MITIC), the state regulator in this field.

• *What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?*
  Implementation of the e-signature in Customs operations: in their declaration by the persons involved, and in the Customs clearance process by Customs officials.

• *Are any pilot schemes and trials already in place or being planned?*
  These have been in place since 2017.

• *If such pilots are in place, or certain technological developments are already in use in relation with cross-border e-commerce, what are the main challenges and benefits of their use?*
  The main challenge is to incorporate the use of the e-signature of other institutions involved in import and export processes.

  The main benefits of the e-signature for Customs processes are legal validity, security and non-repudiation.

10- **Timeline, Benefits and Challenges**

• *What was the timeline to implement the Standard(s) concerned?*
  From the second half of 2014 to the first half of 2015: TERE implementation for imports. This has been mandatory since that time.

  From the second half of 2018, TEES implementation for exports. This has been mandatory since that time.

• *Which were the main difficulties or challenges encountered during the implementation process?*
  Natural resistance to formalization.

• *What are the key enablers for a successful implementation?*
  ✓ Provision of sound information to those involved.
  ✓ An understanding of the benefits to be obtained from implementation.
  ✓ The technological infrastructure available to the DNA.

• *What are the most important lessons learnt?*
  Although the implementation process is gradual, it is rather stressful until it becomes standardized, and then everything goes according to plan.
11- Capacity Building
- Which instruments and tools of the WCO or other international organizations were considered?
- Has any support been received from WCO or other organizations/countries to facilitate the implementation?
- Is there any plan to support other countries’ implementation based on the experience gained?

The Paraguayan DNA has provided technical assistance to Bolivian Customs for implementing TERE and TEMA.

12- Compliance and Future Developments (if applicable and/or available)
- What was the response of stakeholders to the implementation approach?
  They were cooperative.

- What is the approach to ensure compliance (penalties, education, etc.)?
  Implementation of the legislative frameworks and respective penalties.

- How is the success of the approach measured?
- Next steps (phases, reviews, adjustments, if applicable, other Standards to be implemented)?

Source: Customs Administration of Paraguay, submitted in November 2019 for the 1st edition of the Compendium
1- Introduction / General Overview

- General description of the current practices and approaches to handling cross-border e-commerce shipments
  - Trends, relevance of and legislative framework for cross-border e-commerce, supported by statistics (if possible and available), on
    - annual number of volumes (shipments) and declarations (if applicable, the proportion of low value shipments)

Postal Shipments:
7.9 millions of postal shipments are processed per year approximately. Just for 1% of this quantity a Declaration is generated. Low value postal shipments as De Minimis (US$ 200.00) do not generate Declaration, unless they are restricted goods or others as specified by SUNAT.

Express Shipments:
1.3 millions of express shipments are processed per year approximately, 80% of which generate Declaration. Just one consolidated Declaration is generated for shipments of correspondence, newspapers, postcards and periodicals with non-commercial value.

- taxes and duties collected from e-commerce goods
  - Postal Shipments: USD 1.7 million per year
  - Express Shipments: USD 22 million per year

- average time for clearance of e-commerce goods
  - Postal Shipments:
    The average time is 96 hours from the transmission of the postal manifest to the release of goods.
  - Express Shipments:
    The average time is 6 hours from arrival to release of goods with advance information.

- other important information.
  - Postal Shipments:
    USD 10 million of declared value per year
  - Express Shipments:
    USD 186 million of declared value per year
- **Use of electronic advance data**
  **Postal Shipments:**
  SERPOST S.A. does not transmit advance electronic information to SUNAT

  **Express Shipments:**
  ESER transmits advance electronic information to SUNAT, which is used for advance customs clearance.

- **Main issues and challenges that the Customs administration has to face in relation to cross-border e-commerce shipments**
  **Postal Shipments:**
  1. Undervaluation of goods value
  2. Partial shipments for avoiding tax payment
  3. Inadequate description of goods
  4. Incomplete description of the recipient
  5. Lack of advance information
  6. Delay in the disposition of goods for Customs clearance
  7. Restricted goods without authorization for entry
  8. Estimated arrival times for shipments arrival
  9. Large volumes of postal cargo
  10. SERPOST lack of staff to properly handle all shipments.

  **Express Shipments:**
  1. Undervaluation of goods
  2. Partial shipments for avoiding tax payment
  3. Inadequate description of goods
  4. Restricted goods with no authorization for entry
  5. Interoperability of both systems SUNAT - ESER

**2- Planning and Prioritization**

- **Which were the main elements/circumstances that triggered the (need for the) implementation of the Framework of Standards?**
  **Postal Shipments:**
  1. The Universal Postal Convention
  2. Improving the process of entering postal shipments
  3. Having a predictable e-commerce
  4. Establishing obligations for foreign trade operators
  5. Complying with the demand of citizens and small and medium enterprises

  **Express Shipments:**
  1. The Peru – United States Trade Promotion Agreement
  2. Improving the process of entry of express shipments
  3. Having a predictable e-commerce
  4. Establishing obligations for foreign trade operators
  5. Complying with the demand of citizens, small and medium enterprises
- **Prioritization of Standards:**
  - What aspects have been taken into account in setting up the priority and the roadmap for the implementation?
  - Postal Shipments and Express Shipments
    1. E-commerce predictability
    2. Obligations of foreign trade operators
    3. Importance and increase of cross-border e-commerce
    4. Complying with the demand of citizens, small and medium enterprises
  - Why is this approach / priority considered the most effective for e-commerce goods? For example, it is for providing facilitation and compliance, minimizing risks of undervaluation, preventing revenue losses, enhancing the predictability of delivery times if there is a need to pay duties and taxes, creating comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.
  - Postal Shipments:
    1. Provide ease of compliance with current regulations
    2. Risk management for mitigating undervaluation of goods and the entry of prohibited and restricted goods
    3. Control of clearance deadlines and times – cargo tracking
    4. Reduction of service time through the advance clearance in EER
    5. Traceability of shipments through SUNAT web and app
    6. Intensive use of electronic means in the entry process
    7. Importer presence is not required during the Customs clearance in order to avoid the spread of COVID-19
    8. Paperless Customs clearance process
    9. Interoperability between SUNAT – SERPOST systems
  - Express Shipments:
    1. Facilities for compliance with current regulations
    2. Risk management for mitigating undervaluation of goods and the entry of prohibited and restricted goods
    3. Control of clearance deadlines and times – cargo tracking
    4. Determination of duties and taxes in advance
    5. Reduction of service time through the advance clearance in EER
    6. Traceability of shipments through SUNAT web and app
    7. Intensive use of electronic means in the entry process
    8. Importer presence is not required during the Customs clearance in order to avoid the spread of COVID-19
    9. Paperless Customs clearance process
  - If not all the Standards have been selected for implementation, what was the basis for the selection?
    No standards have been selected for implementation.
  - Is there any phased implementation foreseen?
    None.
Use of studies, gap-analysis between 'as-is' and 'to-be' situations and any other analyses made by independent experts.
None.

- Were any other government agencies, besides Customs, involved in the planning phase?
None.

### 3- Advance Electronic Data

- **Is there any legal framework that requires (or enables) the exchange of electronic advance data? Is there any differentiation between economic operators with similar business activities (e.g., postal operators and express couriers)?**

  **Postal Shipments:**
  In the case of postal shipments that arrive in the country through SERPOST SA, the regulations allowing the exchange of advance electronic data is the General Customs Law, approved by Legislative Decree No. 1053 and amendments and Regulations of the General Customs Law, approved by Supreme Decree No. 010-2009-EF and amendments. However SERPOST, to date, does not implement its system to transmit advance information to SUNAT and to be able to carry out the advance clearance despite the Universal Postal Agreement establishes it. Postal shipments are under the framework of the Universal Postal Convention and current customs legislation.

  **Express Shipments:**
  In the case of express shipments that arrive in the country through the ESER, the regulations allowing the exchange of advance electronic data is the General Customs Law, approved by Legislative Decree No. 1053 and amendments and Regulation of the General Customs Law, approved by Supreme Decree No. 010-2009-EF and amendments. The ESERs transmit advance information to SUNAT to benefit from the advance clearance. The ESERs are under the framework of the PERU - US Trade Promotion Agreement and current Customs legislation.

- **Is there any timeline defined for the submission of data, and if so, what is it?**

  **Express Shipments:**
  The ESER electronically transmits to SUNAT the EER manifest data, in accordance with the structure published on the SUNAT web. Such transmission must be carried out 2 hours before the arrival of the means of transport. In the event that the means of transport travels for a shorter period than the indicated, this information must be transmitted until the time of arrival of the means of transport.

  In the advance clearance, the destination is made within the period of thirty calendar days before the arrival of the means of transport. Goods must arrive in a period no longer than thirty calendar days from the day following the date of declaration numbering.

- **Describe the purposes for which advance electronic data is used (safety & security risk analysis, financial risk analysis, etc.).**

  **Express Shipments:**
  - Appropriate risk management
  - Faster Customs clearance
  - Advance payment of goods for early release
  - Reduction of the time for release of goods
• Reduction of cargo warehouse costs

• *Describe how data security, protection and privacy aspects are ensured (if applicable, also in relation to voluntary data submission).*

Data protection and security transmitting to SUNAT is ensured through the user code and SOL key that trade operators have to use for registering or sending the data to SUNAT, which are sent and assigned in a confidential way for the procedures to be made before SUNAT.

• *Describe any measure(s) taken to ensure or improve data quality.*

The information transmission has been implemented following the data structure and means used by the WCO in the updated platform of information transmission – Customs Clearance System – SDA, in force for express shipments and part of postal shipments.

• *Are there new actors and data sources identified (e.g., new reporting obligation introduced in legislation) in relation with e-commerce, and how can they improve the effectiveness and efficiency of risk analysis?*

The Customs Facilitation, Security and Transparency Program (FAST) that SUNAT is currently developing, is an initiative that proposes to facilitate, streamline, automate and make transparent the processes of entry and exit of goods in the country’s Customs, as well as in the complementary processes of operator control. All of them integrated into the cross processes of risk management and supply chain security.

The implementation of FAST, in addition to facilitating Customs operations, will also allow the launching of a comprehensive Customs risk management system that will use automated selectivity processes to cover the universe of Customs procedures, with differentiated treatment by operator, as well as automated selection for extraordinary pre- and post-clearance control.

• *Any possibility / incentive for voluntary submission of additional data?*

SERPOST S.A. and the ESER have specific boxes of observations and previous procedures in the information transmission to SUNAT, where they can voluntarily include, in their Customs declarations or in the manifest transmission of the shipments arriving in the country, additional voluntarily data that allows SUNAT to manage the risk for better selectivity of Customs control of shipments that arrive in the country.

• *What is the basis of such submission (e.g., legislation, MoU, etc.)?*

The legislation in force and the data structure (WCO) are the base. They permit to transmit the information to SUNAT.

• *What are the main benefits of such extra reporting?*

A fair and predictable cross-border e-commerce.

• *Any possibility for the re-use of data (including data provided by different e-commerce stakeholders)? How is the liability issue tackled in the case of reporting and re-use of data by different actors?*
Data transmitted by SERPOST, ESER and other foreign trade operators is re-used by SUNAT, through simultaneous process implying declaration numbering, risk management and the traceability of the cross-border e-commerce supply chain.

With this initiative, it is planned to facilitate, streamline, automate and make transparent the entry and exit process of goods through Customs Offices nationwide, as well as the complementary process of operator control, integrated to cross models of risk management and supply chain security.

4- Risk management

- New approach or elements introduced to the risk management processes following the implementation.
  - Describe the main principles and methods used for the risk analysis of e-commerce shipments.

  Postal Shipments:
  SUNAT considered a risk management approach based on identifying the related shipments, which have to comply with one of the following conditions:
  - The same beneficiary and/or
  - The same address
  With this initiative, the partial postal shipments that are submitted to avoid the payment of import duties and taxes should be detected.

  Express Shipments:
  SUNAT has designed a “Probabilistic Model” that permits to classify the import declarations of express shipments, under its risk level, then to assign the “line” or treatment most suitable to goods according to the current law; goods can be subject to the following treatments:
  - Red line: goods and supporting documents are subject to revision and physical examination, before the goods are sent to recipients.
  - Orange line: Supporting documents of goods are subject to revision before the delivery of goods.
  - Green line: Immediate delivery of goods to consignees, based on principle of presumption of truthfulness.
  Multi Variable Filters are used to the entry of express shipments.

  - What are the main benefits of the new approach? What were the main gaps/challenges of the old system?
    Increased predictability and certainty in incident findings.

  - Any differentiation between transport modes?
    Not known.

- Describe the approach in detail, to the extent possible, including the use of non-intrusive inspection (NII) technologies.

  Postal Shipments:
  SUNAT considered the Non-Intrusive Inspection for documents, newspapers and periodicals and goods in general.
Express Shipments:
SUNAT has designed random non-intrusive inspections of documents, newspapers and periodicals with no commercial value.

- What are the measures taken to cope with a large number of unknown parties?

Postal Shipments:
SUNAT considered the use of non-intrusive means – scanner and random review of the postal shipment characteristics, as well as physical examination.

Express Shipments:
SUNAT considered applying advance risk management based on a probabilistic model, non-intrusive control and physical examination of the goods.

- Describe how other government agencies and private sector stakeholders are involved in risk management.

Express Shipments:
Some ESER participate through the sending of risk indicators in the transmission of the manifest and declaration of goods.

5- Facilitation and simplification
- Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.

In the postal process, the basic premises are established as follows:

1.- Centralized control of customs clearance between Postal Offices (SERPOST S.A) and Customs Offices (SUNAT) without the presence of the recipient for the clearance of postal shipments with a FOB value up to US$ 2,000.00 US dollars.

2.- Those postal shipments having a FOB value up to US$200.00 (except restricted goods and those goods established by SUNAT) are released immediately by SUNAT and then they are delivered to the recipient by SERPOST S.A. No Customs Declaration is made because approximately 81% of shipments do not exceed the above value, so it is necessary to simplify the treatment of these shipments that do not pay import duties and taxes and optimize the control actions for shipments that effectively have to pay duties and taxes.

3.- Paperless Customs clearance, using information transmitted by SERPOST S.A. to SUNAT through electronic means for the compliance with Customs formalities and IT tools as Foreign Trade Single Window (VUCE in Spanish), Virtual Reception Desk, dedicated e-mail importafacil@sunat.gob.pe, SUNAT web and app.
There are 4 main stages in the process:

1.- Postal shipments are received by SERPOST S.A.: the international carrier delivers the bags containing postal shipment to SERPOST S.A., which is responsible for weighing, registering and transmitting to SUNAT the general information of postal bags. The postal manifest number is generated by SERPOST S.A. and the general data is transmitted to SUNAT, per each means of transport, according to the structure published on the SUNAT portal.

2.- Postal bags are moved by SERPOST S.A.: postal bags are moved from the International Airport Jorge Chavez, Air Exchange Center or Sea Temporary Warehouse to the Postal Classification Center of Lima – CCPL for purposes of Customs control by SUNAT.

3.- Postal bags are controlled by SUNAT at the arrival: At the arrival of the postal cargo to the Postal Classification Center of Lima – CCPL, the quantity of entry of bags or bulks are verified by the Customs officer, who oversees that the data transmitted by SERPOST to SUNAT matches the postal cargo received.

4.- Postal shipments are selected by SUNAT: Shipments of direct distribution to be released immediately for delivery to the recipient by SERPOST S.A. and those postal consignments subject to Customs clearance and to determining the import Customs duties and taxes are selected by SUNAT.
The following premises are laid down in the Express Shipment Process (EER in Spanish):

1. DECLARE:
The EER Declaration information is transmitted by the ESER to SUNAT before the arrival of the cargo to the country individually or consolidated.

2. CONTROL:
SUNAT carries out advance risk management based on the information transmitted by the ESER, by selecting the EER Declaration to red or green line for Customs control.

3. RELEASE:
Express shipments with categories 1, 2 and 3 are released immediately by SUNAT with green line or having guaranty.

4. CUSTOMS CLEARANCE:
SUNAT performs the control and the Customs clearance of those express shipments selected to red line and subject to import duties and tax payment.
What is the scope of simplified processes (e.g., low value shipments, all e-commerce goods, goods subject to prohibitions and restrictions are excluded, etc.).

Postal Shipments:
The de minimis threshold includes those items of correspondence, documents, newspapers or periodicals for non-commercial purposes and goods whose FOB value does not exceed US$ 200.00, per shipment and identified under national subheading 9810.00.00.10. The competent authority to determine postal shipments qualifying as de minimis is SUNAT and national law calls it "direct distribution", which is also responsible for determining the Customs value, the correct classification of the goods contained in the postal shipment, managing the Customs clearance risk and tracking the cargo to complete the import process.

Express Shipments:
The de minimis threshold includes consignments of category 1 relating to correspondence, documents, newspapers or periodicals for non-commercial purposes, and identified by national subheading 9809.00.00.10 and category 2, whose goods have a FOB value not exceeding US$ 200.00, per shipment, and identified with national subheading 9809.00.00.20. The competent authority to determine the express shipments qualifying as de minimis is SUNAT, which is also responsible for determining the Customs value, the correct classification of the goods contained in the shipment, managing the Customs clearance risk and tracking the cargo to complete the import process.

Goods subject to restrictions and prohibitions apply for both EER and POSTAL and the consignee must submit or attach documents from the sector competent for legal entry into the country of the imported good.

Is a level playing field ensured in terms of
- economic operators
- transport modes
- others.

There is a level playing field for both EER and Postal service, under the scope of the General Customs Law, approved by Legislative Decree N° 1053, published on 27.6.2008 and amendment; and the Rules of Procedure of the General Customs Law, approved by Supreme Decree N° 010-2009-EF, published on 16.1.2009 and amendment, if applicable.

Regarding the means of transport, it is worth highlighting that for postal shipments, goods come from air and sea route; for express shipments, goods come only from air route.

Do economic operators need to comply with specific criteria in order to benefit from simplifications and expedited release of goods? Can e-commerce stakeholders (in particular e-platforms and marketplaces) take part in AEO programmes? Are there any specific criteria that they have to meet due to their particular business model? The Authorized Economic Operators – AEO are not covered by the POSTAL and EER.
• Is there any specific trusted trader programme set up for e-commerce stakeholders (in addition to AEO)?
  It is not considered to date.

• What is the average release time of non-risky e-commerce shipments?
  Postal shipments: From 1 to 4 days according to the service provided by SERPOST S.A.
  EER: From 6 to 48 hours according to the control line selected by SUNAT.

• Are there any simplified methods available for the determination of the
  - Origin
  - Customs value and
  - Classification
  of the goods? Describe these methods in detail.
  Postal Shipments: There is a simplified method for determining the Customs value, through the REFERENCE VALUE CHAPTER, which establishes in what cases the Customs value can be determined in the simplified clearance of postal shipment import, at the importer's choice, according to the Reference Value Chapter published on the SUNAT web, which is updated periodically.

Regarding the tariff classification of goods in Postal and EER business, SUNAT has established in the Customs Tariff unique headings for classifying easier and faster goods contained in the postal and express shipments.

• Is there any possibility for account-based consolidated reporting and payment of the Customs duties and taxes due in relation to e-commerce goods?
  Postal Shipments: There is an electronic system in the Postal Shipments that allows re-grouping postal shipments on the basis of recipient’s name and address, to generate a single declaration from the same recipient for the purpose of paying the corresponding duties and taxes.

• Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments?
  It is not planned.

• Describe the return/refunds procedures in detail.
  Postal shipments: Return or re-shipping of postal shipment:
  1. - The application number of the return or re-shipping is electronically requested within the period established by SUNAT.
  2. - The transmitted information is validated by the computer system and the application is numbered.
  3. - The list of numbered application of re-shipping / return, through SUNAT Virtual Reception Desk, is sent by SERPOST to SUNAT and the shipment document is submitted to the assigned Customs official for verification and control.
  4. If everything is okay, the return/re-shipping application is authorized by SUNAT, through the computer system, so that the shipment will be moved by SERPOST S.A. from the Postal Warehouse to the Customs Office of departure.
  5. - The shipments are re-shipped or returned by SERPOST S.A. within the established period.
6. – The list of shipments embarked for their regularization within a period of ten working days following the embark are sent by SERPOST to SUNAT, through the Virtual Reception Desk.

7. - The list of shipments that has not been returned or re-shipped within the corresponding period and the date of the expiry of the time limit to request or conclude the return or re-shipping of each shipment is communicated by SERPOST to SUNAT, through the Virtual Reception Desk.

8. - The re-shipping or return application is not appropriate when:
   a) They are shipments with Customs destination, unless they have been filed at company’s request.
   b) They are prohibited goods or they have not been re-shipped or returned within the period granted by the Customs Administration.
   c) The shipment has been seized or destroyed by the competent authority or made available to Customs authority, according to the domestic legislation on the matter.
   d) The shipper has indicated its abandonment in the guide number or postal form according to UPU.
   e) The return to origin or the exit of the country is prohibited by the Universal Postal Convention or the domestic legislation.

9.- The return to origin of non-distributable printouts is not mandatory, unless the shipper has requested it by means of annotation consigned in the shipment; if such annotation has not been made, they have to be made available to the Customs authority for legal process.

Express Shipments: EER re-shipping and return
1.- The application number of the re-shipping or return of the shipment is requested by the ESER by electronic transmission.

2.- The list of numbered re-shipping and return application, through SUNAT Virtual Desk Reception, is sent by ESER to the Customs Office of Departure in order for the Customs Official to make inspection and control.

3.- The shipments justifying in the re-shipping / return application should be submitted before a Customs official in the ESER’ s premises, for their inspection.
   The bulks corresponding to the shipment are placed in a bag by the ESER and then it is sealed. After the inspection and if it is in conformity with the regulations, the Customs official authorizes, through the electronic system the re-shipping/return application.

4.- The bags containing shipments for their re-shipping or returning abroad are moved to the temporary warehouse by the ESER.

5.- The list of re-shipping/return application is sent by the ESER to the Customs Office of Departure, through the Virtual Reception Desk, within the period of ten working days following the shipment.

6.- By the Virtual Reception Desk, those re-shipping/return applications that have not been shipped within the authorized period of time are communicated by the ESER to SUNAT, within the first five days of the following month.
6- Safety and Security
- Is there any IT system in place for safety & security risk management?
- Describe the approach applied in detail, including the use of dynamic risk profiling to identify high-risk shipments.
- Is there any inter-agency cooperation established with other government agencies?
- What is the role of private sector stakeholders in identifying illicit trade channels and high-risk e-commerce goods?

There is no knowledge of IT systems for safety and security risk management. It is not known that some inter-agency co-operation has been laid down with other governmental agencies or of the private sector interest.

7- Revenue collection
- Refer to the template for revenue collection models.
  No information is available.

8- Partnerships
- What kind of partnership arrangements have been established with e-commerce stakeholders?
- Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to facilitate understanding.

There is no knowledge of agreements and partnerships with the private sector regarding e-commerce.

9- Public awareness, outreach and capacity building
- Is there a dedicated website available to consumers and private stakeholders, developed by the Customs administration, which collects all the relevant information and regulatory requirements related to cross-border e-commerce?
  Yes, there is a dedicated website available to consumers and private stakeholders for EER and POSTAL, www.sunat.gob.pe. The aforementioned SUNAT web collects all the necessary information that the user or recipient of the POSTAL and EER service related to electronic commerce must know, it has to be understood for the Customs clearance of the goods.

- How do you ensure that e-commerce stakeholders are aware of their responsibilities and obligations related to e-commerce goods?
  Through campaigns, events, academic forums and workshops to foreign trade operators, which are communicated and disseminated through the SUNAT wen and social networks.

- What other measures are taken or methods used to raise consumers’ awareness of the regulatory requirements?
  Advertising campaigns through radio, television and written press.

10- Measurement and Analysis
- Describe the approach used for the measurement of cross-border e-commerce, including the following main aspects:
  o Scope of the statistics
  o Dimensions considered in the statistics (e.g., value, quantity, geographic locations, type of goods, etc.)
Are returns also measured? If yes, please describe the approach in detail.

What are the main sources used for drawing up statistics? Is the private sector directly involved in drawing up statistics on cross-border e-commerce goods?

Is there any legislative framework on statistics available in the country?

To what extent is the WCO Data Model considered for statistical purposes?

For what purposes are these statistics used?

We are not aware of the approach and the sources used by the private sector to measure the cross border e-commerce and agreements and partnerships of government agencies with the private sector related to e-commerce.

11- Technological developments

Is there any strategy developed at the national level for the exploration and use of modern technologies?

What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?

Are there any pilots and trials already in place or under planning?

If such pilots are in place, or certain technological developments are already in use in relation with cross-border e-commerce, what are the main challenges and benefits of their use?

We are not aware of technological developments implemented at the national level in relation to e-commerce exclusively.

It is not known if there are ongoing pilots or tests in the private sector and the benefits from them.

SUNAT has made available the new SUNAT web a few years ago, according to the new technological progress and considering the tax payers needs, foreign trade operator and citizens in general.

The characteristics are:

- Neater, simpler and more accessible portal.
- Virtual Reception Desk to the main services and tax process and foreign trade.
- Main page with direct access to the main links and applications, in conformity with the taxpayers’, foreign trade users’ and citizens’ needs.
- Totally simple and with innovations.
- Ordered information with a simple and modern visual design, which is friendlier and more productive.
- An immediate access is permitted to its main tax and foreign trade process.
- It uses new techniques permitting accessibility, regardless of the technology used by the citizen or company. In addition, best practices in the use of visual and iconographic language are incorporated.
- The visual design and the browsing are enhanced (web design with more graphics).
- Fast access to the virtual services, which permits time saving for web users.
- The experience is more productive, by reducing the time in process and search of information.
In addition, the development of social networks, the massive use of mobile and smart phones allowing the information reception by SMS and e-mails, open new communications channels with the taxpayer.

The new creation of the Virtual Reception Desk (MPV in Spanish) allowing the start and tracking of several procedures in an electronic way, gives an opportunity to integrate the services granted by several governmental agencies in the process of the control and audit procedures, as well as in the settlement of tax and foreign trade disputes.

12- Timeline, Benefits and Challenges

- **What was the timeline to implement the Standard(s) concerned?**
- **Which were the main difficulties or challenges encountered during the implementation process?**
- **What are the key enablers for a successful implementation?**
- **What are the most important lessons learnt?**
There is no knowledge of schedules regarding e-commerce rules and difficulties or challenges during the implementation process.

13- Capacity Building

- **Which instruments and tools of the WCO or other international organizations were considered?**
- **Has any support been received from WCO or other organizations/countries to facilitate the implementation?**
- **Is there any plan to support other countries’ implementation based on the experience gained?**
It is not known that the WCO tools and instruments related to e-commerce standards have been considered and the capacity building and plans of supporting other countries on the basis of experience gained.

14- Compliance and Future Developments (if applicable and/or available)

- **What was the response of stakeholders to the implementation approach?**
- **What is the approach to ensure compliance (penalties, education, etc.)?**
- **How is the success of the approach measured?**
- **Next steps (phases, reviews, adjustments, if applicable, other Standards to be implemented)?**
It is not known about the future developments to ensure the compliance with the established penalties for e-commerce.

15- Additional or Final Comments

- **Any additional or final comments.**
None.

SUNAT has participated in the meetings of the WCO E-Commerce Working Group.

We know that the group consolidated the outcomes of the diverse tasks and developed the Framework of Standards on Cross-Border E-Commerce, which gives practical guidelines and approaches for the implementation of each principle mentioned in the “Luxor Resolution on Cross-Border E-Commerce” of December 2017: advance electronic data and risk management, facilitation and simplification, revenue collection,
measurement and analysis, partnerships, public awareness, capacity building, and legislative frameworks.

In addition, the SUNAT’s Customs Facilitation, Security and Transparency Program (FAST in Spanish) considers the Customs process facilitation as a primary pillar in a Customs of global level, it is fundamental to take into account the use of IT, as well as e-commerce for the development of Customs process, specifically the postal shipments and express shipments.

Source: Customs Administration of Peru, updated in January 2021 for the 2nd edition of the Compendium
Saudi Arabia

1- Introduction / General Overview

General description of the current practices and approaches to handling cross-border e-commerce shipments

Trends, relevance of and legislative framework for cross-border e-commerce, supported by statistics (if possible and available), on

- average time for clearance of e-commerce goods
  2 to 5 hours based on several elements, inclusive but not limited to, the volume, the accuracy/availability of the goods documents.
- other important information.

Use of electronic advance data
Generate reports and statistics for the purpose of developing the sector of cross-border e-commerce trading.

Main issues and challenges that the Customs administration has to face in relation to cross-border e-commerce shipments
To expedite the clearance without compromising revenue, tax and security.

2- Planning and Prioritization

Which were the main elements/circumstances that triggered the (need for the) implementation of the Framework of Standards?

- Compliance to international and regional agreements
- Annual growth of goods imported and volume received from e-commerce stores
- Necessity to process clearance faster
- Fair revenue collection
- Security and censorship control

Prioritization of Standards:

What aspects have been taken into account in setting up the priority and the roadmap for the implementation?
Aspects:

- Facilitation of cross-border e-commerce trading
- Customer satisfaction
- Security and protection against prohibited goods
- Taxes and Customs duties collection
In terms of the roadmap, the project has been launched in January 2018 and achievements took place in the following months, which mainly consists of the following actions:

- System integration with express shipping couriers
- Supporting and motivating express shipping couriers to have their own private warehouse in order to facilitate clearance process of their shipments
- Availing transit service from neighbouring countries across Customs ports by land transport
- Utilizing Artificial Intelligence in the warehouse of express shipping couriers to sort and distribute e-commerce shipments.
- Launched “MASAR” service built in Fasah platform and available in Mobile application, which enables the tracking of shipment progress and status during Customs process.
- Developed Customs declaration process through assessing each phase and activity and eliminating all redundant tasks such as tasks in the clearance phase, which became automatically processed once taxes and duties are paid.
- Launched postponement service for taxes and duties collection, to be paid in 21 days starting of shipment clearance from Customs port.

Currently, we are working on other ongoing projects to develop and facilitate cross-border e-commerce sector, which are not yet finalized.

**Why is this approach / priority considered the most effective for e-commerce goods?**

For example, it is for providing facilitation and compliance, minimizing risks of undervaluation, preventing revenue losses, enhancing the predictability of delivery times if there is a need to pay duties and taxes, creating comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.

Mainly, the approach has been defined to fulfil below objectives:

- Facilitation of cross-border e-commerce trading
- Customer satisfaction
- Security and protection against prohibited goods
- Taxes and Customs duties collection
- Smooth processing for all Customs procedures and services.

**If not all the Standards have been selected for implementation, what was the basis for the selection?**

The implementation has been executed based on all standards selected previously.

**Is there any phased implementation foreseen?**

Yes, definitely.

**Use of studies, gap-analysis between ‘as-is’ and ‘to-be’ situations and any other analyses made by independent experts.**

Certainly, roadmap, objectives and standards to develop the sector of cross-border e-commerce have been set up after extensive benchmark studies and best practices assessment alongside gap analysis between ‘as-is’ and ‘to-be’ situations.

**Were any other government agencies, besides Customs, involved in the planning phase?**

General Authority of Civil Aviation and Communications and Information Technology Commission.
3- Advance Electronic Data

Is there any legal framework that requires (or enables) the exchange of electronic advance data? Is there any differentiation between economic operators with similar business activities (e.g., postal operators and express couriers)?

We, in ZATCA, are working to clear shipments within 2 hours; and to make this happen we have developed Customs procedures in coordination with government and private authorities related to import, such as the following:

- Initiating the clearance procedures by submitting the required documents and establishing the customs declaration at least 48 hours before the arrival of the shipment to the port, instead of being submitted upon arrival.
- Minimizing the number of Import document from 12 to 2:
  A. Commercial Invoice
  B. Bill of Landing
- Automating and submitting services electronically, such as authorizing loyalists and providing clearance obligations with holding act within minutes through the system; replacing paperwork that took several days before the implementation of Fasah platform.
- Auto-linking between all government and private entities working with customs.

Nothing different between economic operators with similar business activities

Is there any timeline defined for the submission of data, and if so, what is it?

Directly or through a Customs broker, the data can be uploaded and submitted as soon as the necessary documents are available. They should be submitted no later than 48 hours prior to the arrival of the shipment through the Fasah platform at fasah.sa. (Fasah is a unified digital platform for the import and export system)

Describe the purposes for which advance electronic data is used (safety & security risk analysis, financial risk analysis, etc.).
- To fulfill fast clearance
- To target prohibited shipments
- To generate reports and statistics of e-commerce shipments and buyers.

Describe how data security, protection and privacy aspects are ensured (if applicable, also in relation to voluntary data submission).

We in Customs implement a comprehensive security strategy to safeguard proprietary data and prevent web server security compromise.

Describe any measure(s) taken to ensure or improve data quality.

There are guidelines and requirements mandatory to be followed or the data will be rejected.

Are there new actors and data sources identified (e.g., new reporting obligation introduced in legislation) in relation with e-commerce, and how can they improve the effectiveness and efficiency of risk analysis?

Fasah platform (Single window) which is reliable to receive and export advance electronic data from express shipping courier system.
Any possibility / incentive for voluntary submission of additional data? What is the basis of such submission (e.g., legislation, MoU, etc.)? What are the main benefits of such extra reporting?
Yes, such as origin certificate

Any possibility for the re-use of data (including data provided by different e-commerce stakeholders)? How is the liability issue tackled in the case of reporting and re-use of data by different actors?
Re-use of data mainly used internally to generate reports and statistics for the purposes of developing the sector of cross-border e-commerce trading.

4- Risk management

New approach or elements introduced to the risk management processes following the implementation.
There are many elements taken into consideration such as season, importer behaviour, and suspicious countries.

Describe the main principles and methods used for the risk analysis of e-commerce shipments.
- Collecting and storing of flight manifest electronically for e-commerce goods and air waybill data;
- System integration with express shipping couriers allowing Customs users to search and analyse manifests by applying risk profiles and watch lists;
- Automating risk profiles, enabling them to be applied to all new manifests imported into the e-commerce targeting system in real time
- Creating, maintaining and storing watch lists of e-commerce shipments within the application;
- Managing access to functionalities and data through user roles and permissions;
- Workflow structure;
- Management oversight and reporting;
- Finding the outliers, it is useful to decide if there is fraud on the shipment or not.

What are the main benefits of the new approach? What were the main gaps/challenges of the old system?
SAS, which is an elaborate statistical software, will enable ZATCA to use advance analytical models, building and evaluating risk rules. The main gap in the old system is difficulty to access and deal with large amounts of the data and have and maintain the feedback loop.
Main benefits:
- Security and protection against prohibited goods;
- Smooth processing for all Customs procedures and services.
Challenges of the old system consists of:
- Manual inspection of e-commerce shipments was reliable more than the targeting system.
- Poor targeting of e-commerce shipments due to lack of necessary data.

Any differentiation between transport modes?
Principles and methods of the approach are applied similarly on all transport modes.
Describe the approach in detail, to the extent possible, including the use of non-intrusive inspection (NII) technologies? What are the measures taken to cope with a large number of unknown parties? Describe how other government agencies and private sector stakeholders are involved in risk management.
There will be integration with internal related government agencies such as Lloyd's list intelligence.

5- Facilitation and simplification

Describe the approach/es in detail. Use pictures, diagrams and charts, printscreens, websites, etc., to make the understanding easy.
https://www.fasah.sa/

What is the scope of simplified processes (e.g., low value shipments, all e-commerce goods, goods subject to prohibitions and restrictions are excluded, etc.).
All personal shipments, which are valued less than 1000 SAR (363 USD) are being listed in a simplified Customs declaration by the express shipping courier, including all air waybills under HS code 980100000003.

Is a level playing field ensured in terms of
- economic operators
- transport modes
- others.
No

Do economic operators need to comply with specific criteria in order to benefit from simplified processes and expedited release of goods?
Yes, the requirements are as follows:
- Compliance and lack of Customs related fines in the last 3 years.
- Records and documents to be electronic.
- Financial solvency for parent company and subsidiaries.
- The appointment of a contact person with a thorough knowledge of Customs regulation.
- A policy for security focused training for personnel/staff.
- Committing the submission of accurate declarations and ensuring security and confidentiality.
- Ensuring safety measures are implemented with regard to: containers – transport - company premises, warehouses, and facilities - staff and workers.
- Ensure adherence of business partners to the security standards.
- Efficient crisis management measures.
- Tracking key performance indicators to improve the general performance, reduce risks, and enhance security.

Can e-commerce stakeholders (in particular e-platforms and marketplaces) take part in AEO programmes?
Yes. Any economic operator who is part of the international supply chain can apply for AEO.

Are there any specific criteria that they have to meet due to their particular business model?
The e-commerce stakeholders have to meet the criteria of the SAFE Framework of Standards, but the audit and validation methodology (Audit Plan) will be changed based on the risk and the business model of the applicant.
Is there any specific trusted trader programme set up for e-commerce stakeholders (in addition to AEO)?
Currently we only have AEO in Import and Export Department.

What is the average release time of non-risky e-commerce shipments?
Direct release

Are there any simplified methods available for the determination of the
- Origin
- Customs value and
- Classification
of the goods? Describe these methods in detail.
It could be achieved through the Shipment Invoice provided by retailers or by comparing the invoice with the remaining documents and the shipment itself, among other methods.

Is there any possibility for account-based consolidated reporting and payment of the Customs duties and taxes due in relation to e-commerce goods?
It’s possible for all express shipping couriers.

Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments?
Fasah Portal.

Describe the return/refunds procedures in detail.
In accordance with common Customs law of GCC states:
Article 95: “The goods imported into the country, on which Customs duties “taxes” were not collected, may be re-exported to outside the country or to the free zone according to the procedures and guarantees prescribed by the Rules of Implementation.”
Article 96: “In certain cases, permission may be given for transshipment or withdrawal of the goods, that were not placed into the Customs warehouses, from the wharves to the ships under the conditions prescribed by the director general.”
Article 97: "Customs duties “taxes” collected on the foreign goods shall be totally or partially refunded at re-exportation according to the practices and conditions set forth in the Rules of Implementation."

6- Safety and Security

Is there any IT system in place for safety & security risk management?
Yes
Describe the approach applied in detail, including the use of dynamic risk profiling to identify high-risk shipments.
(SAS Team) For cargo targeting (but also for any other type of targeting), SAS uses a hybrid approach that encompasses multiple techniques and spotting for suspicious or high-risk behaviour pattern. The hybrid approach covers techniques like DB search and lookups, text mining, anomaly detection (utilizing entity profiles), network and entity relationships, predictive and descriptive modelling.
Regarding the use of entity profiles, we have a detailed description of all the business rules involved:
The evolution of business rules design

Most of the fraud monitoring systems evolved from simple business rules where monitoring is mostly managed through alerting breach of threshold levels or amounts.

- 1st Generation:

The First Generation of fraud systems use the same approach, and each transaction was assessed, utilizing only simple threshold values. For example: if the weight of the cargo was greater than the defined threshold, generate an alert.

- 2nd Generation:

Obviously, as the generations are servicing not only different types of clients (retail individuals, commercial entities – small, medium and big companies, government, etc.) but also different segments with the same customer type (e.g. retail customer can belong to different segments based on their assets) so the above approach with single thresholds is too crude to fit all the customers. Therefore, the next generation started using different thresholds for different segments of customers – be it people or organizations. This added complexity to the system as each customer had to be assigned a segment and based on that, relevant thresholds were applied to the business rules. This adjustment paid off as it improves the overall system efficiency and reduced the false positives significantly. For example, (banking example): if withdrawal amount from the branch was greater than XXX SAR, generate an alert. For thresholds, we use a table similar to below to define different threshold that needed to be applied:

<table>
<thead>
<tr>
<th>Customer Type</th>
<th>Customer Segment</th>
<th>Threshold AMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail individual</td>
<td>Standard</td>
<td>5,000.00 SAR</td>
</tr>
<tr>
<td>Retail individual</td>
<td>High-net-worth /VIP</td>
<td>30,000.00 SAR</td>
</tr>
<tr>
<td>Retail individual</td>
<td>Politically exposed person/royal</td>
<td>15,000.00 SAR</td>
</tr>
<tr>
<td>Corporate</td>
<td>Single person Company</td>
<td>8,000.00 SAR</td>
</tr>
<tr>
<td>Corporate</td>
<td>Small Enterprise</td>
<td>12,000.00 SAR</td>
</tr>
<tr>
<td>Corporate</td>
<td>Medium Enterprise</td>
<td>25,000.00 SAR</td>
</tr>
<tr>
<td>Corporate</td>
<td>Big Enterprise</td>
<td>100,000.00 SAR</td>
</tr>
<tr>
<td>Government</td>
<td>Local govt entity</td>
<td>50,000.00 SAR</td>
</tr>
<tr>
<td>Government</td>
<td>Ministry</td>
<td>250,000.00 SAR</td>
</tr>
</tbody>
</table>

- 3rd Generation:

Though the segmentation helped significantly in reducing the false positives, there were still behavioural characteristics that were specific to the actual customer/entity. Though the customers were in the same segments, they still behaved differently - shipping patterns were different, interactions with the Customs through different channels were different. With all the additional data now collected from all the different departments within the organizations, it was possible to build new rules which focused on all the above areas like importing patterns, travel routes, cargo volumes, and others. But to enable such rules, it was necessary to move from segmentation one level deeper, and entity profiles were introduced.
Entity profiles can be easily understood as a different characteristic measured and calculated in batch or a real-time to reflect the unique behavior of the entity – most often passenger/agent/importer/driver/ etc. So based on this premise, it was possible to collect information like:

- maximum volume of cargo shipped from certain countries per month
- the average value of cargo to type
- first-time import of certain cargo by the particular importer
- how many declarations were submitted done by a particular agent within the last 1 month

All the above information can be captured, calculated, and stored within the system for each entity. This added another level of complexity, as to enable such functionality, the system has to capture, calculate, and store all these behavioral characteristics internally. Nevertheless, the benefits are tremendous as currently every single transaction of a particular entity is assessed against its historical behavioural profiles, and therefore, a huge amount of false positives could be eliminated. Still, even though we are comparing an entity’s transactions against its own profile, there can still be false positives, for example, due to seasonality, but these are already greatly reduced from previous levels.

Is there any inter-agency cooperation established with other government agencies?
Yes

What is the role of private sector stakeholders in identifying illicit trade channels and high-risk e-commerce goods?
Existing trends indicate that there is a growth in the ingress of illicit substances and goods. This part of e-commerce exists due to the real anonymous, bitty and direct nature of selling and buying. Different concepts are being utilized, including the use of social media and face-to-face encrypted chats, to simplify elicit trade. Outmoded patterns of Customs fraud, undervaluation in particular, are also present in e-commerce. Customs is working closely with other law-enforcement agencies and other stakeholders to develop IT capabilities that help to identify illicit trade and fraud activities, to take suitable countermeasures. Customs is working in partnership with e-vendors or platforms/marketplaces to detect online transactions of illicit good, to detect and combat Customs fraud and to strengthen efforts to initiate appropriate actions against parties who engage in online trade in contraband goods. Unending to build partnership among law-enforcement agencies and collaborating with e-vendors, platforms, marketplaces, intermediaries and Internet service providers will facilitate compliance with Customs’ policies and other relevant regulations and to counter illicit trade and Custom fraud, (for example; freezing websites, closing accounts.) In addition, customers should continue to partner with WCO Members and other international organizations, for example; the Organisation for Economic Cooperation and Development, to stake best practices in combating illicit trade and fraud through e-commerce.

In the meanwhile, to support Customs controls while expediting the release of cargo and ensuring data security, Customs, in cooperation with other relevant border agencies, should establish a national centralized platform such as National Single Window. Data sharing principles should be applied so that data provided to Customs can serve to meet the supervisory requirements of partner agencies (stakeholders) as well. Furthermore, the establishment of a National Targeting Center assists to conduct coordinated pre-arrival data screening and post arrival auditing and targeting for an incorporated and holistic risk management of cross border e-commerce.
shipments, developing and utilizing data from contributing agencies.

7- Partnerships

*What kind of partnership arrangements have been established with e-commerce stakeholders?* ZATCA works hand in hand with express couriers and government agencies to facilitate trade and improve the market through providing benefits and ensuring compliance which is governed by The Regulatory Customs Guide for Express Couriers.

**Below are examples of partnerships arrangements:**
Government agencies:
- General Authority of Civil Aviation
- Communications and Information Technology Commission

A Cooperation agreement has been signed off with express shipping couriers who owned private warehouses such as Aramex, DHL, Fedex and UPS.

International e-commerce stores such as:
- Amazon
- Apple
- Shein
- iHerp

8- Public awareness, outreach and capacity building

*Is there a dedicated website available to consumers and private stakeholders, developed by the Customs administration, which collects all the relevant information and regulatory requirements related to cross-border e-commerce?*
Yes, through authority website zatca.gov.sa/en/Pages/default.aspx

*How do you ensure that e-commerce stakeholders are aware of their responsibilities and obligations related to e-commerce goods?*
Conducting workshops/meetings periodically with/for express couriers and other government agencies, in addition to activating social media platforms for the public to voice their concerns. Furthermore, an account manager has been assigned to each type of express shipping courier in order to support, coordinate and solve any issue that may arise in Customs services. Moreover, the account manager communicates with concerned government agencies to support those couriers with the purpose of facilitating their operation.

*What other measures are taken or methods used to raise consumers’ awareness of the regulatory requirements?*
- Official announcements through local press.
- Continuous social media communication by awareness campaigns.

9- Measurement and Analysis

*Describe the approach used for the measurement of cross-border e-commerce, including the following main aspects:*
• **Scope of the statistics**
  • Dimensions considered in the statistics (e.g., value, quantity, geographic locations, type of goods, etc.)
    1. Totals of declarations, value, duties and VAT.
    2. Breakdown of the above per port, express couriers, individual and commercial shipments.

  *Are returns also measured? If yes, please describe the approach in detail.*
  Yes, by initiating re-export declaration and linking it with previous import declaration of the same shipment.

  *What are the main sources used for drawing up statistics?*
  ZATCA Data.

  *Is the private sector directly involved in drawing up statistics on cross-border e-commerce goods?*
  No

  *Is there any legislative framework on statistics available in the country?*
  General Authority of Statistics.

  *To what extent is the WCO Data Model considered for statistical purposes?*
  It is being regularly reviewed and considered in statistics reports.

  *For what purposes are these statistics used?*
  Make intelligent and accurate conclusions, ensure alignments, track growth and set up broader goals.

**10- Technological developments**

  *Is there any strategy developed at the national level for the exploration and use of modern technologies?*
  Yes

  *What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?*
  A project is ongoing to deploy artificial intelligence and integrate it with X-ray inspections to monitor and observe all e-commerce shipments being inspected on screen, and flag any suspicious goods.

  *Are there any pilots and trials already in place or under planning?*
  Yes, it’s planned to be applied in private warehouses of bonded zones and airports.
11- Timeline, Benefits and Challenges

What was the timeline to implement the Standard(s) concerned?
Mainly, all standards and projects have been set up and aligned in January 2016. Since then they are being implemented.

Which were the main difficulties or challenges encountered during the implementation process?
- Lack of regulations and laws related to e-commerce operations;
- Lack of land needed to build private warehouses for express shipping couriers;
- Competition with other parties in the Gulf region to attract international major players in e-commerce

What are the key enablers for a successful implementation?
- Support by Customs authority top management to facilitate implementation and change management;
- Support by related government agencies in field and common operations;
- Efficient and reliable express shipping couriers to keep project progress on track.

What are the most important lessons learnt?
- Stabilize relations with investors;
- Always keep processes documented and published over Customs ports;
- Benefit from other countries’ experience

12- Capacity Building

Which instruments and tools of the WCO or other international organizations were considered?
The following WCO tools were considered:
- Framework of Standards on Cross-Border E-Commerce
- 8 principles of the E-Commerce Framework

Has any support been received from WCO or other organizations/countries to facilitate the implementation?
Training and human resources abilities development from WCO.

Source: Customs Administration of Saudi Arabia, updated in November 2022 for the 4th edition of the Compendium
1. Introduction/General Overview

Legal framework - The Customs Law ("Official Gazette of the Republic of Serbia", No. 95/18, 91/19-other law, 144/20 ), which regulates general rules and procedures applicable to goods brought into or out of the Customs territory of the Republic of Serbia is adjusted to EU regulations, as well as the Decree on Customs Procedures and Customs Formalities ("Official Gazette of the Republic of Serbia", No. 39/19, 8/20) (hereinafter "the Decree"), which explains in more details the prescribed procedures.

The Customs Administration has passed Instructions for implementation of the simplified procedure for express consignments. The Law on Trade ("Official Gazette of the Republic of Serbia", No. 52/19) and the Law on Electronic Commerce ("Official Gazette of the Republic of Serbia", No. 41/09, 95/13, 52/19) regulate the conditions and manner of providing information services, obligations to inform a recipient of the service, a commercial message, rules pertaining to the conclusion of contracts in electronic form, liability of the information service provider, supervision and misdemeanours.


2. Planning and Prioritization

The main elements/circumstances that triggered the implementation of the Framework of Standards are the adoption of the EU standards contained in the Union Customs Code (UCC) and other regulations, which could enable full implementation of the best practices for e-commerce systems development.

In this case, implementation of the simplified procedure for express consignments for the purpose of uniform application of the regulations is in line with the best practice in EU countries. It can provide fully efficient Customs procedures in e-commerce.

3. Advance Electronic Data

The legal framework that requires the exchange of advance electronic data comprises the Law on Trade and the Law on Electronic Commerce. These laws regulate the conditions and manner of providing information services, obligations to inform a recipient of the service, a commercial message, rules pertaining to the conclusion of contracts in electronic form, liability of the information service provider, supervision and misdemeanours.
4. Risk Management

In the risk management processes there are 2 situations - before the delivery of the goods or after entering of the goods in the Customs territory.

The operator of the express consignments shall, before the delivery of the goods, take over the data from the manifest for the goods declared there for delivery (hereinafter: manifest), classify consignments by groups and propose consignments for control based on the indicators of its own risk analysis system.

The operator shall send the data from the manifest to the Customs Administration's information system, as follows: permits number, type of manifest, consignment identification number, country of dispatch, country of consignor, country of origin, consignee's name, consignee's TIN (optional, except for Group III of consignments when this information is required), personal identification number (optional, except for Group III of consignments when this information is required), commercial description of goods, HS classification number (optional), invoice number (optional), value of goods in currency from the invoice accompanying the goods, value of goods in dinars, number of packages (optional), gross weight (optional), the proposal of the Customs clearance group, the proposal for control of the Customs Administration, the date, the number of the transport document, the identity of the means of transport and the type of means of transport (optional).

Please note that when it comes to entering information regarding the tariff number of goods in a manifest, the same does not have to be entered if the description of the goods is given, but this information must be entered in the supplementary declaration. Also, if the operator has the information on the tariff number of the goods, he is obliged to enter the same in the manifest, as well as in the consolidated manifest of the received consignment.

The manifest, signed by electronic certificate of the employee of the express consignments operator, shall be sent to the competent Customs office.

The Customs Administration shall process data from the manifest electronically. At that point, the Customs Administration's risk analysis is carried out. The Customs officer shall examine all the data on the consignments from the manifest in the application for manifest processing, i.e. check which consignments are marked for control and inspection by the operator as well as the consignment marked on the basis of the risk analysis system. At this stage of control of the manifest, redistribution by groups is carried out, if there is a need for this and / or the authorized Customs officer can also mark the consignments that were not marked after the risk analysis was carried out.

After reviewing the manifest, the Customs officer shall mark the manifest as processed and the information system of the express carrier shall receive the data on the consignments marked for control.

In the other situation, upon delivery of the goods, the operator shall send the cargo manifest to the Customs authority. After delivery of the consignments, they are reported to the Customs authority by a consolidated (summary) manifest of received consignments, which is a simplified declaration and which can be submitted to the Customs authority by electronic data exchange. The consignments designated for control and inspection are physically separated by the operator according to information received in the reviewed manifest by the Customs Administration.
at this stage, the manifest shall be supplemented with information on the consignments that arrived and that were not previously announced and they are automatically marked for control and review. Upon receipt of consignments, and on the basis of the previous control of the data from the manifest, the consignments referred to in Article 421, paragraph 3, points 1, 2 and 3 of the Decree for which the manifest is submitted by electronic exchange of information prior to the arrival and which were not marked for control and inspection, are to be released immediately upon delivery. The consignments referred to in Article 421, paragraph 3, points 1, 2 and 3 of the Decree, for which the manifest was not submitted by electronic exchange of information prior to arrival, are to be released followed by a note on the manifest.

Consignments that were not designated for control and inspection, immediately upon arrival receive their unique number, and consignments that are assigned to control and inspection shall receive their unique number only after completion of the control and inspection.

Bearing in mind that the consignments referred to in Article 421 paragraph 3, points 1 and 2 of the Decree are the consignments for which no import duties are paid, but they are not exempt from VAT, their discharge in the system will be effected after registration of the payment of the calculated VAT, which the Customs officer will enter into the system, and for which the guarantee of the operator will be active until the moment of submission of proof of payment of VAT. If the operator does not submit proof of VAT payment within 7 days from the date of release of the goods for free circulation, the debt will be collected from the guarantee provided.

After the completed control of the consignments designated for control and inspection, in addition to the automatically generated data on the date and time of the start of the inspection, the date and time of the completion of the inspection, the code of Customs officer in charge of the inspection; the finding and the results of the review and the new distribution by groups (if the redistribution by group was made by the order of the Customs authority) are entered in the information system of the Customs Administration. In addition to these data, the Customs information system also keeps the data forwarded by the operator.

For consignments from Group III, the operator shall be obliged to submit a supplementary declaration in accordance with Article 422 para 6, within 7 days from the day of acceptance of the manifest, and then an invoice with the calculated amount of duties shall be printed for the operator.

Together with the supplementary declaration, the operator must enclose all the documents specified in section 44 of the Single Administrative Document/supplementary declaration and all the invoices relating to the consignments in question, where the Customs officer must place the label "Customs cleared" on each invoice or bill of lading, while a unique number / numbers is entered in section 40 of the Single Administrative Document/supplementary declaration (if supplementary declarations for multiple senders are submitted, all unique numbers of all senders shall be entered).

Submission of partial supplementary declarations (for parts of consignments) shall not be possible.

the unique number of the consignment shall be entered in section 40 of the Single Administrative Document/supplementary declaration as mentioned in the previous paragraph.

If by control and inspection of the selected consignments it is determined that the consignment does not belong to the declared group, then the consignment shall be declared for Group IV and a regular Customs procedure shall be carried out. If consent, certificate or permit is required for the implementation of the procedure for placing goods for free circulation for a specific consignment, the goods shall be placed in free circulation after obtaining the consent, certificate or permit.

5. Facilitation and simplification

In order to simplify the Customs procedure for express consignments, the Customs authority may authorize that some of the commercial or official documents together with the application for putting the goods under the Customs procedure replace the declaration, therefore only the legal entities that fulfill prescribed requests could use the mentioned procedure, and for other legal entities a regular Customs procedure shall be carried out.

Approach in case of simplifications, according to the legal framework means that at the start of the procedure some requirements must be fulfilled by the applicant as follows:
- to have a registered office in the Customs territory of the Republic of Serbia,
- that his primary activity is the express transport and delivery of postal consignments,
- to possess a certificate for a qualified electronic signature,
- that the conditions and criteria are met in accordance with the provisions of Article 28, 29 and 30 of the Decree,
- to be the holder of the Customs warehouse to which only the express consignments shall be delivered,
- to have a comprehensive guarantee,
- to provide adequate measures for the protection of electronic documents,
- to allow Customs authorities, at any time, the physical and electronic access to Customs documentation and records, for control purposes.

The request shall be submitted to the competent Customs office in accordance with the provision of Article 420, paragraph 2 of the Decree, on the prescribed form. With the same request, the applicant shall also request from the Customs authority the approval of deferred payment of the Customs debt in accordance with Article 96 of the Customs Law.

The Applicant shall be obliged to enclose with the request an appropriate guarantee, as a form of security for payment of the Customs debt, in accordance with the provisions of the Customs Law and the Decree.

Upon receipt of the request, the Customs office shall check without delay, and no later than within 8 days from the day of receipt of the request, whether the conditions for accepting the request in terms of Article 17, paragraph 4 and 5 of the Law and Article 4 of the Decree have been fulfilled. If the request is complete, the Customs office shall check the fulfilment of the requirements for the approval of the specific application.

The Customs office’s authorization is entered into the information system and submitted to the applicant.
The issued authorization must indicate the deadline for submitting the supplementary declaration for the consignments referred to in Article 421, paragraph 3, item 3 of the Decree, or for consignments for which a Customs debt may incur and which are not subject to trade policy measures and this is 7 days from the date of acceptance of the manifest in accordance with the provision of Article 422, paragraph 6 of the Decree.

The authorization holder shall be obliged to inform the Customs office in writing of all circumstances that arise after the approval has been issued, which may affect its modification, amendment or further application.

The authorization may be suspended, revoked or amended in accordance with the Customs Law and the Decree.

6. Safety and Security

There is an IT system of the Customs Administration of Serbia (ISCS) with fully incorporated risk management system, which could be used for dynamic risk profiling to identify high risk targets, without any inter-agency cooperation established with other government agencies.

If by control and inspection of the selected consignments it is determined that the consignment does not belong to the declared group, then the consignment shall be declared for Group IV and a regular Customs procedure shall be carried out. If consent, certificate or permit is required for the implementation of the procedure for placing goods for free circulation for a specific consignment, the goods shall be placed in free circulation after obtaining the consent, certificate or permit.

In the Republic of Serbia the biggest challenge is how to gain trust of consumers and in that context important are the mechanisms for protection and prevention in stamping out of the grey economy.

7. Revenue collection

Bearing in mind that the consignments referred to in Article 421, paragraph 3, points 1 and 2 of the Decree are the consignments to which, under the provisions of Article 218 of the Customs Law, no import duties are paid, but they are not exempt from VAT, their discharge in the system will be effected after registration of the payment of the calculated VAT, which the Customs officer will enter into the system, and for which the guarantee of the operator will be active until the moment of submission of proof of payment of VAT. If the operator does not submit proof of VAT payment within 7 days from the date of release of the goods for free circulation, the debt will be collected from the guarantee provided.

It should be noted that the new Law on postal services is about to be enacted and it will regulate the concept of „e-wallets“, „eco-commerce system“, „omnichannel“, „post pack service“. In this context, the National Bank of Serbia has enabled e-wallets.

Also important is to provide flexibility with regard to the methods of payment. One of the problems is the lack of a domestic platform like Amazon, Alibaba, etc.
8. Partnerships

The Customs Administration of the Republic of Serbia, in the light of the growing e-commerce and increasing global security concerns, gives its best to simplify processes and implement operational solutions that e-commerce demands, but to make more in this area, we need improved IT systems and more trained people, because we are at the very beginning of using e-commerce and we are struggling with a lot of challenges, which we are trying to solve in cooperation with other stakeholders (above all Post of Serbia, but it’s neither easy nor quick process, as well as other companies like DHL, FedEx, TNT, UPS and others).

9. Public awareness, outreach and capacity building

There is a dedicated web site (www.upravacarina.rs.) available to consumers and to private stakeholders, which is developed by the Customs Administration of Serbia (CAS), which collects all the relevant information and regulatory requirement related to current Customs procedures and, among others, to cross-border e-commerce.

In addition, there is a Facebook page. In this way, all interested parties can ask questions and receive answers from different services of CAS.

The Ministry of Trade, Tourism and Telecommunications has recently launched E-traders guide, with the aim to encourage the development of e-commerce: strengthening regulations, raising consumer confidence and educating and empowering traders.

In the previous period, that ministry significantly improved the regulations in this area with the new Law on Trade and amendments to the Law on E-Commerce, the Action Plan for strengthening e-commerce in the Republic of Serbia and the E-traders guide in cooperation with USAID. A media campaign is being conducted to point out the benefits of e-commerce.

The goal of the Guide published by the Ministry of Trade, Tourism and Telecommunications in cooperation with USAID and the E-Commerce Association of Serbia, available on the portal pametnoibezebedno.gov.rs, is to provide useful information to beginners in this field, but also to all those who are interested in further development of e-commerce and e-business, as it provides analyses, examples, guidelines and solutions in this area, with special emphasis on the challenges in the pandemic.

The COVID-19 pandemic has drastically changed shopping habits and consumers’ behaviour caused by reduced physical contact that have created significant gaps in shopping for a large number of consumers, which e-commerce can fill.

10. Measurement and Analysis

Many companies have found a way to respond to the needs of their customers online. Market uncertainty is greater than ever, and the consequences of a pandemic can be long-lasting and far-reaching, especially when it comes to shopping habits and changing attitudes toward e-shopping.

According to the latest data from the research of the USAID project "Survey of 1,000 companies", a strong increase in the importance of e-commerce for business improvement is noticeable. This crisis year brought an e-commerce revolution and a big change in the perception of the importance
of the web shop. The absolute majority, 82% of respondents in the research, rated their web shop as equally important or even more important than the traditional sales model. Consumers are motivated to save time and in a simple and efficient way do the comparison of different offers and information about products and services, so their purchase is mostly done through websites.

According to the latest data from the research of the USAID Economic Development Cooperation Project (Survey of 1,000 Companies, 2020), significant differences in the growth of the company can be seen, from the point of view of the digital presence of its business. Namely, companies that are strategically oriented towards digital, i.e. those that, in response to the crisis, decide to strengthen their already existing online business channels: e-commerce, digital marketing, or online payments, have achieved significantly higher growth rates in the previous period, both compared to the average company in Serbia and especially those who are digitally invisible, i.e. their business is not present on the Internet or within the website.

Research shows that companies in Serbia are already aware of the importance of e-commerce, but that in practice they still do not use it enough. For example, in September 2020, in a survey of "1,000 companies" of the USAID Economic Development Cooperation Project, 71% of companies agreed that the importance of e-commerce as a business channel will grow strongly globally in the coming period, and 58% believed that the same thing would happen in Serbia.

It should be emphasized that online payments are growing from year to year and that this multi-year trend (as well as the growth of e-commerce) is all stronger. The year 2020 also brought growth in online payments.

11. Technological development

In our case there are developed Business and IT Strategy of CAS, dealing, among others, with the exploration and use of modern technologies.

12. Timeline, Benefits and Challenges

The Customs Administration of the Republic of Serbia, in the light of growing e-commerce and increasing global security concerns, gives its best to simplify processes and implement operational solutions that e-commerce demands, but to make more in this area, we need improved IT systems and more trained people, because we are at the very beginning of using e-commerce and we are struggling with a lot of challenges, which we are trying to solve in cooperation with other stakeholders. The biggest challenge is how to gain trust of consumers and in that context important are the mechanisms for protection and prevention in stamping out of grey economy.

Also important is to provide flexibility of methods of payment. One of the problems is the lack of a domestic platform like Amazon, Alibaba, etc.

Source: Customs Administration of Serbia, updated in December 2021 for the 3rd edition of the Compendium
**Suriname**

**Introduction / General Overview**

Customs duty is calculated on a combine specific and ad valorem base of the C.I.F value (applicable for all kind of items).

Exception: Gift Parcels for personal use up to the value of EUR 200 are exempted from duty and tax, “ministerial order: La.B.no 472 of April 20, 1994” (items applicable for this exemption are explicit: foodstuffs, household goods, clothes, shoes and used bicycles).

For items having a value over the amounts indicated above, the applicable rate of duty is variable according to the general regime (Harmonized code).

Taxes (omzetbelasting): 12%

There is no explicit process or procedures how to handle e-commerce.

**Implementation**

As mentioned, all items imported/exported go through the Customs procedures and processes for duty and tax collection. To allow items to benefit from exemption, it must be requested by the consignee or service provider.

The activities relating to the admission, classification, transportation, distribution and delivery of correspondence, letters, postcards and parcels can be done by the Official Postal Operator or by Express Service Providers/Couriers, irrespective of whether goods are for commercial purposes or otherwise.

The Express Service Providers/Couriers such as DHL, FedEx and others established a great interaction with Customs based on their good compliance rating. All the imported goods are manifested as general cargo and declared electronically (within the ASYCUDA World System) by the importer/consignee supported by a registered Customs Broker. The declarations are subjected to Customs verification for clearance.

In the Official Post Operator regime (postal items or small packages), the declaration and the payment of Customs duties are made through the submission of a non-electronic form by the importer/consignee. Customs can choose a non-electronic simplified procedure for calculating the duties and tax to be paid for the items if the value does not exceed USD 500, explicit for non-commercial goods.

For items having a value over the amount indicated above, the applicable rate of duty is variable according to the general regime (Harmonized code) where an electronic declaration must be submitted/registered in the ASYCUDA World System for Customs clearance.

There is no explicit process or procedure for e-commerce control.

As Suriname does not have a standardized and harmonized procedure for e-commerce, it would be wise to devise a procedure that envisages, among other things, the following procedure:
• IT System to create an interface between Customs and the Official Postal Operator or Express Service Providers/Couriers, seeking the exchange of information and documentation, supported by a specific legal and technical framework on the subject;
• Specific declaration for e-commerce operations (simplified declaration);
• Specific electronic simplified procedure for non-commercial goods;
• Review and amendment of the *de minimis* threshold for a faster process and greater revenue collection;
• Data collection for risk analysis (building a system that guarantees safety and security, proper revenue collection and more).

The application of a special Customs procedure for e-commerce will make possible the unification of operational and declaration procedures, irrespective of whether shipping is done through the Official Postal Operator or Express Service Providers/Couriers.

Benefits regarding the current system in Suriname is limited to a certain extent to:
• Revenue collection;
• Customer care;
• Safety and security;
• Data collection;
• Risk Management;
• Exchange of information with the stakeholders.

For example, the Customs clearance time of goods, which is now approximately 48 hours, can be reduced to approximately 24 hours or less, if the current system is adjusted to a more automated and simplified system, benefiting all stakeholders.

Various workgroups and committees have already developed reports including findings, processes, procedures and best practice on the subject. Therefore, the right measures (as indicated above) must be taken into consideration applicable to the findings gathered within the reports.

**Source:** Customs Administration of Suriname, submitted in December 2021 for the 3rd edition of the Compendium
Thailand

1. Introduction/General Overview

Before the year 2020, the existing Express Consignment Customs Procedure and Postal Customs Procedure were used to handle the growing cross-border e-commerce goods in Thailand. However, in view of the exponential growth of cross-border e-commerce goods imported into Thailand as a result of the booming e-commerce carried out through e-commerce marketplaces/platforms, and due to the government policy aimed at promoting e-commerce in Thailand, Thai Customs has developed two additional Customs procedures as follows:

1. Customs Procedure for import and export of E-Commerce goods in Eastern Economic Corridor (EEC) Free Zone Area, Customs Notification No. 204/2562; This procedure was developed and came into effect in 2021 to specifically facilitate the import and export of E-Commerce shipments that are operated by registered E-Commerce platform company located in E-Commerce Free Zone in Eastern Economic Corridor (EEC) Area. By this special procedure, platform owners will gain a benefit of a 2-year import duty exemption privilege for the goods stored in a Free Zone and 14 days deferred payment of import duty for goods imported from the Free Zone into the country.

2. Customs Procedure for Express Land Consignment, Customs Notification No.130/2563; This procedure was developed and came into effect in 2020 and applies to small consignments imported/exported through land border with the aim to promote E-Commerce shipments imported/exported by land transportation.

According to the importation statistic of Low Value Shipment\(^5\) imported into Thailand, the import volume has been increasing exponentially since fiscal year 2017 as shown in the following chart.

Low-value shipment import Volume Statistics

\(^5\) Shipments which have a value below or equal to CIF 1,500 Baht, according to De-Minimis Value specified in Royal Decree on the Customs Tariff B.E. 2530
To facilitate e-commerce shipments, Advance Electronic Data is the key for all types of Customs procedures used for e-commerce shipments. Express Operators are required to submit pre-arrival import manifest data before the goods arrive and this helps Thai Customs to be able to do risk management in advance. Hence, the goods can be released from Customs custody almost immediately after arrival of the goods. However, some goods that have been selected by the central or local profile will be examined and released within 30 minutes. For express consignments imported through land border, air, and E-Commerce Free Zone in Eastern Economic Corridor (EEC) Area, operators are required to submit pre-arrival manifest to the Customs computer system within 2 hours before the goods arrive and a Customs officer has to return the electronic data back to the operator within 1 hour to notify them about the shipments and which item will be examined by Customs.

There are three main challenges we have faced:
1. A limited number of Customs officers and a limited time for Customs officers to look through manifests as a second layer of risk management, despite the selection from the profiles.
2. A limited number of Customs officers and limited time for Customs officers to examine large amount of import and export goods.
3. The limitation of technology used for inspection – it might not be effective enough to deal with a large number of e-commerce goods.

2. Planning and Prioritization

Acknowledging that e-commerce shipments have been growing exponentially, Thai Customs recognized the importance to seek for the best and most effective practice to be able to manage such a large volume of e-commerce shipments that is growing yearly. Bringing the E-Commerce Framework of Standard to use is a way to help Thai Customs to be able to manage and handle a huge volume of cross-border e-commerce shipments.

3. Advance Electronic Data

Thailand has enacted the Electronic Transactions Act in 2001. In essence, the Act ensures that transactions conducted electronically are legally effective and legally acceptable. Through this legislation, Thai Customs and other government agencies can develop digital trade.

According to the Customs Notification No.130/2561, No.204/2562, and No.130/2563, Advance Electronic Data is required for express consignments imported through land border, air, and E-Commerce Free Zone in Eastern Economic Corridor (EEC) Area, Express Operators are required to submit advance electronic data to the Thai Customs Electronic Systems (TCES) at least 2 hours before the goods arrive or 1 hour before the goods are exported. However, for postal shipments, currently we still do not require the advance electronic data due to the lack of readiness on the part of the world postal systems.

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6 Express Operator means a shipping company registered to be an Express Operator, Express Operator in Eastern Economic Corridor Free Zone, and By Land importation Express Operator. (in accordance with each related law)
Advance electronic data is used for both Safety & Security risk analysis and financial risk analysis. These data are required to be submitted to Customs in exchange for the benefits given to Registered Operators as follows:

1. The operator will be allowed to do consolidated declaration which allows them to save costs from Customs declaration fee.
2. The shipments can be released from customs custody as soon as the goods arrive because the operator will know in advance which shipments need/need not to be inspect by the customs risk management profile.

Data quality is another issue which and we are trying to improve it. According to our current law concerning the submission of Advance Electronic Data, Express Operators are the key stakeholders who get the data from the consignor or consignee and send it to Customs, which ensures that the data can be trusted at some point. However, in the case where the importer is the e-commerce platform/marketplace itself, blockchain technology is another interesting method to get accurate and unmodified data from the actual seller.

4. Risk Management

According to Thai Customs risk management system, Thai Customs has a profiling system for the advance electronic data submitted by the importer/Express Operator into the Customs electronic system. The profiling will be done in view of two main objectives, which are social protection and revenue collection. Goods selected by a profile will be inspected by an X-Ray scanner or physically, depending on the Customs procedure that is used for the goods.

5. Facilitation and simplification

5.1 Customs Procedure for Express Consignments and By Land Express Consignment

The importers who import goods into Thailand via a Registered Express Courier Operator are able to do the Customs Express Importation Procedure. Under this special Customs procedure, the goods are categorized into 3 categories as follows:
Category 1: Non-dutiable Documents: This category comprises documents which are not subjected to duties and taxes under Part II of the Customs Tariff Decree B.E. 2530. Any items that are prohibited or restricted are not included.

Category 2: Non-dutiable Consignments: This category comprises:
- Consignments not subjected to duties and taxes under Part II of the Customs Tariff Decree B.E. 2530. Any items that are prohibited or restricted are not included.
- Consignments whose CIF value does not exceed 1,500 baht and which are exempted from applicable taxes and duties under Part IV, Heading 12 of the Customs Tariff Decree B.E. 2530. Any items that are prohibited or restricted are not included.
- Trade samples of no commercial value which are exempted from applicable taxes and duties under Part IV, Heading 14 of the Customs Tariff Decree B.E. 2530. Any items that are prohibited or restricted are not included.

Category 3: Dutiable consignments imported through a Customs airport, of which FOB value according to their Air Waybills does not exceed 40,000 baht. Prohibited or restricted goods and goods requiring sample analysis are not included.

The Customs Express Importation Procedure requires Express Couriers to submit advance electronic data into the Customs electronic system, at least 2 hours prior to the arrival of the aircraft, for the purpose of risk management and to facilitate the importation.

5.2 The Customs procedure for goods arriving in Thailand by post

The goods arriving in Thailand by post are classified into three types:
- **Category 1** Goods exempted from duty, which is goods imported by post and has Custom value, including freight and insurance charges, of no more than 1,500 baht or samples with no commercial value, which will be used for exhibition only and are not prohibited or restricted goods. For this category of goods, they will be handed over to Thailand Post Co., Ltd. to distribute to recipients.
- **Category 2** Goods liable for duty, which are goods imported by international post. This type of goods is sent from a sender/consignor to a recipient/consignee at the same time, with its FOB value not exceeding 40,000 baht, regardless of number of packages. The goods under this category must not be prohibited or restricted goods, or goods requiring sample analysis before release. For this type of goods, Customs officers calculate the Customs value as well as duty and taxes before handing it to Thailand Post Co., Ltd., which is responsible for distributing the goods to the recipient and collecting duty and taxes on behalf of the Thai Customs Department. In this case, the recipient will receive a notification instructing how and where to collect the goods and pay for such duty and taxes.

The recipients/consignees wishing to object to Customs valuation or request duty and tax exemption are required to follow the steps below:
- The consignee completes and submits a Request Form (available at post offices and www.postalCustoms.com) along with the notification and relevant documents such as evidences for purchase and receipts to the designated post office. Duty and tax payment is not required at this stage.
- The post office hands over the parcel and all documents received to Customs.
- The Customs Service Division responsible for post informs the relevant post office of the result of consideration so that it could inform the consignee accordingly. The consignee may decide on one of the following options:
  o Be informed of the result by Thailand Post and pick up the goods at the post office indicated in the notification;
  o Request to be informed of the result and pick up the goods at Parcel Screening and Examination Sub-division, Postal Customs Service Division.

**Category 3** Other goods not classified under Category 1 and Category 2. This type of goods is handed over to be stored at Thailand Post Co., Ltd. or Customs Bureau/Customs House, depending on each case. The consignee will receive a notification instructing him/her to pick up the goods/make payment of duty and taxes at Postal Customs Service Division or a designated Customs Bureau/Customs House.

Customs Formalities for the goods under Category 3 can be classified into 2 types:
- Goods whose FOB value is above 40,000 baht: The consignee has to prepare and submit import declaration electronically to the Thai Customs Electronic System. The goods, regardless of its total number of packages, which are sent from a sender to a recipient or arrive at the same time, and have total FOB value exceeding 40,000 baht, require import declaration submission.
- Goods whose FOB value is less than 40,000 baht: The consignee is not required to prepare and submit import declaration electronically. Customs will calculate Customs value as well as duty and taxes at the same Customs office.
5.3 Customs Procedure for Express Consignments for import and export of e-commerce goods in Eastern Economic Corridor (EEC) Free Zone Area

According to Thailand’s government policy, which aims to improve and promote Thailand’s digital economy in Eastern Economic Corridor (EEC) area and the growth of e-commerce platform business model in Thailand, Thai Customs developed a special Customs procedure to cope with and handle e-commerce shipments arising from this type of e-commerce business model. The procedure is called Express Consignments Customs procedure for import and export of E-Commerce goods in Eastern Economic Corridor (EEC) Free Zone Area.

Due to the nature and needs of the E-Commerce business model, the maintaining of stock of goods for the benefit of fast delivery and goods claiming/returning process are important. In this context, in addition to the benefit given to the Express Operator, the benefit of import license exemption and 2-year tax exemption for the warehousing of goods in the Free-Zone area, as well as 14 days import duty deferred payment for the goods imported into the country from EEC Free-Zone area are also granted.

6. Safety and Security

Thai Customs has its own risk profiling system. However, to do risk management and risk profiling, we have cooperation with other government agencies to share with us information about illegal shipments, where the Customs Intelligence Center (CIC) acts as inter-agency cooperator. We have a 2-layer risk management system. First layer is central profiling system, which is controlled and operated by Customs Intelligence Center (CIC) and local risk profiling system, which is controlled and operated by local Customs.
7. Revenue collection

Two approaches exist for the collection of revenue from taxes and duties in Thailand:

1. Buyer/consumer-based collection: This collection approach is used for Postal Shipments which buyers/consumers are responsible for the tax themselves. Customs will calculate taxes and hand the goods over to Thailand Post to collect all the taxes for Customs. (the process is already described in “Facilitation and simplification” section.)

2. Intermediary-based collection: This collection approach is used for Express Consignment and e-commerce goods imported into the Free Zone by e-commerce platform provider.

For express consignment, Express Consignment Operators have a responsibility to pay taxes to the Customs in advance as soon as the goods arrive and they will collect the taxes paid from the recipient/consignee later. This approach helps Express Consignment Operators expedite their shipments effectively. They can take the goods out of Customs custody and deliver them to their customers right away as soon as the goods arrive.

For e-commerce goods imported into a Free Zone by e-commerce platform providers, e-commerce platform providers have a responsibility to pay taxes to the Customs for buyers/consumers who reside in Thailand as soon as the goods are brought out of the Free Zone into Thailand.

De-Minimis threshold
The de-minimis threshold for goods, whether commercial goods or not, is CIF 1,500 Baht (approximately 45 USD). All kind of imported goods the value of which is equal or under CIF 1,500 Baht will be exempted from taxes and duty.

Legal Framework
- Royal Ordinance concerning the Customs Tariff Code and Rate B.E.2530
- The Revenue Code
- Excise Act B.E.2560

8. Partnerships

In the present time, Thai Customs Department have not officially established partnerships with any e-commerce stakeholders.

9. Public awareness, outreach and capacity building

We provide all relevant information and regulatory requirements related to cross border e-commerce on our official website: www.Customs.go.th. Moreover, we also have a regulation that e-commerce shippers and e-commerce platform operator in Free Zone need to be tested every year to make sure that they operate in good manner and follow all the required regulations.

10. Measurement and Analysis

According to the definition of Cross-Border E-Commerce and its characteristics given by the Framework of Standards on Cross-Border E-Commerce documents, it seems that cross-border e-commerce almost means to all nowadays shipments shipped internationally. For the benefit of
measuring and managing cross-border E-Commerce goods imported into Thailand, Thai customs considered that Low-Value Shipments are E-Commerce goods.

For measurement purposes registered Express Operators and importers are the main sources of information as they are required to provide all relevant information on each shipment to Thai Customs Electronic System.

All data provided by them will be used for the purpose of risk management and to forecast the work load for manpower management.

11. Technological developments

In relation to cross-border e-commerce, Artificial Intelligence (AI) technology is in our interest for the development of Customs procedure to use with e-commerce shipments. We intend to use it with X-Ray technology and in our risk profiling system in the future.

12. Timeline, Benefits and Challenges

Recognizing the benefits of the Framework of Standards, Thailand is aiming to bring as many Standards as possible to use for improving the existing e-commerce Customs procedure and still looking for the most suitable way to apply the Standards for our best benefit. To this end, Thai Customs has just finished its project of developing a new Customs procedure known as Customs Procedure for import and export E-Commerce goods in Eastern Economic Corridor (EEC) Free Zone Area.

**Source:** Thai Customs, updated in December 2022 for the 4th edition of the Compendium
Turkey

1- Introduction / General Overview

General description of the current practices and approaches to handling cross-border e-commerce shipments

In Turkey, postal administration and certain express cargo operators (air and land carriers which fulfil some pre-set conditions) were authorized for the clearance of expedited shipments by the Turkish Customs Administration.

Turkish Postal Services (PTT) and authorized express cargo operators can carry out all Customs clearance procedures of the following categories of goods including submission of Customs declaration:

- Category 1: Documents,
- Category 2: Samples, models and goods for research, analysis or testing,
- Category 3: Books and printed publications brought by public institutions, libraries and museums.
- Category 4: Passenger goods (brought one month before or three months after the arrival of the passenger)
- Category 5: Books and printed publications brought by individuals worth up to 150 euro,
- Category 6: Books and printed publications brought by individuals worth between 150 - 1500 euro,
- Category 7: Import goods of a non-commercial nature worth up to 22 euro, (If the buyer is a legal entity)
- Category 8: Import goods of a non-commercial nature worth up to 150 euro, weight up to 30 kg. (If the buyer is an individual)
- Category 9: Export goods worth up to 15000 euro, weight up to 300 kg.
- Category 10: Import goods of a non-commercial nature worth between 150 and 1500 euro, weight up to 30 kg. (If the buyer is an individual)

As for taxation, Category 1, 2, 3, 4 and 5 goods are exempt from all Customs duties as well as VAT. Category 6 goods are subject to a fixed rate duty (0%). Category 7 and 8 goods are subject to a fixed rate duty of 18% of the Customs value for goods originating and departing from an EU Member State, and 30% for all other goods. In addition to the fixed rate duty, if the goods are stated in the 4th annex of the Special Consumption Tax Law, an additional duty of 20% will be collected. Moreover, if the item is subject to the TRT banderol, the amount stated in the list by TRT will be added to the total tax. Category 10 goods are subject to import regime.

On the other hand, delivery through mail or expedited shipment of certain goods such as cosmetics, mobile phones, alcohol, tobacco products, animal products and medicines without prescriptions are prohibited under this authorisation.

The procedures start with pre-arrival declaration of the goods which allows the Customs administration to run risk analysis before the consignments arrive. When the goods arrive at the Customs office, examination type has already been determined by the system and the goods are treated accordingly.
To avoid Customs duties, goods may be declared with lower value than their exact value which causes loss in revenue.

2- Planning and Prioritization

*Which were the main elements/circumstances that triggered the (need for the) implementation of the Framework of Standards?*

Increase in the volume of the shipments made it necessary to select the standards such as advance electronic data, risk analysis, different revenue collection methods etc. in order to maintain safety and security while keeping the transactions as fast as possible.

*Prioritization of Standards*

Developments and increases in e-commerce sales, the need to maintain safety, to prevent loss of income, and to be competitive in term of speed encouraged us to develop a new system.

This system, while providing facilitation and compliance, minimizes risks of undervaluation, prevents revenue losses and achieves effective risk analysis.

In terms of VAT refunds at export procedure and the re-entry of once exported goods, the Ministry of Trade developed electronic systems in coordination with the Ministry of Treasury and Finance.

3- Advance Electronic Data

*Is there any legal framework that requires (or enables) the exchange of electronic advance data?*

*Is there any differentiation between economic operators with similar business activities (e.g., postal operators and express couriers)?*

The transactions of e-commerce shipments are detailed with a Communique which forms the legal basis of advance electronic data. Moreover, there is an electronic system called “Simplified Customs Declaration” where e-commerce declarations can be submitted before the arrival of the goods. For export procedures both the postal operator (PTT) and express couriers are using this electronic system, whereas for import procedures, the system is only used by the latter.

*Is there any timeline defined for the submission of data, and if so, what is it?*

According to the Turkish Customs Regulation, for short-distance air carriage, pre-arrival declaration must be submitted before the aircraft takes off, while for long-distance air carriage it must be submitted 4 hours before the landing. Moreover, for inland carriage it must be submitted before the vehicle arrives at the Customs office of entry.

*Describe the purposes for which advance electronic data is used (safety & security risk analysis, financial risk analysis, etc.).*

To determine the type of Customs examination, risk analysis is conducted for both safety and financial aspects.

*Describe how data security, protection and privacy aspects are ensured (if applicable, also in relation to voluntary data submission).*

NA

*Describe any measure(s) taken to ensure or improve data quality.*

Some boxes are obligatory to be filled and the declaration system controls the quality of data.
Are there new actors and data sources identified (e.g., new reporting obligation introduced in legislation) in relation with e-commerce, and how can they improve the effectiveness and efficiency of risk analysis?

There is a Supplementary Declaration in the legislation where operators need to fill extra information about the customers like ID or tax number, delivery date within 3 days starting with the delivery. Via this information, the system can analyse the frequency of shopping in case there is an abuse of the facilitation.

Any possibility / incentive for voluntary submission of additional data? What is the basis of such submission (e.g., legislation, MoU, etc.)? What are the main benefits of such extra reporting?

NA

Any possibility for the re-use of data (including data provided by different e-commerce stakeholders)? How is the liability issue tackled in the case of reporting and re-use of data by different actors?

Each operator has its own electronic database and no access to other operators’ databases. In addition, they are not allowed to download data from the Customs electronic declaration system.

4- Risk management

New approach or elements introduced to the risk management processes following the implementation.
Describe the main principles and methods used for the risk analysis of e-commerce shipments.
What are the main benefits of the new approach? What were the main gaps/challenges of the old system?
Any differentiation between transport modes?

Describe the approach in detail, to the extent possible, including the use of non-intrusive inspection (NII) technologies.
What are the measures taken to cope with a large number of unknown parties?
Describe how other government agencies and private sector stakeholders are involved in risk management.

5- Facilitation and simplification

Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.
Operators can carry out all Customs clearance procedures of a broad category of goods imported and exported. In the system, the goods are declared via a specifically designed Customs declaration called “Simplified Customs Declaration” submitted by the authorized carriers. In addition to cost reduction benefits, the Simplified Customs Declaration system enables authorized operators and other parties to carry out Customs clearance of determined category of goods in a paperless environment with less formalities.

Moreover, the procedures start with pre-arrival declaration of the goods which allows the Customs administration to run risk analysis before the consignments arrive. When the goods arrive at the Customs office, examination type has already been determined by the system and the goods are treated accordingly.
In addition, the Simplified Customs Declaration system requires less data compared to regular import or export procedures and consequently facilitates the Customs transactions of the consignments. Operators can declare many consignments under one single declaration.

What is the scope of simplified processes (e.g., low value shipments, all e-commerce goods, goods subject to prohibitions and restrictions are excluded, etc.).

Turkish Postal Services (PTT) and authorized express cargo operators can carry out all Customs clearance procedures of the following categories of goods including submission of Customs declaration:

- **Category 1:** Documents,
- **Category 2:** Samples, models and goods for research, analysis or testing,
- **Category 3:** Books and printed publications brought by public institutions, libraries and museums.
- **Category 4:** Passenger goods (brought one month before or three months after the arrival of the passenger)
- **Category 5:** Books and printed publications brought by individuals worth up to 150 euro,
- **Category 6:** Books and printed publications brought by individuals worth between 150 - 1500 euro,
- **Category 7:** Import goods of a non-commercial nature worth up to 22 euro, (If the buyer is a legal entity)
- **Category 8:** Import goods of a non-commercial nature worth up to 150 euro, weight up to 30 kg. (If the buyer is an individual)
- **Category 9:** Export goods worth up to 15000 euro, weight up to 300 kg.
- **Category 10:** Import goods of a non-commercial nature worth between 150 and 1500 euro, weight up to 30 kg. (If the buyer is an individual)

On the other hand, delivery through mail or expedited shipment of certain goods such as cosmetics, mobile phones, alcohol, tobacco products, animal products and medicines without prescriptions are prohibited under this authorisation.

Is a level playing field ensured in terms of
- **economic operators**
- **transport modes**
- **others.**

Not all operators can be an authorized indirect representative as an express courier. If the operator fulfils the conditions stated in the Communique, they are entitled to get the authorization so they can use the Simplified Customs Declaration system. Authorization to reach the facilitated transactions can be either for air carriage or land carriage.

Do economic operators need to comply with specific criteria in order to benefit from simplifications and expedited release of goods? Can e-commerce stakeholders (in particular e-platforms and marketplaces) take part in AEO programmes? Are there any specific criteria that they have to meet due to their particular business model?

The transactions of express cargo companies in Turkey are simplified and facilitated within the Turkish e-commerce system. To benefit from the facilitation, an operator should meet the
requirements like having certificate of being an air cargo agency, presenting a guarantee, conditions of their temporary storage facility etc.

*Is there any specific trusted trader programme set up for e-commerce stakeholders (in addition to AEO)?*
Authorisation for becoming an indirect representative offers the operators to act on behalf of the customers with regards to Customs procedures. The Simplified Customs Declaration system requires less data comparing to regular import or export procedures and consequently facilitates the Customs handling of the consignments. Operators can declare many consignments under one single declaration.

*What is the average release time of non-risky e-commerce shipments?*
Around 5 min.

*Are there any simplified methods available for the determination of the*
  - Origin
  - Customs value and
  - Classification
*of the goods? Describe these methods in detail.*
Within e-commerce simplification procedure, submitting origin is not compulsory. Customs value is needed for tax calculation. And related to classification, for some consignments like documents and free-of-charge export no tariff information is needed. For import of samples and personal goods, 8-digit tariff position is obligatory. Moreover, for export procedure, consignments with the value of up to €15,000, 12-digit tariff position must be submitted.

*Is there any possibility for account-based consolidated reporting and payment of the Customs duties and taxes due in relation to e-commerce goods?*
In terms of revenue collection, operators are also authorized to collect taxes on behalf of the Customs administration and after collecting the taxes they deposit the amount into the Customs account within 7 days.

*Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments?*
The Customs Administration established the Single Window for a broad range of Customs procedures, however e-commerce transactions have not yet been integrated. Recently integration was completed for return goods and it is used to check if the exporter benefited from VAT refund or not via communication with the Ministry of Treasury and Finance. On the other hand, studies to expand the Single Window environment to cover other e-commerce transactions are still ongoing.

*Describe the return/refunds procedures in detail.*
When the Customs declaration is completed, the information about the exported shipments is being sent to Tax Offices through an electronic system so that the officer checks the data and starts the refund process.
If the exported goods return, then the Customs ask from tax offices whether the exporter benefited from any refund and acts accordingly. This process runs automatically through the Single Window application.
6- Safety and Security

- Is there any IT system in place for safety & security risk management?
- Describe the approach applied in detail, including the use of dynamic risk profiling to identify high-risk shipments.
- Is there any inter-agency cooperation established with other government agencies?
- What is the role of private sector stakeholders in identifying illicit trade channels and high-risk e-commerce goods?

As the operators have their own risk analysis and experience about their customers, if any suspicious action is determined by them, they inform the Customs officers.

7- Revenue collection

- Refer to the template for revenue collection models.

In terms of revenue collection, operators are also authorized to collect taxes on behalf of the Customs administration and, after collecting the taxes, they deposit the amount into the Customs account within 7 days.

8- Partnerships

What kind of partnership arrangements have been established with e-commerce stakeholders? Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to facilitate understanding.

We have an MoU with Postal Operator allowing to share data. With express couriers there is not any mutual agreement, however, we are taking their guarantee not to abuse the system. Moreover, to develop the system and the legislation, the Turkish Customs Administration works in cooperation with other stakeholders like operators, Customs offices, other state institutions. Regular meetings are being held with express cargo companies to solve any possible problems. Before taking any action, statistical data prepared by using the Customs database is considered so that the possible results can be seen.

9- Public awareness, outreach and capacity building

Is there a dedicated website available to consumers and private stakeholders, developed by the Customs administration, which collects all the relevant information and regulatory requirements related to cross-border e-commerce?

No. However, there are many videos, informative FAQ section and brochures in the website of the Ministry and a dedicated website called “Customs Guide”. There is also a lecture under the Online Trade Academy called “Cross Border e-Commerce” where everyone can reach and listen.

How do you ensure that e-commerce stakeholders are aware of their responsibilities and obligations related to e-commerce goods?

The Frequently Asked Questions part is updated with each change in legislation. Besides, there is a platform where you can answer the questions of stakeholders about the implementation and legislation. Operators always inform customers via e-mail or phone about the requirements.
What other measures are taken or methods used to raise consumers’ awareness of the regulatory requirements?
Short notices and videos shared through social media accounts of the Ministry aims to raise awareness.

10- Measurement and Analysis

Describe the approach used for the measurement of cross-border e-commerce, including the following main aspects:
- Scope of the statistics
- Dimensions considered in the statistics (e.g., value, quantity, geographic locations, type of goods, etc.)

Are returns also measured? If yes, please describe the approach in detail.
What are the main sources used for drawing up statistics? Is the private sector directly involved in drawing up statistics on cross-border e-commerce goods?
Is there any legislative framework on statistics available in the country?
To what extent is the WCO Data Model considered for statistical purposes?
For what purposes are these statistics used?
To calculate the volume of the e-commerce, to see the effects of changing legislation, to make random risk based analysis.

11- Technological developments

Is there any strategy developed at the national level for the exploration and use of modern technologies?
Study visits are made to developed countries to see some examples about the recent technology. International meetings and magazines are followed to see more examples and learn new trends.

What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?
There are some plans about blockchain but not yet specified.

Are there any pilots and trials already in place or under planning?
No.

If such pilots are in place, or certain technological developments are already in use in relation with cross-border e-commerce, what are the main challenges and benefits of their use?

12- Timeline, Benefits and Challenges

What was the timeline to implement the Standard(s) concerned?
Related Communique, including the standards, was first published in March 2013, when the implementation on e-commerce started. Since then we have been periodically reviewing our implementation/legislation for any further improvements and updates. In April 2022, Communique No 1 for Postal and Express Cargo Shipments was published which is the fundamental legal framework.
What are the key enablers for a successful implementation?
Positive relations between the Ministry and the operators enabled the implementation to develop and run smoothly.

13- Capacity Building

Which instruments and tools of the WCO or other international organizations were considered?
Official documents like reports, case study booklets and the frameworks of the WCO.

Has any support been received from WCO or other organizations/countries to facilitate the implementation?
TAIEX and EU Customs Projects Visits.

Is there any plan to support other countries’ implementation based on the experience gained?
There is no exact plan but we are open to share our experiences upon request.

14- Compliance and Future Developments (if applicable and/or available)

What was the response of stakeholders to the implementation approach?
Most of the operators were already aware of the processes in developed countries so they thought it would be nice to adopt a similar system in Turkey.
Individuals and SMEs are pleased to have a free representative to deal with the Customs transactions.

What is the approach to ensure compliance (penalties, education, etc.)?
Both penalties and education.

How is the success of the approach measured?
Day by day the volumes in the e-commerce system increase as it can be seen from the statistics without any big complaints about the flows.

Next steps (phases, reviews, adjustments, if applicable, other Standards to be implemented)?

15- Additional or Final Comments

Any additional or final comments.

Source: Customs Administration of Turkey, updated in December 2022 for the 4th edition of the Compendium
**United States**

**Case Study: Section 321, 19 USC 1321 *De Minimis***

“Current Status of CBP & E-Commerce Implementing Section 321, *De Minimis***

<table>
<thead>
<tr>
<th>Programme Background</th>
<th>Stakeholders Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBP relies heavily on advanced electronic data (AED) to identify and mitigate high-risk cargo.</td>
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<tr>
<td>AED cargo information given to CBP was very limited and posed increased security issues due to shipping and receiving entities remaining unidentified.</td>
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</tr>
<tr>
<td>Section 321 Pilot Programme was initiated to:</td>
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<tr>
<td>1. Identify regulated/non-regulated entities including online marketplaces and require a strict set of AED elements.</td>
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</tr>
<tr>
<td>2. Section 321 helps to effectively identify/target and mitigate high-risk shipments in the e-commerce environment that would otherwise not be found.</td>
<td></td>
</tr>
<tr>
<td><strong>De Minimis Value</strong></td>
<td></td>
</tr>
<tr>
<td>Customs Duty</td>
<td>$800 USD</td>
</tr>
<tr>
<td>Taxes (VAT/GST)</td>
<td>n/a</td>
</tr>
<tr>
<td>Gift</td>
<td>$100 or $200</td>
</tr>
<tr>
<td><strong>Stakeholders Involved</strong></td>
<td></td>
</tr>
<tr>
<td>ebay, Zulily, Amazon, UPS, DHL, FedEx, International Bridge, BoxC Logistics, and XB Fulfillment.</td>
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</tbody>
</table>

### Section 321 Pilot Status

- CBP continues to implement the Section 321 pilot programme with 9 concurrent stakeholders.
- AED cargo information continues to be more inclusive resulting in a more secure shipping environment and safer United States.
- The programme continues to be successful in receiving advance data from E-Commerce supply chain partners, including online marketplaces that were once unable to be identified.
- Section 321 AED elements helps to ensure cargo continues to leave CBP facilities on time while providing additional benefits for the stakeholders and parties included.
- CBP proposed rule(s) to establish de minimis data elements.

### Section 321 1-Year Analysis (12/1/2020 – 12/1/2021)

- Total Value of Shipments (Vessel, Air Cargo, Rail) - $26.73 billion USD
- Total Volume of Section 321 Shipments (Vessel, Air Cargo, Rail) – 492.66 million
- Total Volume of Section 321 Shipments (Postal, Truck) – 291.65 million
Challenges of Section 321 Programme

- Administrative challenges have been met with expanding the programme with other stakeholders due to the belief that providing additional electronic shipment data will not benefit them.
- Communication between all stakeholders and ensuring all parties are on the same page with different points of contact.
- Incorrect e-filing of the AED could potentially delay shipment and backlog the port of entry. (ex: Shipment name and/or physical description is not matching the actual shipment)
- An increase in counterfeit goods being imported as “Section 321” shipments for purposes of additional illegal monetary gain.

Section 321 Programme Current/Future Objectives

- Engage with stakeholders to continue to find, evaluate and finalize best importing practices that will further relationships, business and promote a safer importation environment.
- Educate large and small business importers on CBP compliance requirements to decrease import violations.
- Expand the number of stakeholders utilizing Section 321 and continue to analyze data as it is reported.
- CBP is planning to end the Section 321 Pilot and Type 86 test with a permanent de minimis data set.

Contact Person(s) for Additional Information

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Source: Customs Administration of the United States, submitted in January 2022 for the 3rd edition of the Compendium
Zambia

1- Introduction / General Overview

*General description of the current practices and approaches to handling cross-border e-commerce shipments*

E-commerce goods in Zambia are cleared the same way as general cargo. Therefore, no legal framework for the clearance of e-commerce goods exists and subsequently no Standard Operating Procedures for clearance of e-commerce goods exist.

Some of the e-commerce goods are handled by courier companies and by postal operators as courier or postal goods while other goods as general cargo.

*Trends, relevance of and legislative framework for cross-border e-commerce, supported by statistics (if possible and available), on*

- annual number of volumes (shipments) and declarations (if applicable, the proportion of low value shipments)
- taxes and duties collected from e-commerce goods
- average time for clearance of e-commerce goods
- other important information.

No special categorization of e-commerce goods exists in Zambia for any special treatment of such goods.

*Use of electronic advance data*

Advance data is received at the point of advance declarations that are made seven days prior to the arrival of goods. The advance data is used for risk analysis.

*Main issues and challenges that the Customs administration has to face in relation to cross-border e-commerce shipments.*

Valuation of goods as some of the information is not availed to Customs.

2- Planning and Prioritization

*Which were the main elements/circumstances that triggered the (need for the) implementation of the Framework of Standards?*

- Lack of special categorization of e-commerce goods for easy identification;
- Lack of specific pre-arrival information for e-commerce goods;
- Due to lack of identification of e-commerce goods in the electronic Customs system it is a challenge to facilitate their quick release from Customs.
- Exchange of data between stakeholders and Customs will enhance risk analysis and quick clearance of e-commerce goods;

*Prioritization of Standards:*

*What aspects have been taken into account in setting up the priority and the roadmap for the implementation?*

- Legal and regulatory framework for e-commerce;
- Standard Operating Procedures for clearance of e-commerce goods;
- Automation of clearance processes for e-commerce goods;
- Interface of system for courier companies, postal operators, etc. to enable advance data sharing;
• Develop a proper ICT systems that can detect any illegal activities on the internet, analyse any data and to ensure safety and security of data;
• Training of officers and stakeholders in e-commerce clearance processes.

Why is this approach / priority considered the most effective for e-commerce goods? For example, it is for providing facilitation and compliance, minimizing risks of undervaluation, preventing revenue losses, enhancing the predictability of delivery times if there is a need to pay duties and taxes, creating comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.
This approach is considered because it will minimise risks of undervaluation, and preventing revenue loss.

If not all the Standards have been selected for implementation, what was the basis for the selection?
N/A

Is there any phased implementation foreseen?
N/A

Use of studies, gap-analysis between ‘as-is’ and ‘to-be’ situations and any other analyses made by independent experts.
N/A

Were any other government agencies, besides Customs, involved in the planning phase?
N/A

3- Advance Electronic Data

Is there any legal framework that requires (or enables) the exchange of electronic advance data?
Is there any differentiation between economic operators with similar business activities (e.g., postal operators and express couriers)?
• MOU – mainly used for bilateral exchange of Customs data with other countries.
• There is no differentiation between economic operators with similar business activities. All economic operators are treated the same way.

Is there any timeline defined for the submission of data, and if so, what is it?
There is a general timeline of seven days prior to the arrival of any goods for all modes transport except by air which is 2 hours before the arrival of the cargo flight.

Describe the purposes for which advance electronic data is used (safety & security risk analysis, financial risk analysis, etc.).
Advance electronic data is mostly used for safety and fiscal risk analysis in general.

Describe how data security, protection and privacy aspects are ensured (if applicable, also in relation to voluntary data submission).
N/A.
Describe any measure(s) taken to ensure or improve data quality.
Data cleaning project that commenced in November 2020. Electronic data sharing with other Revenue Authorities (Democratic Republic of the Congo, Tanzania, and Malawi. Under development - Botswana and Zimbabwe.)

Are there new actors and data sources identified (e.g., new reporting obligation introduced in legislation) in relation with e-commerce, and how can they improve the effectiveness and efficiency of risk analysis?
NO.

Any possibility / incentive for voluntary submission of additional data? What is the basis of such submission (e.g., legislation, MoU, etc.)? What are the main benefits of such extra reporting?
N/A

Any possibility for the re-use of data (including data provided by different e-commerce stakeholders)? How is the liability issue tackled in the case of reporting and re-use of data by different actors?
N/A

4- Risk management
New approach or elements introduced to the risk management processes following the implementation.
Introduction of more lanes to streamline processes. These include scanner lane, valuation lane and valuation lane failure or valuation over-write to the selectivity module.

Automation in terms of reporting. An automated Monthly Monitoring Report (MMR) has been put in place that allows electronic access and input of data.

Describe the main principles and methods used for the risk analysis of e-commerce shipments.
The use of data exchange programmes that allow information access from other Customs organisations.

What are the main benefits of the new approach? What were the main gaps/ challenges of the old system?
The benefits include but not limited to curbing smuggling. Goods that are declared to be in transit into Zambia from a neighbouring country can be registered using the data exchange system. In this case, if such goods are not appearing on the Zambian system it means that a case of smuggling can be established. With the old system, there was no mechanism of checking for data and information on the neighbouring countries’ systems.

Any differentiation between transport modes?
N/A

Describe the approach in detail, to the extent possible, including the use of non-intrusive inspection (NII) technologies.

What are the measures taken to cope with a large number of unknown parties?
• Conducting of enforcement activities.
These will include Inspectorate & Customs Enforcement (ICE) and the ones done by stations. This allows Customs to target both registered and unregistered traders.

- Trader sensitisation talks or awareness campaigns, e.g. open day, WCO days, Farmers day (a stand at show grounds) done on both radio or TVs. Traders are encouraged to register and have Tax Payer Identification Numbers (TPINs) to formally trade. Entice traders with tax incentives when they are registered with Customs or the Domestic Taxes Division (DOMT).
  Big traders can only trade with certain traders because of VAT registration status. Customs also benefits from such measures.

- Toll-free lines
  Encouraging registered traders to report other suspicious traders in the same sector that are selling certain goods below reasonable prices. Some traders report on their own through email and phone calls.

Describe how other government agencies and private sector stakeholders are involved in risk management.

Through Single Window projects. This is an idea to connect most agencies’ systems to a system through interface or integration to reduce time and cost of doing business and mostly reduce the risk of delays, forgery of documents and authentication of documents.

Correspondence with other institutions such as the police and the Department of Wildlife who normally have cases bordering our operations. For example, the police may want to verify if duties and taxes have been paid for a certain vehicle.

5- Facilitation and simplification

Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.

- In accordance with Regulation 25 of the Customs and Excise (General) Regulations, no Customs bill of entry is required for small value importations by post or air freight of a total value in any one consignment or shipment not exceeding kwacha equivalent of two thousand United States Dollar,
- In accordance with Regulation 80 of the Customs and Excise (General) Regulations, tax relief is provided on petty consignments:
  - total value, inclusive of freight and insurance, does not exceed the equivalent of fifty United States Dollars;
  - samples of negligible value; or
  - any single consignment of goods (excluding alcoholic beverages, cigars, cigarettes, or manufactured tobacco) imported by parcel post or air freight, when the total value of such consignment, inclusive of freight and insurance, does not exceed the equivalent of Two Thousand United States Dollars, on condition that:
    - such consignment is sent to a private person by or on behalf of another person resident outside Zambia;
    - such consignment consists only of articles for the personal use of the addressee or the family of the addressee; and
    - such consignment is not imported for sale or industrial or commercial use.
What is the scope of simplified processes (e.g., low value shipments, all e-commerce goods, goods subject to prohibitions and restrictions are excluded, etc.).
No requirement for bill of entry for small value consignments of total value inclusive of freight and insurance, not exceeding the equivalent of two thousand United States Dollars.

Is a level playing field ensured in terms of
  ○ economic operators
  ○ transport modes
  ○ others.
Yes

Do economic operators need to comply with specific criteria in order to benefit from simplifications and expedited release of goods? Can e-commerce stakeholders (in particular e-platforms and marketplaces) take part in AEO programmes? Are there any specific criteria that they have to meet due to their particular business model?
No specific clearance process for e-commerce goods. Anyone can take part in the AEO as long they meet the requirements for the programme.

Is there any specific trusted trader programme set up for e-commerce stakeholders (in addition to AEO)?
NO specific AEO programme for e-commerce stakeholders.

What is the average release time of non-risky e-commerce shipments?
No timeframe specific to non-risky e-commerce shipments.

Are there any simplified methods available for the determination of the
  ○ Origin
  ○ Customs value and
  ○ Classification of the goods? Describe these methods in detail.
No specific methods for determination of the above for e-commerce.

Is there any possibility for account-based consolidated reporting and payment of the Customs duties and taxes due in relation to e-commerce goods?
There is generally a centralised platform and payment of the Customs duties and taxes for all goods in general.

Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments?
Not specific to e-commerce but for all goods in general.

Describe the return/refunds procedures in detail.

6- Safety and Security
Is there any IT system in place for safety & security risk management?
Yes
Describe the approach applied in detail, including the use of dynamic risk profiling to identify high-risk shipments.

We first get the identified risks from the ports of entry, mobile enforcement activities, the media as well as other government agencies. This then goes through the risk management process that includes analysis, ranking or profiling.

Is there any inter-agency cooperation established with other government agencies?
Yes. Government Ministries, the Road Safety and Transport Agency and the Zambia Wildlife Agency among others.

What is the role of private sector stakeholders in identifying illicit trade channels and high-risk e-commerce goods?
They mainly assist in the identification of such risk goods and also help in guiding on how such risks can be mitigated.

7- Revenue collection
- Refer to the template for revenue collection models.

8- Partnerships
What kind of partnership arrangements have been established with e-commerce stakeholders?
No partnerships have been established

Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to facilitate understanding.
N/A

9- Public awareness, outreach and capacity building
Is there a dedicated website available to consumers and private stakeholders, developed by the Customs administration, which collects all the relevant information and regulatory requirements related to cross-border e-commerce?
No.

How do you ensure that e-commerce stakeholders are aware of their responsibilities and obligations related to e-commerce goods?
N/A

What other measures are taken or methods used to raise consumers’ awareness of the regulatory requirements?
N/A

10- Measurement and Analysis
Describe the approach used for the measurement of cross-border e-commerce, including the following main aspects:
- Scope of the statistics
- Dimensions considered in the statistics (e.g., value, quantity, geographic locations, type of goods, etc.)
N/A
Are returns also measured? If yes, please describe the approach in detail.
N/A

What are the main sources used for drawing up statistics? Is the private sector directly involved in drawing up statistics on cross-border e-commerce goods?
N/A

Is there any legislative framework on statistics available in the country?
N/A

To what extent is the WCO Data Model considered for statistical purposes?
WCO Data Model version 3.4 is applied on all goods.

For what purposes are these statistics used?
The statistics are used for policy decisions generally on how goods should be treated for fiscal purposes.

11- Technological developments
Is there any strategy developed at the national level for the exploration and use of modern technologies?
The Customs Administration of Zambia has leveraged on technology through electronic platforms and therefore has embraced technology in its business processes. This has been reaffirmed in one of its strategic pillars which is “process efficiency” which is contained in its corporate strategic plan for the years 2019 - 2021. This pillar ensures that our Customs Administration leverages on technology to enhance service delivery and promote compliance by simplifying business processes through relying on ICT systems.

Technology to be applied for the clearance of e-commerce goods are yet to be considered to be developed.

What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?
Technology to be applied for the clearance of e-commerce goods are yet to be considered to be developed.

Are there any pilots and trials already in place or under planning?
No.

If such pilots are in place, or certain technological developments are already in use in relation with cross-border e-commerce, what are the main challenges and benefits of their use?
N/A

12- Timeline, Benefits and Challenges
What was the timeline to implement the Standard(s) concerned?
No timelines

Which were the main difficulties or challenges encountered during the implementation process?
N/A
What are the key enablers for a successful implementation?
Legal and procedural framework in place and stakeholder engagement.

What are the most important lessons learnt?
N/A

13- Capacity Building
Which instruments and tools of the WCO or other international organizations were considered?
Various WCO tools, guidelines and the Framework of Standards on Cross-Border E-Commerce will be considered when time arises to consider specific treatment of e-commerce goods.

Has any support been received from WCO or other organizations/countries to facilitate the implementation?
When times comes for consideration for the specific special treatment of e-commerce goods support will have to be sourced.

Is there any plan to support other countries’ implementation based on the experience gained?
When we have implemented and gained experience then we will be in a position to support other countries.

14- Compliance and Future Developments (if applicable and/or available)
- What was the response of stakeholders to the implementation approach?
- What is the approach to ensure compliance (penalties, education, etc.)?
- How is the success of the approach measured?
- Next steps (phases, reviews, adjustments, if applicable, other Standards to be implemented)?
N/A

15- Additional or Final Comments
- Any additional or final comments.

Zambia is yet to consider to have a legal framework for the implementation of the Framework of Standards on Cross-Border E-Commerce. Therefore, most of the questions are not applicable.

Source: Customs Administration of Zambia, submitted in January 2022 for the 3rd edition of the Compendium
Section II - Revenue Collection Approaches

Revenue Collection Approaches Reference Table

Under the principle of Fair and Efficient Revenue Collection, the WCO Framework of Standards on Cross-Border E-Commerce (E-Commerce FoS) contains two Standards: on Models of Revenue Collection and on De Minimis. The Technical Specifications to the E-Commerce FoS provide guidance for the implementation of the standards, while the document on Revenue Collection Approaches provides a clear description of four revenue collection approaches: 1) Seller/Vendor based collection; 2) Intermediary based collection; 3) Buyer/Consumer based collection, and 4) Variant and hybrid Approaches to collection.

The reference table below is based on the Revenue Collection Approaches document and summarizes information provided by WCO Members and observers. The objective of the reference table is to provide a better understanding of the several existing options for revenue collection, and by no means is intended to be prescriptive. Moreover, the table is designed as a living document that can be periodically updated based on further input by Members and stakeholders.

<table>
<thead>
<tr>
<th>Revenue collection approach</th>
<th>Description</th>
<th>Members’ practical experiences of implementation⁷</th>
</tr>
</thead>
</table>
| Seller/Vendor based         | In this type of approach, the non-resident seller/vendor would be required to assess, collect and remit duty and taxes on imports to the destination Customs or Tax administrations. This approach typically involves a registration process with either Customs or Tax administrations (or both), preferably electronic, for non-resident sellers/vendors, and alignment with Customs processes to treat consignments that have and have not complied with the collection approach. | **Australia:**

Australia’s model offers a simplified registration, reporting and payment system for non-resident overseas businesses. Businesses have the option to register either through Australia’s standard GST registration system, or a simplified registration system. The simplified registration system allows non-resident overseas businesses to register, lodge and pay for GST to the Australian Taxation Office (ATO) through a streamlined and efficient electronic process. The option of a simplified registration system also reduces the regulatory burden for businesses that do not maintain a significant presence in Australia, and who do not need to claim input tax credits.

The ATO’s approach to industry compliance under the model focuses on education and industry outreach. The ATO provides extensive information and educational resources to stakeholders to promote awareness of their GST obligations. Where businesses remain non-compliant, the ATO uses proportional one-to-one compliance measures. |

⁷ The respective Members’ case studies provide further details, including information on benefits, challenges and lessons learnt.
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<td></td>
<td>As much as possible, Australia’s vendor collection model leverages existing business systems and processes, thereby minimising businesses’ costs of compliance. The ATO also cooperates with other Australian Government agencies, including the Australian Border Force, on data sharing and compliance measures. Information sharing and cooperation with other jurisdictions also plays an important role in the ATO’s compliance programme. The GST on low value goods measure leverages the same taxation architecture as Australia’s domestic GST system, with bespoke modifications to accommodate non-resident overseas businesses. For example, resident and non-resident businesses are subject to the same registration threshold (AUD 75,000 turnover over a 12-month period), but non-resident businesses can remit GST revenues on a less frequent basis. This provides a consistent approach to administration of the model and associated compliance measures, helping to lower implementation costs.</td>
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<tr>
<td></td>
<td><strong>European Union:</strong> To support the implementation of the vendor/seller collection approach, the EU introduced the Import One-Stop Shop (IOSS) and special arrangements simplification mechanisms.</td>
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<tr>
<td>Intermediary based</td>
<td>In this type of approach, duties and taxes due in the destination country would be collected and remitted on behalf of the buyer/consumer or consignee by different types of intermediaries, including e-commerce platforms/marketplaces, transporters (e.g., express carriers and postal operators), Customs brokers and freight forwarders. These intermediaries would be required to collect duties and taxes, either self-assessed or assessed on import by destination Customs or Tax administration, and remit them to the destination</td>
<td><strong>Brazil:</strong> Brazil has decided to adopt an intermediary-based approach, whereby revenue collection and remittance of duties and taxes are carried out on behalf of consumers/importers by express carriers and the postal operator after the goods arrive in Brazil. These companies are then responsible for charging importers/buyers the correct amount of duties and other costs. <strong>China:</strong> Domestic individuals who purchase goods shall be the taxpayers. When buying goods from overseas suppliers through cross-border e-commerce platforms, consumers pay the taxes at the same time when they pay for the goods to the cross-border e-commerce platforms. The intermediary collects the pre-assessed duties and taxes from the consumer at the point of order, along with the payment for the goods. After the refund period, the intermediaries make aggregate tax payment to Customs. As the goods are released before Customs collects the revenue, sufficient bonds are required in advance. <strong>Indonesia</strong> is piloting an intermediary-based collection model.</td>
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<tr>
<td>Revenue collection approach</td>
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</table>
| Customs or Tax administration, preferably periodically on an account basis. | **Morocco:**
Barid Al Maghrib (Poste Maroc) acts as the intermediary that pays the duties and taxes due and collects them from the consumer upon delivery.  
**Turkey:**
Intermediary model is used to collect revenue. Operators are also authorized to collect taxes on behalf of the Customs administration and, after collecting the taxes, they deposit the amount into the Customs account within 7 days. |  

| Buyer/Consumer based | In this type of approach, the resident buyer/consumer would be required to remit duties and taxes relating to imports of goods to Customs or Tax administrations. | **Azerbaijan:**
Goods imported into the Customs territory of Azerbaijan through international mail or a transportation company should be cleared in a simplified form. Customs duties are collected in accordance with the tariff and non-tariff regulation of foreign economic activity, taking into account the monthly limit of USD 300 in terms of Customs value of the goods, which individuals are allowed to import without the payment of duties and taxes.
Azerbaijan uses an application (Smart Customs) to declare goods by individuals in electronic form without visiting the Customs office.
During the process of declaring by this application the system shows the monthly limit per registered person. In case of exceeding that limit, Customs payments are calculated automatically by the application according to the specific product (depending on the commodity code and tariff rate) and should be paid electronically. |  

| Variant and hybrid | Different variants of the above approaches and hybrid approaches | **Argentina:**
Argentina applies a buyer/consumer based collection approach for the postal regime, in which, once the declaration is submitted in the postal service website, the Consumer pays electronically taxes, if applicable, and postal service handling fee.
For the courier service, Argentina applies the intermediary based collection approach is applied. Once the declaration is submitted by the courier, taxes are paid and sent to a Customs account and only afterwards the courier collects the amount from the consumer.
As these approaches were not specifically developed for e-commerce processes or transactions, experience has shown that both of them are not suitable for the application in question. Although they have good use for many other situations, there |
### Revenue collection approach
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is a clear need to establish a mechanism under which Customs can collect taxes at the point of sale.

Argentina’s experience has shown that the more we delay the tax collection is delayed in the supply chain, the more problems occur. In that aspect, the main challenge is to understand these mechanisms and how to address a critical mass of sellers and marketplaces.

**Eurasian Economic Union:**
Two approaches exist for the collection of revenue from taxes and duties in the Eurasian Economic Union (EAEU):
1. Buyer/consumer-based collection;
2. Intermediary-based collection.

These models are generally used irrespective of e-commerce developments and apply to all imported and exported goods.

They also apply to e-commerce goods that are mainly transported as postal items or express consignments.

**Peru** applies buyer/consumer-based collection approach for shipments delivered by the designated postal operator (SERPOST S.A.) and an intermediary-based collection approach for the shipments delivered by express courier companies.

**Russian Federation:**
Customs duties and taxes are paid by the recipient of goods. However, for goods purchased on Joom and AliExpress trading platforms and shipped in international mail, a hybrid payment collection scheme is used in which the payer is the recipient of the goods, but in fact the money is paid by the designated postal operator.

**Saudi Arabia:**
Basically, ZATCA had set up 3 approaches for revenue collection process, detailed as following:
- Some e-commerce stores are familiar with taxes imposed by ZATCA, therefore, once the buyer identifies the address in Saudi Arabia in order to checkout an order, the store charges the calculated amount of tax in purchase bill to be paid prior to be
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|                            | shipped. Furthermore, express shipping courier will receive this amount from the store in order to pay it to ZATCA.  
  - In most cases, express shipping courier pays the Customs duty and taxes to ZATCA in advance, and collects it later on from the buyer upon the last mile of delivery.  
  - For commercial shipments only, that are imported by enterprises, goods declaration and payment bill for Customs duty and taxes is issued by ZATCA and forwarded by express shipping courier to the enterprise in order to be paid through electronic services provided by banks. |

**Sri Lanka**

If the e-commerce package is received through the postal service or the Express Mailing Service (EMS), the revenue collection approach is buyer/consumer based collection.

If the e-commerce package is received through registered courier services (such as DHL, UPS, Fedex, TNT, Aramex) or through other courier operators, the revenue collection approach is intermediary based collection.

The registered courier services operate courier bonded warehouses that have permanent Customs staff for the clearance of goods. The consumer can pay the Customs duties paid by the courier service when receiving the package at the doorstep. Some courier services have agreements with e-commerce vendors which allows them to collect Customs duties at the time of sale of the goods. The duties will be paid to Customs by the courier service. E-commerce vendors do not directly pay duties to Customs.
Argentina

Introduction / General Overview and background

Argentina is currently using a Buyer/Consumer based collection approach for the Postal Regime, in which the Consumer pays electronically (taxes if applicable and postal service handling fee) once the declaration is submitted in the postal service website.

The money, although it is funnelled through an external website, goes directly to a Customs account, from where the postal fee is derived to a postal service account.

For the courier service, the intermediary approach is applied. Here, once the declaration is submitted (by the courier), taxes are paid and sent to a Customs account and only afterwards the courier “recollects” them from the consumer.

As these approaches were developed not for specific e-commerce processes or transactions, experience has shown that both of them were not suitable for the application in question. Although they have good use for many other situations, the need to establish a mechanism in which Customs can collect taxes at the point of sale is clear.

The experience has shown that the more we delay the taxes collection in the supply chain, the more problems we have. In that aspect, the main challenge is to understand these mechanisms and how to address a critical mass of sellers and marketplaces.

As it was mentioned in the case study on the implementation of the WCO E-Commerce Framework of Standards, Argentina currently lacks a regulatory framework for E-Commerce. This applies not only to international trade, but also at a domestic level.

In relation to the revenue collection aspect, general rules for Postal and Courier Regimes are applied, independently of the goods’ origin, and it is important to understand that specific revenue related topics are legislated by other organisms. Customs acts only as a facilitator for reaching the target.

As an example, De Minimis threshold (VAT + Import Tariff), can only be changed by a decree and it currently only applies to non-commercial goods that enter through the postal service. Till April 2019, the threshold was one USD 25 parcel per year. The release of a new regulation changed it to twelve USD 50 parcels per year.

With this in mind, the input that this administration can offer, given the experience working with the approaches mentioned, is to aim towards collecting taxes at the point of sale.
Description of the process

The declaration and payment process, from the consumer point of view, can be described as follows:

1) Declaration of the “Tracking Number”.
   a. A short description of the items included in the CN22/3 is shown so it is easier for the User to submit the declaration.
   b. User must declare I) Category II) Description III) Quantity IV) Unit value V) Shipping value.

Consumer dashboard

Tracking ID ready to be declared

Not a robot

Search

Mis envíos

Código de Seguimiento Estado

RP673791757CN

RP7235650883
07/09/19

RP673791757CN

20/09/19

Listo Para Declarar
2) Settlement: a calculation of taxes and handling fee is shown to the consumer.

Note: in this case, goods were cleared within De Minimis.
3) Payment: the User can choose to pay via I) Credit card II) Online banking.

**Benefits, challenges and lessons learned.**

Despite the need to implement a better approach for E-Commerce, and taking in consideration the quality of the information available (undervaluation and incorrect declaration issues), having a fixed tax for parcels above De Minimis threshold avoids many of the hassles that today cannot be addressed.

If anything this administration has learned and taken knowledge from the last years, is that in order to receive good information and in consequence to improve risk management processes and revenue collection results for E-Commerce, a direct channel between the point of sale and Customs must be created, and it is the duty and challenge of these administrations to readjust processes in order to be able to handle small packages efficiently.

In the same line of thoughts, several changes have been made in the Postal Regime in order to simplify the process, improving considerably the payment rate and time between the submission of the declaration and final payment.

**Statistics**

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<thead>
<tr>
<th>Year</th>
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<th>Users</th>
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<th>Operations</th>
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<td>106,582</td>
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<tr>
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<td>54,395</td>
<td>34</td>
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<td>29,890,000</td>
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<td>1,107,239</td>
</tr>
</tbody>
</table>

**Source:** Customs Administration of Argentina, submitted in September 2019 for the 1st edition of the Compendium
1. Introduction / General Overview

General description of the model

Australia has implemented a vendor collection model to collect Goods and Services Tax (GST) on low value imported goods from 1 July 2018. Australia’s vendor collection model requires certain suppliers – including platforms, merchants and redeliverers – to register for, apply and collect GST on low value imported goods sold to consumers in Australia. The Australian model does not charge GST at the point of importation, but rather, at the point of sale (excluding alcohol and tobacco products)9.

Suppliers are required to register for GST if their supplies of low value imported goods, and any other supplies subject to GST, is greater than AUD 75,000. Suppliers must report and pay the GST to the Australian Taxation Office (ATO), which administers the GST on low value imported goods as a taxation (not Customs) measure.

Suppliers may elect to not apply GST at the point of sale if they reasonably believe the goods will arrive in Australia as part of a consignment valued over AUD 1,000, in which case GST will apply to the goods at the border. Online sales made to business customers in Australia are also excluded from GST at the point of sale, but may be subject to a reverse charge in some circumstances.

For suppliers of low value imported goods, a simplified registration and reporting scheme is available to facilitate and ease compliance. This simplified system is also available to non-resident suppliers of digital products and services.

Australia adopted the vendor collection model as it was considered the most cost-effective option in the Australian context. The model levels the playing field for domestic businesses who previously faced unfair competition from non-resident online sellers that were not required to apply GST on the sale of their goods, leading to a pricing advantage.

The Australian Government’s independent research and advisory body, the Productivity Commission, reviewed several potential revenue collection models and found that the vendor collection model was the most appropriate for the Australian environment. This model, though at the time new for goods, applies the same GST legal principles and simplified registration, reporting and payment mechanisms that Australia had previously applied successfully to non-resident supplies of services and digital products sold to Australian consumers.

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8 Low Value Imported Goods refer to imported goods with a value of AUD 1,000 or less
9 Alcohol and tobacco products are dealt with separately and are not referenced in this case study.
Statistics

The net GST revenue collected from low value imported goods was AUD 348 million in 2018-19. This amount significantly exceeded the initial projection of AUD 70 million over the first year of the measure.

Legal Framework

GST is a component of Australian tax law that is primarily administered by the ATO, with the exception of GST on imported goods above AUD 1,000, which is administered by the Australian Border Force (ABF). The legislation authorising the application of GST to low value imported goods is the *A New Tax System (Goods and Services Tax) Act 1999.*

The legal framework for Australia’s GST on low value imported goods did not change Australia’s de minimis threshold for the collection of GST at the border, which remains set at AUD 1,000. This means that GST does not apply to low value imported goods at the border (with the exception of alcohol and tobacco products), even if the goods are not taxed at the point of sale by the supplier.

De Minimis Threshold

Australia maintains high *de minimis* thresholds for duty and GST at the border, both of which are currently set at AUD 1,000. At the time of this study, there is no plan to adjust either *de minimis* threshold for Australia.

2. Background

Until July 2018, goods imported into Australia in consignments valued AUD 1,000 or less were not subject to GST. This arrangement raised concerns about a “competitive disadvantage for Australian retailers, impaired tax neutrality and … loss of revenue.”

From 2011 onwards, the Australian Government conducted extensive research into alternative approaches to collecting GST more consistently, including revenue collection models for GST on low value imported goods.

Earlier inquiries highlighted significant challenges associated with border and transporter collection models in the Australian context. This included the challenge of maintaining a cost effective process that could return net GST revenues, if the GST *de minimis* threshold were reduced to lower levels observed internationally.

The Australian Government announced a preferred option to apply GST at the point of sale, rather than at the point of importation, and for GST to be collected by suppliers of low value imported goods. The Australian Parliament subsequently passed legislation to extend the GST, from July 2018, to sales of low value imported goods sold to consumers in Australia.

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10 Not including alcohol and tobacco products.
3. Description of the process

Australia’s vendor collection model requires the supplier of low value imported goods to collect and remit GST on sales to consumers in Australia.

Figure 1 provides an overview of the GST revenue collection model. Figure 2 outlines the GST collection process for low value imported goods.

**Figure 1: Australia’s Vendor Collection Model**

- Consumer in Australia purchases low value goods from offshore.
- GST usually applies to all low value goods with a customs value of AUD 1,000 or less at point of sale.
- GST not applied to alcohol, tobacco, GST-free or the exception is applied to tax at the border where the supplier knows the import will exceed AUD 1,000.

- GST is charged and collected on consumer sales (including the cost of transport and insurance) by a GST registered supplier at the point low value goods are sold
- GST is not charged on B2B sales provided they provide their Australian Business Number (ABN) and state that they are registered for GST.

- Supplier sends the low value goods to the B2C or B2B customer (i.e. the importer)
- The transporter completes self-assessed clearance (SAC) declaration for consignments at or below AUD 1,000 based on information provided by the supplier
- The supplier must ensure relevant GST information is contained in customs documents their GST registration number and whether GST has been charged on the sale of each of the goods, and the ABN if the sale is B2B.
- ABF can apply an exemption to not charge GST again if a consignment of goods valued at over AUD 1,000 upon entry has already had GST charged (based on reported information)
- The supplier separately reports and remits GST to the ATO on a periodic basis (usually quarterly).

- Goods may be inspected by ABF to ensure compliance with SAC declaration.
- If no further action required from the customs process, goods are released for deliver to the importer.
4. Benefits and Challenges of the Legislated Model

Benefits of the model:
- Collecting GST at the point of sale, rather than at the border, reduces trade flow disruptions, and minimises Customs compliance and administration costs;
- Allows border agencies to focus on protecting the border;
- Promotes a level playing field between international and domestic businesses.

Challenges of the model:
- Operators have had to make changes to their business processes to collect additional GST information, allowing them to identify and differentiate the GST treatment for Australian customers that are consumers (B2C) and businesses (B2B);
- Education of overseas vendors is required on the application, collection and remittance of GST applied to goods, including additional reporting requirements.
5. Compliance

Since implementation, all major platforms and suppliers have registered and complied with their GST collection and remittance obligations. Australia has observed high levels of compliance, due in large part to the early investments made by the ATO to engage and develop strong partnerships with the international business community.\(^\text{12}\)

Client engagement

Implementation of the vendor collection required active engagement with affected global entities, as the measure represented a significant change and new way of thinking on low value imported goods. The ATO partnered with global accounting firms, transporters, Customs brokers and peak bodies to better engage with the whole e-commerce sector on implementation of the model.

Although Australia’s vendor collection model does not require all stakeholders to collect GST, the ATO recognised that their position in the supply chain meant that they had extensive and trusted relationships with shippers (suppliers) that use their services on a daily basis. The ATO also co-hosted a number of webinars with these key partners to assist and reach non-resident suppliers to understand their obligations.

Outline of the Australian Taxation Office (ATO) client communication, engagement and compliance approach

The ATO’s success with the model has been built on:

- Identifying, modelling and directly engaging potential suppliers, based on third-party financial and Customs data;
- Developing a range of simple and detailed technical guidelines to assist suppliers, tax advisors, transporters and brokers to understand the operation of the new law and their obligations;
- Promoting a simplified GST registration system for non-residents;
- Delivering a comprehensive communications and client engagement strategy, including: targeted mail-outs, dedicated web-pages (including summary information in Simplified Standard Chinese\(^\text{13}\)), international public relations (through an external partner), one-to-one support for large suppliers, and direct face-to-face international engagements with business, advisors and transporters;
- Providing a moratorium on penalties and interest charges for the first 12 months of operation of the law; and
- Implementing a compliance strategy that allows tax assessments to be made on a reasonable basis, supported by third-party transactional data sources and using exchange of information instruments in Tax Treaties.


Summary of compliance actions that can be taken

ATO compliance activities are supported by a range of legal and administrative mechanisms:
- Identifying suppliers and the value of their supplies, by matching Customs data with data from other sources, including aggregated financial transactional data;
- Issuing default assessments and compulsory registration of non-resident businesses;
- Using Australia’s international tax treaties to exchange information and seek assistance with the recovery of tax debts; and
- Exercising other legal options to stop payments leaving Australia.

Further information about the ATO compliance approach in respect of low value imported goods is available at www.ato.gov.au/AusGSTCompliance.

6. Additional or Final Comments

A review of Australia’s vendor collection model is scheduled to take place two years after implementation (i.e. in the 2020-21 financial year). This review was announced in the 2016-17 Budget, to ensure the model is operating as intended and to take into account relevant international developments.

Separately, the Productivity Commission Report recommended the Australian Government undertake a comprehensive review of the legislated model in 2023. While Government has noted the recommendation, no commitment has been made to undertake such review.

Source: Australian Border Force, updated in January 2021 for the 2nd edition of the Compendium
Azerbaijan

1. Introduction / General Overview (information on E-commerce. General description, legislation, limits and etc.)

E-commerce transactions are regulated by the Order No 305 dated 14.10.2013 on approval of the “Preferential and simplified rules for the movement of goods not intended for production or commercial purposes across the Customs border by individuals”. The rule has been prepared on the basis of Article 299 of the Customs Code of the Republic of Azerbaijan and lays down preferential and simplified rules for the movement of goods not intended for production or for commercial purposes across the Customs border by individuals.

Exemptions from Customs payments and simplified rules are applicable only for individuals and are not extended to the legal entities.

According to the current legislation mentioned above, goods imported into the Customs territory through international mail or a transportation company, within 30 (thirty) days, with a total Customs value not exceeding the equivalent of 300 USD are exempted from Customs payments.

<table>
<thead>
<tr>
<th>Link</th>
<th>Scope</th>
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<tr>
<td><a href="http://e-qanun.az/framework/27084">http://e-qanun.az/framework/27084</a></td>
<td>Order No 305</td>
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<td><a href="http://e-qanun.az/framework/46957">http://e-qanun.az/framework/46957</a></td>
<td>Customs Code articles 289-299</td>
</tr>
</tbody>
</table>

2. Background

The abovementioned limit was equal to 1000 USD until 2020.

3. Description of the process

Goods imported into the Customs territory through international mail or a transportation company should be cleared in a simplified form, by collecting Customs duties in accordance with the tariff and non-tariff regulation of foreign economic activity less the value specified in the clauses from the total Customs value of goods. Certain application (Smart Customs) is used to declare goods by the individuals in electronic form without visiting the Customs office.

https://e.customs.gov.az/for-individuals/post-declaration - more information about declaring process and clearance of goods purchased through international mail or a transportation company.

4. Benefits and Challenges

During the process of declaring by Smart Customs application the system shows month limit per registered person. In case of exceeding that limit, Customs payments are calculated automatically by the application according to the specific product (depending on the commodity code and tariff rate) and should be paid electronically.

Advantages of implementation of Smart Customs application:
• Simple to declare goods by the individuals,
• Easy to pay Customs payments,
• Control the current status of orders online/ follow your purchases and limits,
• Follow the regularity of orders,
• Getting information about the current legislation (prohibited and restricted goods).

**Example describing the process.** A certain individual purchased a laptop for personal use from internet site (ebay.com) with a total value of 700 US dollars. Also shipping costs in amount of 100 US dollars should be paid additionally. So the total Customs value will be deemed to be 800 US dollars. The purchase is the first one during the calendar month. Taking into consideration, that the maximum limit of preferential importation is 300 US dollars, so Customs payments will be charged for the additional 500 USD.

**Step 1.** Declaring by the application (Smart Customs). The process of declaring comprises information about the commodity (type, value, quantity), transporter (company name and fees), sender (country).

**Step 2.** In case of exceeding the limit, Customs payments are calculated for the exceeded amount. (800 USD – 300 USD).

**Step 3.** If the normal duty for laptop is 5% and VAT is 18% so payments will be charged for the exceeded amount.

**Step 4.** Completing the clearance and releasing of goods.

**Source:** Customs Administration of Azerbaijan, submitted in December 2021 for the 3rd edition of the Compendium
Belarus

- **Introduction/General Overview**
Currently the Eurasian Economic Commission is working to prepare draft acts to amend the law of the Eurasian Economic Union (hereinafter referred to as the EAEU), providing for independent regulation of cross-border e-commerce.

The objective of this work is to assign a separate category to goods transported within the cross-border (foreign) e-commerce throughout the EAEU and create a mechanism for administering and regulating such trade.

In order to test the new mechanisms for Customs processing of e-commerce goods, in accordance with Ordinance No 7 of the Council of the Eurasian Economic Commission of 5 April 2021, a decision was taken to conduct a pilot project (experiment) in the EAEU Member States focusing on the foreign trade in e-commerce goods.

The essence of the experiment is to carry out Customs operations in relation to e-commerce goods by e-commerce operators.

In the Republic of Belarus, 3 business entities participate in the experiment as e-commerce operators.

E-Commerce operators complete the Customs declaration for e-commerce goods, calculate and pay the Customs duties and taxes. The Customs duties and taxes are paid prior to the submission of a Customs declaration.

- **What is the legal basis for collecting e-commerce payments?**
Before amendments to the Customs Code of the Eurasian Economic Union (hereinafter referred to as the CC EAEU) aimed at assigning a separate category to e-commerce goods, the taxation of these goods is considered in the context of goods for personal use imported into the EAEU Customs territory in international mail (hereinafter referred to as the MPO) or by a carrier. The collection of Customs duties and taxes for such goods is governed by:
  - Section 37 of the CC EAEU;
  - Decision No 107 of the Council of the Eurasian Economic Commission of 20 December 2017 on certain issues related to personal goods (hereinafter referred to as Decision No 107);

Furthermore, in relation to the above categories of goods, there are fees for Customs operations, and the amounts thereof are established in Decree No 443 of the President of the Republic of Belarus of 13 July 2006 on Customs fees.

- **Minimum threshold**
In accordance with the provisions of Decree No 107, the EAEU Member States established the following duty-free import norms for personal goods imported in MPOs and by a carrier: the value does not exceed an amount equivalent to 1000 EUR, and the weight does not exceed 31 kg. These norms are valid until 1 April 2023.
If the value and/or weight of goods exceed the above thresholds, the exceeding value and/or weight shall be subject to import Customs duties and taxes in the amount of 15 per cent of the value, but not less than 2 EUR per 1 kg. weight.

- **What are the advantages and challenges of using the approach chosen for e-commerce products in a domestic environment?**

   The figure of Electronic Commerce Operator was created for the convenience of recipients of goods, since it will simplify the procedures for performing Customs operations and paying Customs duties and taxes.

**Source:** Customs Administration of Belarus, submitted in December 2022 for the 4th edition of the Compendium
1. INTRODUCTION

1.1. General overview of Brazil and Brazilian Customs

Brazil is a country covering an area of 8.5 million km², almost half the size of South America. It is a federation made up of 26 States, the Federal District and 5,570 municipalities. It has a population of over 208 million people who speak Portuguese as the country’s official language.\textsuperscript{14}

Brazil’s economy has a nominal gross domestic product (GDP) of US$ 1.93 trillion, based on data from the International Monetary Fund (IMF) from October 2018, and is ranked as the 9\textsuperscript{th} largest economy in the world.\textsuperscript{15}

The Secretariat of the Federal Revenue of Brazil (RFB) is the Federal Government agency responsible for Customs and domestic tax collection. Revenue collection for E-Commerce represents less than 0.5% of all taxes collected in Brazil and one of the main objectives in this respect, as for other Customs duties and taxes, is to regulate, control and promote trade and development.

Since October 2017, controls on inbound E-Commerce shipments have been carried out in full by a Customs Electronic Declaration System called “Siscomex Remessa” which, among other functions, automatically calculates Customs duties. The same system is used both for the postal operator and express carriers, and the clearance procedure is based on risk management through a risk assessment interface.

Annex A sets out Brazil’s annual statistics for E-Commerce goods, sent as express and postal parcels, dating back to 2013.

1.2. Brazil’s Revenue Collection Approach

Brazil has decided to adopt an intermediary-based approach, whereby revenue collection and remittance of duties and taxes are carried out on behalf of consumers/importers by express carriers and the postal operator after the goods arrive in Brazil. These companies are then responsible for charging importers/buyers the correct amount of duties and other costs.

These intermediaries are required to transfer these funds to a pre-defined Government account on a regular basis, with these transfers being checked by the Siscomex Remessa Customs Electronic Declaration System. Customs performs random auditing to ensure sound and correct transfer of funds to its account. It is worth noting that in 2019, Customs

\textsuperscript{14} Information about Brazil, obtained on 15 January 2019 from: https://cidades.ibge.gov.br/brasil/panorama

\textsuperscript{15} World Economic Outlook, October 2018, IMF Data Mapper, GDP, current prices, billions of U.S. dollars, obtained on 15 January 2019 from: https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEO/JPN/FRA
is working towards implementing an automatic debit system with these intermediaries; this will provide a more reliable and transparent transfer system without the need for intensive audits.

1.2.1. The intermediaries: Express Carriers and Postal Operator

Express carriers

In order to operate as an express carrier in Brazil, companies need to complete a registration process that includes verification of compliance with Customs requirements and a physical examination of companies’ business premises. Following successful completion of this process, authorization is granted by Customs for this specific purpose and for a certain period.

There are two types of authorization: regular and special. With respect to revenue collection, the main difference lies in the timeframe during which the carrier must remit duties/taxes to the Customs Administration:

- Regular authorization: regular express carriers must first collect and remit duties/taxes to the Government account, and only then will Customs clear the parcel and authorize delivery.
- Special authorization: in order to receive special authorization, a company needs to have its own warehouse and be an Authorized Economic Operator (AEO)-certified company. Special express carriers must collect and remit duties/taxes to the Government account within 21 days of pre-clearance by Customs. Parcels receive authorization for delivery after Customs pre-clearance.

Postal operator

Brazil has only one postal operator (Correios) working within the framework of the Universal Postal Union (UPU). Correios is owned and managed by the Federal Government, having been established and regulated by federal law and decrees. With respect to revenue collection, the postal operator works as a special authorized express carrier.
2. LEGAL FRAMEWORK SUPPORTING REVENUE COLLECTION FOR E-COMMERCE

2.1. Background

Since 1966, national legislation on import tax (Articles 31, 32 and 61 of Decreto-lei No. 37 of 18 November 1966) states that the taxpayer is the recipient of an international postal consignment as indicated by the sender and that, in some cases, the transporter and the Customs bonded warehouse are also responsible for payment of the tax. It also states that rules applied to import tax as defined in the legislation may be used for international postal consignments under Customs control, if applicable.

Accordingly, building on the traditional way of controlling imports, and with the understanding that the postal operator and express carriers act like Customs bonded warehouses, transporters and Customs brokers in Brazil, one can conclude that they are, by law, responsible for payment of the applicable duties and taxes. In a country as big as Brazil, with a population of over 208 million, it is easier for Customs to have fewer actors to deal with. This means that Customs interacts with representatives of the postal operator and express carriers, who interact with the recipients, buyers and importers.

Nowadays, the postal operator has its own automated system that is used to identify and contact consumers/importers and interact with them when goods are submitted for inspection; it also serves as a payment platform to collect taxes and duties. As for express operators that run their own systems, they have their own practices for contacting consumers/importers and collecting taxes and duties, as necessary.

2.2. Legal framework

In Brazil, the "Simplified Duty Regime" (Regime de Tributação Simplificada - RTS) used for postal and express parcels was instituted by a 1980 Law (Decreto-Lei No. 1.804/1980), and an Ordinance of the Ministry of Finance (Portaria MF No. 156/1999 currently in force) regulates the Import Duty Flat Rate, and places some limits and conditions on application of the Simplified Duty Regime. The main goal of this Regime is to simplify the taxation and clearance process for those who wish to pay a higher import tariff rate, in exchange for a faster and much easier clearance process. It is important to mention that goods cleared under the "Simplified Duty Regime" are exempt of paying IPI, the term for "Imposto Sobre Produtos Industrializados", similar to Excise Tax.

The import tariff rate is set at 60% for any product imported through postal and express parcel services, irrespective of the Harmonized System (HS) classification of the goods (as opposed to traditional cargo importations under which each separate HS classification results in a different tariff rate), with tobacco and alcoholic beverages being the exceptions to this rule. The Ministry of Finance issued an ordinance on this tariff rate in 1995 and it has remained unchanged since then.

A Law and a Presidential Decree regulate the postal service in Brazil (Lei No. 6.538/1978 and Decreto No. 1.789/1996), under the UPU Agreement.
The Customs Code is a Presidential Decree (Decreto No. 6.759/2009) based on a Law (Decreto-Lei No. 37/1966) and it consolidates Customs control procedures, including those for postal and express parcels, at a higher level.

A Customs Normative Ruling (Instrução Normativa No. 1.737/2017) is the main, specific and most recent act to regulate the Law and the Ministerial Ordinance, with the procedures being applied to the intermediaries, i.e. both the postal operator and express carriers. This Normative Ruling determines the use of the Siscomex Remessa system for import declarations and how and when duties are collected and remitted. It also covers other procedures regarding the use of the Simplified Duty Regime, including export procedures and limits.

From a more operational and frontline perspective, Customs Ordinances describe in detail the operational procedures that intermediaries, consumers/importers and Customs must follow as part of the day-to-day processes (Portaria Coana No. 81/2017 for express carriers, and Portaria Coana No. 82/2017 for the postal operator).

In addition to Customs import duties, a consumption tax called ICMS (the Brazilian equivalent of VAT) is payable to the destination State for all products imported into Brazil. The procedure for collection and remittance by intermediaries to the State Tax Offices is similar to that for Customs duties, though it is not governed by the Customs System. It is implemented through an Agreement between the intermediaries and the States, with electronic information sent to the States' own systems. The Agreement was recently reviewed and issued in July 2018 (Convênio ICMS No. 60/2018), in harmonization with the Customs Normative Ruling (Instrução Normativa No. 1.737/2017).

The legislation is in a constant state of evolution. By way of example, the Customs Normative Ruling was recently amended to update the limit for exporting through express and postal channels using a paper declaration; the new limit of US$1,000, compared to the old limit of US$ 10,000, has been in force since January 2019. This change is due to the use of the new unified export system, a Single Window platform, that established the Single Export Declaration (DU-E) which is totally integrated into domestic tax documents and commercial invoices. The DU-E can be used to export goods of any value, but its use is obligatory for goods over US$ 1,000. As the DU-E is essentially an online document for the registration of an export declaration, it is faster to process operations and also more transparent, allowing companies to monitor the progress of their transactions in detail over the Internet, and offering a lot more advantages over paper declarations.
2.3. *De minimis* threshold

In Brazil, there is an import duties exemption on parcels of value up to US$ 50.00, sent from one person to another person, excluding commercial transactions, and carried by the postal operator. There is no *de minimis* exemption for imports through express carriers.

There is an ongoing legal discussion regarding the *de minimis* threshold in Brazil. The legislation set the upper limit as US$ 100.00 and gave the Ministry of Finance (MOF) the competence to further regulate the requirements for exemptions. A subsequent MOF Ordinance limited the exemption to parcels sent from one person to another, excluding E-Commerce purchases and limiting the value to US$ 50.00. There were a number of court rulings against the MOF Ordinance and it was decided that the *de minimis* threshold should be US$ 100.00, although Customs considers the MOF Ordinance to be binding and its view is that the US$ 50.00 threshold should be followed.

There is an ongoing legislative project put forward by Customs to lower the *de minimis* threshold to US$ 10, while extending the exemption to express carriers and to goods of any kind within this limit. This proposed threshold is aligned with the reality of the Brazilian tax system, while applying the WCO Guidelines for the Immediate Release of Consignments by Customs\textsuperscript{16} and correcting inconsistencies in the threshold in force.

\textsuperscript{16} WCO Guidelines for the Immediate Release of Consignments by Customs, Version III (June 2018)

**Item 9.** Category 2 - Low value consignments for which no duties and taxes are collected (*de minimis* threshold)

**Item 9.3.** For example, the value of a consignment should be less than SDR (Special Drawing Rights\textsuperscript{1}) 50 or the duty and tax less than SDR 3 or the consignment should be both less than SDR 50 in value and the duty less than SDR 3. These *de minimis* threshold values and/or amounts should be stipulated in national legislation and be applicable to all operators as far as possible.
3. DESCRIPTION OF THE PROCESS

3.1. Introduction

Since October 2017, the clearance processes for postal and express parcels have become very similar, though there are still some differences between them. Because of these differences, both procedures are described separately in this document. The main difference resides in the availability of advance electronic information: although express carriers have advance electronic information, most of the data for postal imports still has to be input manually by the postal service before submitting an electronic declaration via Siscomex Remessa. However, as the postal channel is currently evolving to receive advance electronic data directly from other countries, it is hoped that these differences will disappear over time.

The approach is based on Brazil’s Customs Electronic Declaration System (Siscomex Remessa), designed to receive and process each individual declaration automatically submitted by express carriers and the postal operator. There is usually one declaration for every parcel. The data provided by each declaration allows Customs to run a risk assessment, based on which the goods are either automatically cleared or submitted to further inspection. The express carriers and postal operator are responsible for the collection of duties/taxes based on the calculation by Siscomex Remessa, which monitors each step of the process until clearance, and even afterwards if an adjustment is required. Examples of the Siscomex Remessa system’s interface, a Customs Import Declaration registered on Siscomex Remessa and the Customs Risk Assessment System interface, called ANIITA, can be seen in Annex B.

3.2. Simplified clearance process for postal shipments

A simplified step-by-step description of the process for clearance and collection of revenue for postal shipments is presented below. For ease of understanding, the flowchart provided in the sequence (Figure 1) illustrates this process.

1. Consumer/importer makes an online purchase. The sender or postal operator sends electronic data, when available;

2. After transportation, when the parcel arrives at the destination warehouse, the postal operator submits it for screening and other procedures;

3. If the parcel is accompanied by advance electronic information, the postal operator sends all the information required for an electronic Customs Import Declaration to Siscomex Remessa, including tax identification information on the importer/consumer. Otherwise, the CN Declaration (Customs Declaration CN 22/23 – Sender’s Declaration) is used to input the data required manually, and then all the information is sent to the Siscomex Remessa system;

4. The Siscomex Remessa system processes the information and, if everything is in accordance with the rules, registers the import declaration for each parcel, calculating the amount of duties due, and sends the confirmation to the postal operator;
5. Customs and other Government agencies, such as health, environment and agriculture agencies, conduct a risk assessment, pre-releasing legitimate goods in the system and referring non-compliant or targeted goods for examination. Final clearance takes place after the Customs duties have been collected. Customs risk assessments are primarily processed via a specific system called ANIITA. Parcels held for examination are either released if no problems are found, or else detained for further processing;

6. The postal operator then scans the parcels and separates the ones for pre-release and the others that require further examination. At this time, parcels without an electronic declaration and lacking some requisite information, for example, are retained for declaration in the future or, if they are not declared, returned to sender prior to payment of the duties;

7. The postal operator then updates the pre-clearance information on its website and gives the importer/customer 30 days to pay the Customs duties due;

8. The consumer/importer makes the payment online, via the postal operator’s website. Payment by credit card or bank slip is accepted by the postal operator. The consumer can pay this bank slip with their own account using a bank app or by cash at any bank;

9. Once the postal operator receives confirmation of payment, the parcel is delivered. If confirmation of payment is not received within 30 days, the parcel is returned to sender;

10. The postal operator then has 21 days from the day it receives the payment from the consumer/importer to remit the Customs duties to Siscomex Remessa, after which the import declaration is finally cleared by the system.
Figure 1: flow chart showing Brazil's simplified postal clearance process
3.3. Simplified clearance process for express shipments

A step-by-step description of the process for clearance of and collection of revenue for express shipments is also presented. The flow chart in figure 2 illustrates this clearance process.

1. Consumer/importer makes an online purchase. The sender sends electronic data to the express carrier, when available, or else the latter generates the data when issuing the air waybill;

2. Before the arrival of parcel at the destination, advance electronic information becomes available, and the express carrier works on the data so it can meet the legal requirement to register a Manifest and a Customs Import Declaration (DIR) on Siscomex Remessa;

3. The Express carrier sends a Manifest, containing basic information on all the parcels on a flight, to Siscomex Remessa. When processed, the electronic list is available for Customs and other Government agencies to conduct pre-arrival risk assessment. The express carrier then sends all the information required for an electronic DIR to Siscomex Remessa, including the Brazilian tax identification information for the consumer/importer;

4. Siscomex Remessa processes the information and, if everything is in accordance with the rules, registers the import declaration for each parcel, calculating the amount of duties due, and sends the confirmation to the express carrier;

5. Customs and other Government agencies, such as health, environment and agriculture agencies, conduct a risk assessment, pre-releasing legitimate goods on the system and referring non-compliant or targeted goods for examination. Final clearance takes place after the Customs duties have been collected. Customs risk assessments are primarily processed via a specific system called ANIITA. Parcels held for examination are either released if no problems are found, or detained for further processing;

6. When the goods arrive at the destination warehouse, the express carrier submits the parcels for screening, and separates the ones for pre-release and the others that require examination. At this time, parcels without a declaration and lacking some requisite information, for example, are retained for declaration in the future or, if they are not declared, returned to sender;

7. After the pre-released parcel is finally scanned and no problems found, the express carrier has 20 days in which to receive payment from the consumer/importer and, depending on the express carrier’s authorization to operate, the duties can be collected according to the following rules:

7.1 Express carrier with regular authorization: Customs duties must be collected and the parcel cleared before delivery. In general, for logistics purposes, the company collects and remits the Customs duties payable to
Siscomex Remessa and receives payment from the consumer/importer upon delivery, or even later if they have an agreement in place. Alternatively, the parcel can remain in the warehouse for up to 20 days awaiting payment by the consumer/importer;

7.2 Express carrier with special authorization: the parcel can be taken out of the warehouse for delivery. Upon delivery, the company receives the Customs duties from the importer/customer, who has 20 days to make the payment, or even later if they have an agreement in place. The company has 21 days from pre-clearance to collect and remit the Customs duties to Siscomex Remessa.

8. Once Siscomex Remessa receives information that the duties have been collected, the parcel is cleared;

9. The express carrier charges the consumer/importer for the duties and other fees and may wait up to 20 days to receive payment before delivering the parcel. If the express carrier has an agreement with the consumer/importer, such as an account charged on a monthly basis, the parcel can be delivered before reimbursement of the duties, although in this case the express carrier is totally responsible for these duties;

10. Once payment is confirmed, as previously described, the parcel is delivered. If the payment is not received within 20 days, the parcel is returned to sender.

It is worth emphasizing that, in the case of express shipments, most parcels are pre-cleared before arrival as they are accompanied by advance electronic data. As the postal operator moves forward in receiving advance electronic data, both processes will become virtually the same, with pre-clearance before arrival and so on. That is the goal for the postal operator.
Figure 2: flow chart showing Brazil’s simplified express clearance process
The Brazilian experience points out some benefits and challenges for adopting an intermediary-based approach; they are outlined below:

4.1. Benefits:

✓ Carrying out effective risk analysis with reliable advance electronic information on all parcels. Most of the gains are based on this premise.
✓ More reliable and effective Customs control over inbound and outbound flows of parcels.
✓ Faster clearance, as the system works as a Single Window for declarations, with Customs and the other Government agencies doing their work at the same time and with no interruptions.
✓ Improved rates of compliance and revenue collection.
✓ Enforcement - effective combating of tax fraud and drug smuggling.
✓ A viable economic solution to increase the number of E-Commerce parcels sent through the post.
✓ Identification of customers/importers by means of their Brazilian Tax Identification number.
✓ Customers/importers do not need to contact Customs as all requirements, including payments and submission of documents, are made through the postal operator or through express service companies’ own IT systems.
✓ Simplification of procedures for consumers/importers, and especially individuals and small and medium-sized enterprises (SMEs) which rely on intermediaries to help them navigate Customs procedures and rules and develop efficient data management systems.
✓ Customs deals with fewer stakeholders, as any problem with the declaration or revenue collection issues must be addressed to the postal operator and/or express carrier.

4.2. Challenges:

✓ Increasingly processing low-value shipments through the automated system, given their exponential growth, for compliance, revenue collection and control purposes, without interrupting the flow of goods.
✓ Dealing with a lack of reliable information received by the postal operator, including tax identification information relating to the consumer/importer. This can result in operators completing a Customs Declaration based on flawed information, as the original source of information is unreliable.
✓ Dealing with high levels of undervaluation and false declarations of goods.
5. LESSONS LEARNT

Before implementing the Customs Electronic Declaration System (Siscomex Remessa) based on an intermediary collection model for all E-Commerce channels, Brazil Customs carried out a pilot project with express carriers over the course of two years. This pilot project also constituted an Electronic Declaration System based on the intermediary collection model and, as a result of its initial success, the Customs Administration decided to initiate a national project in 2012 to incorporate all E-Commerce channels, including the postal service. The national project was designed to improve on the previous pilot project and simplify procedures for all stakeholders during the clearance process.

It was vital to have some of the staff who participated in the pilot project also be involved in the national project, as they had very specific technical knowledge of the system, legislation and procedures. They also knew the system’s advantages and drawbacks that could be either resolved or redesigned more effectively in the new project.

During the early stages of the project, the project flow chart, including the entire clearance process design, was created by bringing together specialists both from Customs and logistics operators (postal operator and express carriers). Due to the Single Window nature of the project, other agencies from the Federal Administration were also invited to contribute to the project during the planning phase. Also, by involving all the stakeholders from the very beginning, Customs enjoyed full cooperation throughout the entire project in all areas, including the IT system, legal framework, training and implementation. Indeed, Customs feels that planning is essential to minimize problems that may subsequently occur during the implementation phases.

Senior officials within Government and the Customs Administration were aware of the exponential growth of E-Commerce parcels and promptly deemed the project to be a high priority by providing adequate political, financial and human resources. Such support was vital to provide the means needed for full implementation of the project.

However, as a result of some changes in Government priorities, Customs has not yet managed to make certain important changes to the high-level legislation requiring Congress approval, although it is awaiting political considerations in this area. Changes to high-level legislation require a great deal of time and support from the highest administrative levels, and this should be one of the main concerns when starting a new project. In addition, support from a high-level administration is required for coordination with other Government entities when establishing new Single Window procedures for the Electronic Declaration System. Not all entities were fully involved in the early stages of the project, yet now many of them are trying to join Siscomex Remessa; however, post-project changes incur higher implementation costs for the Government.
6. COMPLIANCE AND FUTURE DEVELOPMENTS

6.1. The response to implementation

The postal operator and express carriers totally supported the project from the beginning, making the necessary changes and updates to their systems and procedures and cooperating all the way until full implementation. They recognized the advances and benefits that would come with the new system and legislation, bringing flexibility and faster clearance times for parcels. This mutual cooperation for technical exchange is still ongoing and reflected in the continuous improvement of IT systems and procedures.

The consumers/importers took longer to learn about the new procedures and especially how to use the postal website (for duty and tax payments online, for instance). Nevertheless, consumers are generally very fond of the new model, as every interaction now takes place online and the parcel is sent straight to their address, removing the need to go to a post office to pay taxes and duties and collect a parcel. As the process evolves, and thanks to transparent and accurate information about the parcels and the duties payable, the amount of revenue collected from consumers/importers is increasing and fewer parcels are being abandoned due to incorrect information about their importation.

The general feeling is that Customs is now aligned with the global trend of using technology as a motor to drive efficiency and development within public services.

6.2. Approach to compliance

There are penalties for infringements of Brazilian legislation, applicable both to the intermediary (postal operator and/or express carriers) and to the consumer/importer. Customs ensures compliance by intermediaries by having an initial licensing phase for express carriers and by performing audits on the carriers’ procedures from time to time.

The most common infringements by importers under the clearance procedure are undervaluation of goods and inaccurate or false declaration of contents. Customs thwarts this behaviour by performing physical and documentary inspections and issuing financial penalties to importers.

Customs works closely with the postal operator and express carriers day after day by providing training, producing manuals and adjusting legislation and procedures, on a cooperative basis. The intermediaries also inform their customers, through a variety of channels, about the importance of compliance with Customs requirements. In some very special cases, express carriers and the postal operator help Customs combat illicit behaviour by traders.

To assist consumers/importers, Customs continually updates its website with information about procedures and the role of consumers/importers in the clearance process, in order to avoid problems with their import declarations. Also, there is a Customs support team at every port of entry, dedicated to providing support and information to traders, and especially to individuals who consult Customs seeking assistance with their imports.
6.3. How is the success of the approach measured?

The initial project was designed to modernize the clearance procedure for E-Commerce goods by making E-Commerce data available in electronic format for Customs through intermediaries.

The intermediary-based model allows Customs to conduct risk management and enhance controls on goods, with the aim of improving overall compliance levels. The project costs are also justified if the new methodology goes some way to increasing tariff revenue. The following three indicators measure the success of the approach adopted: availability of advance electronic data, enhanced compliance by traders and increase in tariff revenue.

Regarding the availability of electronic data, apart from some goods under de minimis exemptions for postal imports, the vast majority of goods declarations are already submitted electronically through Siscomex Remessa. Customs is now moving towards 100% submission of electronic declarations for postal imports, including parcels under the de minimis regime.

Thanks to the availability of electronic data, Customs is now performing risk analysis for E-Commerce imports. However, compliance levels have not increased as dramatically as initially expected, given that the quality of data contained in postal declarations remains very low. The adoption of the model might not be enough, by itself, to affect compliance and a combination of other tools might be necessary to achieve this objective.

Results are mixed on the revenue side, as there is an upward trend in tariff revenue from express carriers, but a downward trend in revenue from the postal service since 2017. Total tariff revenue has increased from BRL 138 million to BRL 168 million. It should be noted that it may still be too early to measure success regarding tariff revenue, as the new system was only rolled out in October 2017 and underwent an intense period of adjustment in 2018, coupled with the political instability and ongoing judicial discussions regarding the de minimis threshold in Brazil. At any rate, the increased total revenue seems to indicate that the model is highly beneficial to Customs revenue.

6.4. Next steps for the approach

Brazil Customs has evolved from paper-based, gatekeeper-style inspections to a fully digital clearance procedure. This allows Customs to work using risk assessment based on electronic data, targeting cargo posing a risk and facilitating trade in low-risk consignments. Now that Customs has completed the adaptation phase after implementation, some adjustments need to be made to the model.

Most declarations do not contain a detailed or reliable description of goods and their value. Undervaluation and false declarations are still a modus operandi of E-Commerce transactions, because of poor quality of information collected at source (from the consignor/vendor) or even at the request of consumers/importers. In other words, compliance remains an issue to be addressed in this model, and the intermediaries are not to be blamed as they are not the original source of the information.
There are, however, a few exceptions to the rule. Some E-Commerce vendors have partnerships with logistics operators and express carriers and they act as a blended seller/vendor based-collection model and Intermediary-based collection model. Customs duties and charges are paid on the purchase of the goods; detailed information on the goods is then forwarded to the express carrier, resulting in a reliable import declaration, and the tariff revenue is also remitted to the carrier for subsequent transmission to Customs.

By way of another example, the Brazilian postal operator (Correios) has just launched a service in January 2019, offering a postal address in the United States for goods purchased online through American retailers and then forwarding the goods to Brazil. Correios will charge consumers/importers all the shipping costs, duties, taxes and other fees before forwarding the goods. As it has all the transaction data available, Correios is able to register the import declaration even before the parcel arrives in Brazil. Thanks to the availability of reliable transaction data, imported parcels can be sent directly to consumers after swift clearance and with no unwanted surprises. Moreover, as all duties and taxes have already been collected from consumers/importers, the goods do not require any waiting time for payment collection.

This mixed model is very promising insofar as risk management will be much more efficient once the declared information is reliable. It also minimizes the risk of importers purchasing goods and not paying the taxes when the goods arrive in the country, by ensuring transparent duty payment before the transaction is completed online. However, transitioning to this mixed model poses many challenges because of the large number of E-Commerce players present abroad. The idea is that companies that provide reliable information will be offered advantages, such as lower retention rates and clearance times, so that partnering with Customs is beneficial for both parties.

Looking beyond what is described above, Customs and the postal operator (Correios) are working on a number of other adjustments and updates required to make better use of this approach. A few of these adjustments and updates are described below:

Correios is engaging with postal operators from other countries as well as stakeholders (such as platforms, sellers/vendors and financial intermediaries) to increase the amount of advance electronic data sent, thus ensuring compliance, speed and efficiency in the clearance process for an increasing volume of transactions.

Customs recently reviewed postal procedures and proposed that Correios create a consumer/importer "self-declaration" on its website for payment of duties and other fees, even before the parcel arrives in the country. This option would be available to those wishing to use it. The self-declaration may be comprehensive, containing all the information provided by the consumer/importer or, if advance electronic data is available, the consumer/importer can simply review the information, add any missing information and pay the revenue due for the importation. These alternative means of submitting declarations and paying revenue to the postal operator before the parcel arrives would help dramatically reduce clearance times and ensure greater accuracy, meaning better descriptions of goods and submission of correct values.
Customs is working with the Government to change the law, in order to resolve the issue of the *de minimis* exemption threshold on US$ 50 shipments and also to make other adjustments required and still pending in the legislation.

The Customs system is being updated with a view to complete integration with the System for checking the taxes/duties collected and remitted. This will contribute to fewer mistakes with revenue collection and automatic refunds in the event of an adjustment. Other requisite improvements are also being made to the System to ensure a better user interface through processes. One example is the possibility of attaching electronic documents to the declaration, such as an invoice and/or other documents required by the authorities, which would eliminate the use of paper during the clearance process.
The main reason for choosing this model was the possibility of starting to work with fully electronic data for the Customs Declaration. By having the postal operator and express carriers handle communication with consumers and provide all the requisite information electronically to Customs and working through partners inside Brazil’s borders, it was possible for Customs to obtain this data without burdening E-Commerce consumers. This is very important because it allows Customs to perform risk management through routine risk assessment, resulting in increased operational efficiency and reduced clearance times compared to the paper-based approach.

The advantages of intermediary-based collection include having the postal operator and express carriers as Customs partners. By having a few contact points working in Brazil, Customs can establish strong communication channels with local partners. Communication and project coordination would be more challenging if working on the basis of seller/vendor-based collection, especially if offices are overseas and given the large number of E-Commerce vendors abroad. Language barriers should also be considered when choosing the model.

Successful implementation of the model depends on a paradigm of partnership between Customs and the postal operator/express carriers. Right off the bat, Customs clearly highlighted the potential benefits of the model to these operators (including reduced clearance times, lower operational costs and enhanced cash flow). Without this coordination, the smooth transition from a paper-based approach to an electronic model would not have been possible and would have created lots of uncertainty for both consumers/importers and carrier companies.

From Brazil’s experience, having a fully electronic declaration platform did not immediately increase compliance by traders (i.e. undervaluation and false declarations are still major issues). Because the intermediaries (postal operator and express carriers) are not the original source of the information, they merely relay to Customs whatever information they receive.

In this connection, Brazil Customs is having a slightly more positive experience with some E-Commerce vendors operating with a blended model between seller/vendor-based collection and intermediary-based collection. These companies collect all Customs charges at the time of purchase and remit the amount to the express carrier. Detailed information about the transaction is fully shared with carriers, resulting in a very reliable cargo declaration (low-risk cargo), which is highly beneficial to Customs objectives and also to consumers. The challenge from now on is to develop this kind of approach, possibly by giving incentives to operators. Further benefits could include a "Fastlane" for trusted partners (resulting in reduced clearance times and a lower operational burden on carriers).
The statistics provided in this section are related to postal and express parcels submitted for simplified Customs clearance procedures through the postal operator and express carriers. Although there are no specific statistics for E-Commerce goods, most of these parcels can be considered as resulting from E-Commerce.\(^{17}\)

### A.1 Annual volume expressed in number of parcels

#### Express and postal parcels imported

![Graph showing the number of parcels imported and cleared through simplified procedures for 2013 to 2018.](image)

Parcels imported and cleared through simplified procedures. Maximum general limit: US$ 3,000

#### Express and postal parcels exported

![Graph showing the number of parcels exported through simplified procedures, including documents, for 2013 to 2018.](image)

Parcels exported through simplified procedures, including documents. Maximum general limit in 2018: US$ 10,000

1. 2013 and before - Express: US$ 5,000 and Postal: US$ 1,000
2. New Limit commencing 2019: US$ 1,000

### A.2 Volume cleared within the *de minimis* regime

It is not possible to specify an exact number of parcels cleared, as most of them were cleared without submission of an electronic declaration via Siscomex Remessa; however, it is estimated that approximately 56 million parcels were cleared under the *de minimis* regime in 2017. In this context, "cleared" means that the parcels were cleared by Customs without charges/duties, taking into consideration the resources available, the low value of

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\(^{17}\) Source of statistics: Customs’ systems, express carriers and postal operator.
the shipments and the high number of parcels to be processed in an appropriate and reasonable time frame.

A.3 Number of operators involved in the approach

Brazil has only one postal operator (Correios), a company owned and managed by the Federal Government, and, as of March 2019, has 30 private authorized express carriers. An up-to-date list of express carriers authorized by Customs to operate in Brazil can be obtained via the following link:

A.4 Duties collected from E-Commerce goods

![Custom duties collected from express and postal parcels]

<table>
<thead>
<tr>
<th>Year</th>
<th>Postal</th>
<th>Express</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>59,874,833</td>
<td>74,701,467</td>
<td>134,576,299</td>
</tr>
<tr>
<td>2014</td>
<td>71,523,214</td>
<td>80,472,772</td>
<td>151,995,986</td>
</tr>
<tr>
<td>2015</td>
<td>61,217,509</td>
<td>82,736,264</td>
<td>143,953,773</td>
</tr>
<tr>
<td>2016</td>
<td>59,426,707</td>
<td>76,613,910</td>
<td>136,040,617</td>
</tr>
<tr>
<td>2017</td>
<td>51,364,871</td>
<td>86,937,933</td>
<td>138,302,804</td>
</tr>
<tr>
<td>2018</td>
<td>46,167,513</td>
<td>123,902,251</td>
<td>170,069,764</td>
</tr>
</tbody>
</table>

Duties collected from parcels imported and cleared through simplified procedures
Maximum general limit: US$ 3,000
A.5 Average clearance time for E-Commerce goods

In this context, the average clearance time should be considered as being from the submission of the declaration via Siscomex Remessa, by the postal operator or an express carrier, until the goods are automatically released without inspection procedures by Customs or other Government agencies. In other words, it is the average time for Customs to perform a risk assessment and release the goods into the green channel.

For parcels sent via express carriers, clearance time takes an average of five (5) hours from the time the declaration is submitted to Siscomex Remessa until the parcel is cleared and ready to leave the warehouse. Most of the express parcels can generally be considered to be cleared on the day of arrival.

For parcels sent via the postal operator, clearance time takes between four (4) to eight (8) hours from submission of the declaration by the postal operator via Siscomex Remessa until the parcel is cleared by Customs.
B.1 Customs Declaration System - Siscomex Remessa

The Customs Electronic Declaration System developed by Customs is called Siscomex Remessa. The screen shot below provides an example of the system's interface:

![Figure 3: example of a Siscomex Remessa interface](image)

It should be noted that the interface is used by Customs, other Government agencies and postal or express carrier operators, and not by consumers/importers. All procedures relating to Customs and other Government agencies are done through the Siscomex Remessa interface, and the decisions are communicated to the IT systems of each logistic operator.
B.2 Customs Import Declaration (DIR) registered on Siscomex Remessa

The DIR registered on Siscomex Remessa by the postal operator and express carriers contains the information declared on the parcel, the duties assessed and payable, a log of Customs activities concerning the parcel, and payment information.

![Example of a Customs Import Declaration (DIR) registered on Siscomex Remessa](image)

*Figure 4: example of a Customs Import Declaration (DIR) registered on Siscomex Remessa*
B.3 Customs Risk Assessment System - ANIITA

The Customs Risk Assessment System is called ANIITA. Below is an example of the ANIITA interface that officers use for risk assessment:

![ANIITA Interface Example](image)

*Figure 5: example of the ANIITA interface that officers use for risk assessment*

**Source:** Customs Administration of Brazil, submitted in September 2019 for the 1st edition of the Compendium
I. Introduction/Summary

The Chinese government has adhered to the control philosophy of being innovative, inclusive, strategic and collaborative, and continued to renovate its regulatory model to be more suitable for China. The cross-border e-commerce goods mentioned in this case study refers to cross-border e-commerce retail imported goods (hereinafter referred to as "cross-border e-commerce goods"), which means the goods purchased from overseas by consumers within China Customs territory through E-Platforms or E-Vendors and delivered to China. The goods shall meet the following requirements:

- They are on the List of Cross-Border E-Commerce Retail Imported Goods based on the HS code, and for personal use only;
- Transactions are through E-Platforms or E-Vendors connecting with Customs, where data elements of the “three lists”, namely order, payment and logistics lists can be cross-referenced. When E-Platforms and E-Vendors are not connected with Customs, they could entrust express and postal operators to transmit data (e.g. transaction and payment data) to Customs and assume corresponding legal responsibilities.
- They meet the conditions stipulated in the cross-border e-commerce retail import tax policy. In China, there are two models of the importation of cross-border e-commerce goods:

**Direct Import** means domestic individuals make online purchases resulting in the parcels from overseas entering China Customs territory, and Customs will then complete the import procedures.

**Bonded Import** means the E-Platforms or E-Vendors move a whole batch of goods from overseas into a special Customs area or a bonded zone (Type B) in China, and the goods will stay until domestic individuals place orders online, and then they go through Customs procedures in the form of parcels.

1. Revenue Collection Approach

The Chinese government adopts the intermediary collection approach for cross-border e-commerce goods.

- **Tax policy:** Customs duties, value-added tax, and consumption tax have been reconsidered for cross-border e-commerce goods. For a single transaction below RMB 5000 yuan, the tariff rate is tentatively 0%, and a 30% reduction of the value-added tax and consumption tax are imposed; for a single transaction above RMB 5,000 yuan but below the annual transaction limit (RMB 26,000), the goods shall be subject to full amount of tariff, VAT and consumption tax.

- **Collection approach:** Domestic individuals who purchase the goods shall be the taxpayers. When buying goods from overseas suppliers through cross-border e-commerce platforms, consumers pay the taxes at the same time when they pay for the goods to the cross-border e-commerce platforms. Within 30 days of the release of the goods, if consumers are not satisfied with their purchases, they can return the goods and get full refund both on goods and...
the taxes they have paid. Since China Customs imposes the intermediary collection approach, the E-Platforms and E-Vendors, logistics providers or Customs brokers shall have the obligation for the payment, they pay the taxes on behalf of the individuals. After the refund period, brokers will make aggregate tax payment to Customs. As the goods are released before Customs collects the revenue, sufficient bonds are required in advance.

2. Transaction limit

The Chinese government has value limit for each transaction and annual transactions for every domestic consumer.

3. Reasons to adopt a new tax policy for cross-border e-commerce goods:
   - a preferential tax rate for cross-border e-commerce goods.
   - a revenue balance between cross-border e-commerce goods and domestic retail goods.
   - to minimize administration costs and avoid revenue loss by removing the de minimis threshold for VAT and consumption tax.
   - to collect Customs duties and taxes without disrupting the clearance or delivery.

4. Legal framework

Article 53 of the Customs Law of the People's Republic of China stipulates that Customs duties shall be levied according to the import and export tariff on goods permitted to be imported or exported and articles permitted to enter or leave the territory. Article 54 stipulates that the consignee of imported goods, the consignor of exported goods, and the owner of inward and outward articles shall be the obligatory Customs duty payer. Article 55 stipulates that the duty-paying value of an imported and exported item shall be determined by the Customs on the basis of the transaction price, and when the transaction price cannot be determined, the duty-paying value shall be determined by Customs according to law.

From 1 January 2019, the newly effective E-Commerce Law of the People's Republic of China, the first comprehensive law in the field of e-commerce in China, has incorporated provisions concerning cross-border e-commerce. Meanwhile, the Notice on Improving Tax Policies on Cross-Border E-Commerce Retail Import has adjusted tax policies on cross-border e-commerce retail import goods, and the Notice on Improving the Supervision over Cross-Border E-Commerce Retail Imports has clarified the nature of cross-border e-commerce retail import goods and different roles of e-commerce stakeholders.

General Administration of China Customs (GACC) announcement No. 194 of 2018 has clarified the Customs clearance and tariff collection and control procedures for cross-border e-commerce goods.

5. Other situations

Under two models of the importation of cross-border e-commerce goods mentioned above, the de minimis threshold for VAT and consumption tax is removed, and Customs duty is exempted for goods valued under RMB 5000.

In addition to cross-border e-commerce goods, there are personal articles shipped into China by express or post, whose electronic data cannot be transmitted to Customs. China Customs levies
duties and taxes on such goods as imported personal postal articles, and different tax policy applies.

II. The process
In order to deal with a large number of low value shipments, risks of infringement and revenue loss, China Customs has adopted an aggregate collection approach on a periodic basis on the condition that sufficient bonds are deployed to China Customs. The management of bonds and aggregate revenue collection are carried out by the automation system - China Customs Cross-Border E-Commerce Management Import Subsystem.

1. Participants
- the domestic consumer who has bought the cross-border e-commerce goods is the obligatory taxpayer.
- in practice, the platform/vendor, logistic company or Customs broker acts as an intermediary, collecting all duties and taxes from the consumer and remitting it on his/her behalf.

2. Procedures
- Assessment: Based on the actual transaction value, the amount of the duties and taxes on cross-border e-commerce goods shall be determined in accordance with the formulas shown below:

  \[
  \text{The Total Tax Payable} = (\text{Compound Consumption Tax Payable} + \text{Value-Added Tax Payable}) \times 70\% \\
  \text{Ad Valorem Consumption Tax} = \frac{\text{Customs Value}}{1 - \text{Ad Valorem Consumption Tax Rate}} \times \text{Ad Valorem Consumption Tax Rate} \\
  \text{Specific Consumption Tax} = \text{Import Quantity} \times \text{Specific Consumption Tax Rate} \\
  \text{Compound Consumption Tax} = \left[\frac{(\text{Customs Value} + \text{Import Quantity} \times \text{Specific Consumption Tax Rate})}{1 - \text{Ad Valorem Consumption Tax Rate}}\right] \times \text{Ad Valorem Consumption Tax Rate + Import Quantity} \times \text{Consumption Tax Rate} \\
  \text{Value-Added Tax} = (\text{Customs Value} + \text{Compound Consumption Tax}) \times \text{Value-Added Tax Rate}
  \]

- Revenue Collection: The intermediary collects the pre-assessed duties and taxes from the consumer at the point of order, along with the payment for the goods.
- Revenue Bonds: the intermediary shall submit bonds of a certain amount to Customs in advance as collateral.
- Bonds Trade-off: As the goods undergo Customs procedures, the amount of the duties and taxes payable determined by the Customs will be deducted from the intermediary’s bonds account.
• Remittance: If no return or change of goods has occurred within 30 days after the release of the goods, the payment of duties and taxes will be made to the Customs within 31 to 45 days after the release of the goods.

• Bonds Account Adjustment: After duties and taxes are fully remitted, the equivalent amount of bonds will be returned to the intermediary’s account.

• Return and Change of Goods: The application shall be submitted within 30 days after the date of release. The goods being returned shall be in a proper condition for resale and transported back to the former Customs control site within 45 days after the date of release. Under such circumstances, the corresponding duties and taxes can be exempted and the annual quota can be rolled back.

An illustration of the procedure is shown below:

III. Benefits

Since the Chinese government launched the Cross-Border E-Commerce pilot in 2012, especially after transforming revenue collection model of cross-border e-commerce goods in 2016, cross-border e-commerce retail import has shown steady growth. The benefits include:

• **Safer Revenue:** With the help of bonds and aggregate revenue collection, cross-border retail goods can be released, therefore effectively reduces the risk of revenue loss.

• **More Efficiency:** The intermediary need not pay the duties and taxes for a single parcel, which has greatly improved the efficiency and reduce the cost of control.

• **Effective Combat against Price Fraud:** By deeming the transaction value as the duty-paying value and cross-referencing the order, payment and logistics data elements, Customs can therefore identify risks including price fraud and revenue loss.

• **More Revenue from Imports:** Removing de minimis threshold for VAT and consumption tax for cross-border e-commerce goods has effectively prevented the risk of revenue loss.
as well as restored the revenue balance between cross-border e-commerce goods and domestic retail goods.

IV. Lessons Learned

The Chinese experiences in revenue collection are outlined below:

1. Good Inter-departmental Cooperation

In the process of promoting Cross-Border E-Commerce pilots, various governmental agencies including the National Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce, the General Administration of Customs and the State Administration of Taxation, have shown good cooperation, which helps a great deal in the improvement of Cross-Border E-Commerce regulatory framework.

2. Close Public and Private Sector Cooperation

China Customs partnered with relevant government departments, e-commerce stakeholders and academia, took effective measures to fully consider the demands of various stakeholders. The cross-border e-commerce retail import control policy implemented from 1 January 2019, has laid down principles that government departments, cross-border e-commerce platforms, vendors, domestic service providers, and consumers should bear their own responsibilities, which clarifies the responsibilities of all parties.

3. Efficient Information System

China Customs has invested a large amount of funds to build an import management system, named as China Customs Cross-Border E-Commerce Management Import Subsystem (CBECMIS) and made a set of unified data transmission standards to enable the authenticity of transactions, which has greatly reduced the clearance time.

V. Statistics

1. The scale of transactions in 2016
In 2016, the total import value of cross-border e-commerce goods was 26.1 billion yuan.

2. The scale of transactions in 2017
In 2017, the total import value of cross-border e-commerce goods was 56.2 billion yuan, with year-on-year growth of 115.3a%.

3. The scale of transactions in 2018
In 2018, the total import value of cross-border e-commerce goods was 78.6 billion yuan, with year-on-year growth of 39.9%;

4. The scale of transactions in 2019
In 2019, the total import value of cross-border e-commerce goods was 91.9 billion yuan, with year-on-year growth of 16.9%.

Source: China Customs, updated in December 2021 for the 3rd edition of the Compendium
Eurasian Economic Union (EAEU)

MODELS OF REVENUE COLLECTION

1. Introduction/general overview

Two approaches exist for the collection of revenue from taxes and duties in the Eurasian Economic Union (EAEU):

1. Buyer/consumer-based collection;
2. Intermediary-based collection.

These models are generally used irrespective of e-commerce developments and apply to all imported and exported goods.

They also apply to e-commerce goods that are mainly transported as postal items or express consignments.

According to the first approach, it is the declarant/buyer/recipient who submits a Customs declaration and remits (pays) the duties and taxes applicable to the imported goods. In cases where a cross-border e-commerce postal operator or express carrier delivers the goods, it is the buyer who must declare them and remit any duties and taxes (if the value of the goods is higher than the de minimis threshold). In this way, every parcel must be individually declared, and any duties and taxes incurred must be individually remitted by the respective buyer.

The second approach provides for the possibility of a Customs representative declaring the goods, assessing the relevant duties and taxes where applicable and remitting them to the Customs administration. In the case of cross-border e-commerce, such operations are performed by intermediaries such as postal operators or express carriers that principally transport cross-border e-commerce goods.

The intermediary-based collection approach helps to improve the clearance process with particular regard to the declaration of goods and remittance of relevant duties and taxes for cross-border e-commerce goods, taking into account the large number of parcels transported daily by express carriers and postal operators in respect of which Customs operations must be performed.

In its development of the intermediary-based collection approach with regard to e-commerce goods, in 2017 and 2018 the Eurasian Economic Commission (EEC) issued several new Decisions, adopted by the Board of the Commission, that provide for new modes (forms) of Customs declaration for express consignments and modes of payment of Customs duties and taxes. These EEC Decisions stipulate that Customs duties and taxes will be paid by express carriers.

Moreover, in 2020, according to an EEC Council Order, a pilot project (experiment) was introduced within the EAEU, and respective EEC Decisions were adopted. New interim legislation provides rules for Customs clearance of cross-border e-commerce goods including peculiarities with regard to assessing and paying duties and taxes. In particular, special representatives could assess, collect and remit Customs duties and taxes on behalf of private individuals/consumers.

At the same time, respective Union legislation is being developed within the EAEU that will
regulate the peculiarities of Customs clearance of e-commerce goods that also will be based on the results of the pilot project that is being carried out in the EAEU Member States nowadays.

**Legal acts**

The current supranational regulation is based on the Customs Code of the EAEU (CC EAEU) and Commission Decisions.

The CC EAEU provides for the possibility of goods being declared and duties and taxes paid by a declarant or a Customs representative. This possibility also relates to express consignments and international postal items.

The CC EAEU lays down a number of facilitation measures for these categories of goods, such as priority treatment for express consignments and international postal items.

The above-referred EEC Board Decisions (Decision No. 142 of the EEC Board dated 28 August 2018 and Decision No. 158 of the EEC Board dated 16 October 2018) concern the declaration of express consignments for commercial and personal use. They are geared towards the electronic declaration of express consignments (submission of the goods declaration for express consignments by express carriers that also act as the Customs representative of individual buyers/recipient). It is assumed that all necessary data will be submitted mainly in electronic form. This provides for greater possibilities for automated data analysis, increased effectiveness of Customs control due to the electronic form of the declaration, and improved risk assessments.

EEC Council Order No. 7 dated 5 April 2021 introduced pilot project (experiment) in the field of cross-border e-commerce in EAEU Member States.

The EEC Council Decision (Decision No. 81 of the EEC Council dated 14 September 2021) and the EEC Board Decisions (Decisions No. 93, No. 94 and No. 95 of the EEC Board dated 3 August 2021) introduced interim rules for Customs regulation of e-commerce goods including declaring and payment peculiarities.

**De minimis threshold**

*There are two types of de minimis threshold in the EAEU:* the de minimis threshold for goods for commercial purposes and that for non-commercial (personal) purposes.

The *de minimis* threshold for goods for commercial purposes is EUR 200 (equivalent of that amount in national currencies), and it is fixed directly in the CC EAEU. If the Customs value is less than EUR 200 (equivalent amount in national currencies), no Customs duties or taxes are payable.

Prior to 2019, the *de minimis* threshold for goods intended for personal use was EUR 1,000 (equivalent amount in national currencies). However, in view of the development of e-commerce and the enormous volume of low-value shipments, the *de minimis* threshold for goods for personal use was revised in the EAEU and reduced as of 2019.

A Eurasian Intergovernmental Council Decision has confirmed that the *de minimis* threshold for goods for personal use must be reduced by 2020 to EUR 200 (equivalent amount in national currencies). Moreover, according to this Decision, national legislation could introduce additional
taxation of such goods.

According to the EEC Council Decision, as of 1 January 2020 this threshold amounts to EUR 200 (equivalent amount in national currencies).

According to the above-mentioned EEC Decision, the national legislation of EAEU members can also set a lower de minimis threshold. In some EAEU member-states, the de minimis threshold is less than that established by the EEC Council Decision.

2. Background

Prior to the e-commerce boom, the volume of postal items and express consignments was not so critical because the percentage compared to commercial goods was low.

The tremendous growth in the volume of cross-border e-commerce goods has created a number of challenges that conventional modes of declaration and payment have been unable to resolve satisfactorily.

The paper-based declaration of goods and the collection of duties and taxes directly from each individual buyer/recipient are ineffective and involve the manual execution of Customs operations, rendering the use of a comprehensive risk management system impossible.

All these factors required the development of more appropriate modes of Customs declaration that incorporate both facilitation and an effective revenue collection mechanism. Moreover, there was a need to develop a more effective payment mechanism for the assessment and collection of Customs duties and taxes that would not lead to delays in the Customs clearance of cross-border e-commerce goods.

3. Description of the process

In order to resolve this issue in the EAEU, a special Working Group was established to support the improvement of Customs operations regarding express consignments and international postal items. The main objective of this working body is the development of modern modes of declaration for such categories of goods, including new approaches for the assessment and collection of duties and taxes. Between 2016 and 2018 potential approaches to achieve improvement were widely discussed with Customs authorities and the business community. As a preliminary result of the Working Group’s work, three EEC Decisions were drafted providing for a new mode of Customs declaration for express consignments, as well as a new approach for the assessment and collection of applicable Customs duties and taxes. These Decisions were adopted in the second half of 2018 and entered into force from 1 July 2019.

As of 1 July 2019, an express carrier simultaneously acting as a Customs representative (broker) can submit a simplified Customs declaration for express consignments in electronic form and pay any applicable Customs duties and taxes on behalf of an individual recipient.

A Customs declaration for express consignments can be submitted before the arrival of the goods, in which case it is not necessary for the individual recipient to pay the Customs duties and taxes. The recipient can then reimburse the express carrier for any duties and taxes incurred upon receipt of the express consignments.
If the goods are destined for personal use of the individual recipients, the express carrier can submit a simplified Customs declaration that includes data on up to 500 individual parcels. If the value of the goods exceeds the *de minimis* threshold, Customs calculates (assesses) the Customs duties and taxes by using a special form of payment of applicable Customs duties and taxes that must be paid. Goods can be released once all Customs duties and taxes have been paid.

For goods intended for commercial purposes, all operations, including the assessment of applicable Customs duties and taxes, are performed by the express carrier also. The express carrier submits a simplified Customs declaration that includes all information on up to 500 parcels, including the payment of any duties and taxes.

### 4. Benefits and challenges

The newly developed approach provides for facilitation, efficiency of revenue collection, reduction in the release time of the goods and greater predictability of delivery time if duties and taxes need to be collected (paid), as well as more favourable conditions for consumers (buyers/recipients) because there is no requirement to pay duties and taxes directly upon the arrival of the goods (at the border), thereby minimizing any burdens or disruption for consumers.

This approach provides for a transition to an automated system of Customs clearance for express consignments, making it possible to collect Customs duties and taxes without any disruption to trade or delivery delays.

The electronic submission of data provides opportunities for the establishment of a risk management system that has posed a challenge for many years. All information can be entered into the Customs information system, enabling the use of a full range of Customs software tools. Greater accuracy of data, including specific values, can be ensured as a result of their being provided by well-known players (professional stakeholders) - express carriers that interact with Customs on a daily basis.

Individual buyers/recipients can receive their parcels without any delays, regardless of whether it is necessary for them to remit (pay) Customs duties and taxes themselves at the border.

Financial Intermediaries would not likely have the required information to assist with Customs valuation, etc.

### 5. Future developments

The next stage is to provide further capabilities for electronic interaction between Customs and stakeholders (postal operators and express carriers) in view of the fact that a significant proportion of e-commerce goods are transported as international postal items and express consignments.

Therefore, possible ways of improving Customs operations with regard to cross-border e-commerce goods in general need to be considered including creating separate provisions in Union legislation in particular in CC EAEU that cover cross-border e-commerce Customs regulation.

For this purpose, large-scale work is being carried out to develop the relevant provisions in the
CC EAEU within the framework of the Working Group on Customs regulation, which is responsible for amendments to the CC EAEU. The first draft Protocol of amendments has been already prepared and is being considered by EAEU Member-States.

Moreover, the most appropriate partnership mechanism between stakeholders (postal operator and express carriers) and Customs should be explored, taking into account the necessity of electronic data exchange and improved revenue collection mechanism in order to provide facilitation and adequate Customs control of small parcels destined to the private individuals/consumers. As a result, it is considered to introduce a special representative that should be responsible for performing Customs formalities including payment and remittance of payable duties and taxes with regard to cross-border e-commerce goods and overall electronic interaction with Customs and marketplaces.

Cross-border e-commerce goods will be considered as a separate category of goods with special approaches to the de minimis threshold.

A new form of Customs declaration for e-commerce goods will be introduced that should be submitted in electronic form and contain data in particular regarding Customs duties and taxes due.

Source: Eurasian Economic Commission, updated in May 2022 for the 3rd edition of the Compendium
Indonesian Consignment Goods System for E-Commerce

1. Introduction / General Overview

The rapid advancement of information technology encourages a shift of trade in traditional transactions to an electronic basis (e-commerce). There is also a very significant increase in the volume of import of consignments in the last 5 (five) years.

This condition demands the Directorate General of Customs and Excise of Indonesia (DGCE) to adapt and improve its services and supervisions to shipments of goods entering Indonesia's territories. To encourage the level of tax compliance of economic actors, DGCE has partnered with marketplace providers through the exchange of e-invoice and e-catalogue data so that the documents on consignments can be researched and decided automatically by the system. The goals are: 1) the goods can be given accelerated Customs clearance, 2) simultaneously secure state revenue, and 3) eliminate illegal Customs practices.

- What is the legal framework that supports revenue collection for e-commerce?
  The partnership scheme regulated in Minister of Finance Regulation Number 199 of 2019 is intended for marketplace providers who want to accelerate the Customs clearance process for goods transacted on their platform.

  - *De Minimis* Threshold.
    - Customs Duty:
      - De Minimis Value : US$ 3
      - Flat 7.5% duty for all goods over de minimis value and below threshold value (not exceed US$ 1500).
      - Not applied for goods on HS 4204, 4901-4904, 61-64.
    - Tax (VAT/GST)
      - Flat 10% tax for all goods, under *threshold value*
    - Gift & Commercial Samples
      - Not Applied

2. Background

The partnership scheme regulated in Minister of Finance Regulation Number 199 of 2019 is intended for marketplace providers who want to accelerate the Customs clearance process for goods transacted on their platform. This scheme is considered to be able to improve the performance of the marketplace platform for their users. As a first step, the partnership scheme is optional, meaning that marketplace platform can still choose a general import shipment scheme. In the future, DGCE plans to mandate all marketplace platform to carry out a partnership scheme.

3. Description of the process

- Marketplace providers will not act as importers, but as guarantor of payment security (escrow account) and guarantor of delivery of goods to importers (delivery of goods). The Customs clearance process is carried out by Post Operators in collaboration with marketplace providers, both PT. Pos Indonesia and express courier previously registered within the system of DGCE.
Marketplace providers who wish to take advantage of this method are required to register their company with DGCE. Registration is carried out at one of the designated Customs Offices and the permit will be valid nationally.

At the next stage, marketplace providers are asked to submit e-catalogues and e-invoices for all goods that are transacted by sellers who live outside Indonesia. Submission of e-catalogue and e-invoice is used to conduct research and make decisions in a system.

Submission of e-invoices and e-catalogues by marketplace providers is done through a system created by the marketplace provider itself. The system will be synchronized with DGCE in-house e-invoice and e-catalogue.

When the consignment has entered Indonesia, the postal operator appointed by the marketplace platform through the Computerized Service System (known as SKP) for the Delivery Goods submits the CN-3 document to DGCE.

By submitting CN-3 documents, shipments of goods using the partnership scheme will be processed by the system automatically in order to reduce the period of the Customs clearance.

In this method, the implementation of risk management is also carried out by the system, unless there is an Intelligence Notes (known as NHI), it will be inspected by the DGCE officials.

To conduct this method, collaboration between DGCE and the marketplace is required. It should be noted that this method will not change the business process carried out by the Postal Operator.

This process can be illustrated as follows:

1. **THERE IS NO BUSINESS PROCESSES CHANGE FOR THE POSTAL OPERATOR & THE EXPRESS SERVICES PROVIDER.**
4. Benefits and Challenges

Benefits:
- In General:
  - The Customs clearance of consignments is faster and more transparent because transactions are carried out through the system.
  - The decision-making process of Customs on consignments is more accurate because it is supported by adequate data and systems.
  - It could increase the state revenue and eliminate Customs violations such as under-invoicing and mis-declaration.
  - The government obtained more factual data, especially regarding the types and prices of goods.
  - Certainty of information for consumers regarding the price of goods, import duties and taxes to be paid.
- For Marketplace Providers:
  - Their business legitimacy will increase because there is trust safeguard built into the system, considering the guarantor is from the government.
  - Compliant consumers will tend to use their platform for shopping because there is certainty and guarantee.
  - Guarantee of speed and ease of Customs clearance for goods purchased from their platform.
• For Consumer:
  o The certainty of the price and taxes when they buy the goods.
  o Speed of Customs clearance.
  o They will not be bothered with the Customs document correction process.

Challenges:
  o DGCE has to build an integrated system that is well connected and secure with the marketplace platform.
  o The marketplace has an obligation to update their e-invoice & e-catalogue to DGCE; this process needs good political will and trust from the marketplace.

5. Additional or Final Comments
  • The key enabler of DGCE approach are as follows:
    o Change of legal framework
    o Creation of IT System
    o Private Sector (political will)
    o Exchange of information with stakeholders
  • DGCE also utilized relevant WCO instruments and tools, such as the Revised Kyoto Convention, the SAFE Framework of Standards, and the Guidelines on Immediate Release of Consignments by Customs.

Source: Customs Administration of Indonesia, submitted in January 2021 for the 2nd edition of the Compendium
Morocco

1. Introduction/General Overview

General description of the approach/es to revenue collection for e-commerce, based on one of the three approaches (or hybrid) discussed within the Annex to the Technical Specifications.

- Peculiarities of the revenue collection approach/es, in particular who submits goods declaration and pays customs duties, taxes and fees (postal operator, express courier, sender, e-vendor, e-commerce platform, buyer), how and when (after, before or concurrently submitting goods declaration, clearance process or on periodic basic, pre-arrival processing and/or account-based processing with deferred payment of duties and taxes).

The Moroccan regulations have been amended in order to exclude products and objects acquired via e-commerce from Customs duty exemptions.

As regards revenue collection, Article 100 of the Customs and Excise Code (CDII) provides that no imported good may be removed from the Customs zone unless the duties and taxes to which it is subject have been paid or payment has been guaranteed.

Depending on the Incoterm used, the amount of duties and taxes is included in the sales price in the case of the Incoterm DDP (Delivered Duty Paid), or assessed during Customs clearance when the consignments arrive in Morocco in the case of the remaining Incoterms.

In accordance with the provisions of Article 67 of the CDII, it is only the owners of the goods presented to or deposited with Customs, or Customs-approved freight forwarders, who can act as declarants for those goods.

The owner of an e-commerce good may appoint the postal or express courier service operator to complete clearance formalities, including the payment of duties and taxes (submit the Customs declaration), on the owner’s behalf.

Why was this approach/es developed, or under development, for e-commerce?
In the absence of specific regulations on e-commerce consignments, this continues to be the most appropriate approach, and it currently meets the needs of this category of consignment.

What is the legal framework that supports revenue collection for e-commerce?
- Legal acts that regulate revenue collection issues (Customs code, laws and regulations, etc.)?
  Article 190(e)(2) of Decree No. 2-77-862 of 9 October 1977 implementing the Customs and Excise Code, as amended by Decree No. 2-22-438 of 16 June 2022, in order to exclude products and objects acquired via e-commerce from Customs duty exemptions.

- Are there special rules for the revenue collection approach/es regarding e-commerce, or are general rules applied for such categories of goods (for example, intermediary collection approach)?
  The general principle is also applicable to e-commerce. The owner may appoint a third party to complete the formalities on his or her behalf and for the payment of duties and taxes. Third parties may be the freight forwarder, the transport company or any other person appointed by the owner in accordance with current laws and regulations.
Is there a need for developing unique rules (new legislation) for revenue collection adapted to cross-border e-commerce goods? If yes, have such rules been developed in your country or union?

De Minimis Threshold.
Is there a de minimis threshold in your country or union. If yes, please specify its level?
Yes, MAD 1,250.

Is the de minimis threshold related only to duties or to duties and taxes?
This threshold applies to Customs duties and other duties and taxes in respect of importation.

Is your country or union planning to review or adjust de minimis thresholds? If yes, when.
The threshold applied in Morocco was introduced in line with the needs of operators, the constraints of foreign trade and the interests of the country. It is currently regarded as adequate and workable, and there are no plans for adjustments in the near future.

The threshold of MAD 1,250 applies to exceptional consignments that have no commercial value and are sent to natural or legal persons habitually resident in Morocco, excluding the following:
- alcoholic beverages and tobacco;
- products and objects acquired via e-commerce.

2. Background

Is there any previous experience with other types of approach/es, and how has this led to the current approach/es.
Provide a brief explanation of the domestic regulatory environment relevant to the case study (competent authorities, de minimis threshold, taxation, etc.).

Nowadays, Morocco is more aware of the risks inherent in cyberspace. It firmly believes that the promotion of e-commerce is not just a matter of developing the technological infrastructure but is also dependent on robust legal arrangements capable of creating an environment that is favourable to the development of e-commerce in a secure environment, both for the administration and businesses and for the consumer. In line with this, Morocco has a suitable set of legal tools, including, among others:

- Article 190(e)(2) of Decree No. 2-77-862 of 9 October 1977 implementing the Customs and Excise Code, as amended by Decree No. 2-22-438 of 16 June 2022, in order to exclude products and objects acquired via e-commerce from Customs duty exemptions.
- Law No. 53-05 on the electronic exchange of legal data;
- Law No. 09-08 on the protection of individuals with regard to the processing of personal data;
- Decree No. 2-08-444 of 21 May 2009 establishing a National Council for Information Technology and the Digital Economy;
- Law No. 31-08 on consumer protection;
- Decision No. 649-07 of 4 May 2007 of the Minister Delegate to the Prime Minister, responsible for economic and general affairs, laying down the terms for advertising and consumer information in respect of telecommunications services.
Taking into account the constraints of this kind of commerce, in particular as regards frequency, the legislature excluded this category of consignment from any exemption from duties and taxes payable in respect of importation.

The competent authorities involved in e-commerce operations are:
- The Foreign Exchange Office: department in charge of monitoring all operations relating to foreign exchange transactions, in particular setting the allocations for online purchases, including international transactions, for individuals;
- Customs: responsible for monitoring all operations involving the movement of goods through Customs upon importation and exportation;
- Departments responsible for specific sets of regulations (ANRT: Agence Nationale de la Réglementation des Télécommunications – National Agency for Telecommunications Regulation; departments responsible for health, plant health and veterinary control; Department of Industry for anything to do with standards; etc.). Depending on approval by these departments, according to the type of consignment dispatched, Customs are able to decide as to whether or not the consignments should be released.

3. Description of the process

*Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.*

3.1. Commercial transaction:
An electronic transaction is the authorization given by the holder of an electronic payment card to perform a certain kind of operation to the benefit of the trader from the account associated with the customer’s bank card and managed by his or her financial institution.

The following diagram illustrates the various stages of an electronic transaction:
Stage 1: Purchase of goods or services
The customer accesses a commercial website and selects the articles to be purchased or the payments that need to be made.

Stage 2: Confirmation of the order
Once the choice has been made, the customer confirms the intention to pay by bank card by clicking on the “Pay” button and will be automatically taken to the secure payment page of the intermediary (Maroc Télécommerce).

Stage 3: Inputting of payment details
The intermediary (Maroc Télécommerce) receives the request for payment from the commercial website, checks that it is in order and displays a personalized payment screen to the customer (see screenshot below).

Order form
The customer fills in the required payment information, including the type of card (VISA/MasterCard/CMI/Maestro), the number and the expiry date.

Stages 4 and 5: Request for authentication of the card and card issuer’s response to the authentication request

Stages 6 to 9: Authorization request and response
In real time, a request for authorization is sent by Maroc Télécommerce to the Interbank Electronic Banking Center (CMI), which forwards it via its interbank network to the cardholder’s bank. This bank accepts or rejects the request for authorization and sends the result of the authorization back to the CMI, which forwards it to Maroc Télécommerce.
Stage 10: Effect of the response for the customer
Maroc Télécommerce checks and records the result of the authorization and displays a response to the customer in real time:
- Payment receipt, if the response was positive, in other words if the authorization was granted and accepted;
- Rejection message, if applicable. The customer will be invited to request payment again.

Stage 11: Confirmation of the transaction to the CMI

Stage 12: Settlement of the transaction
Once the transaction has been confirmed by the trader, the CMI makes the payment, debiting the customer and crediting the trader.

In short, the progress of an electronic transaction may be summarized in three phases:
- Shopping: the customer and the trader reach agreement via a commercial website on an item or set of items to be bought and the amount to be paid by the customer;
- Payment: the CMI, the financial intermediary, settles the transaction after the credit card has been authenticated and authorization for payment has been obtained from the customer’s bank;
- Delivery: following the payment transaction, the trader provides the customer with the previously selected goods or services.

3.2 Importation:
### 4. Benefits and Challenges

*What are the benefits and challenges of using the approach/es chosen for e-commerce goods within the domestic environment?*

As regards e-commerce, there has been a benefit for Customs in terms of the readjustment of these control methods and (financial and security) risk management techniques associated with low-value consignments.
In this respect, Customs have:

- Prompted the second largest French ready-to-wear commercial website to choose to base itself in Morocco, to receive orders, receive payment in dirhams and deliver to its customers after Customs clearance. The website www.showroomprive.com was provided with ongoing support, both as regards Customs regulations and in respect of the other departments. The website went online in April. This approach proved to be one of the most effective in encouraging e-commerce and controlling its flows and therefore would be worth applying more widely to all foreign websites with the introduction of regulations and the adoption of technological resources by the ministerial department concerned, in this case the department responsible for the digital economy, in order to track their activities in Morocco;

- Working jointly with Barid Al Maghrib (Poste Maroc), achieved centralization, in terms of two platforms at Nouasser, in this case the National Postal Customs Clearance Centre (CNDP) for ordinary postal consignments and the Customs Clearance Warehouse and Area (MEAD) of the company Chronopost (Barid Al Maghrib subsidiary) for express postal packages. With this approach, these flows into or out of Morocco can be better controlled, with controls extended to flows of small packages, formerly not controlled;

- Working jointly with Barid Al Maghrib, launched a project dealing with the electronic exchange of data on postal consignments. In line with this project, Customs can receive postal declarations covering the aforementioned consignments in advance and hence make an early risk assessment. The same approach can be applied more generally to providers of international express courier services.

In terms of challenges, this is primarily a question of convincing Moroccan consumers to pay taxes on online purchases intended for their own consumption, and then of accepting the payment of duties and taxes to a third party (express courier service/delivery service) despite the lack of an individual Customs receipt for each consignment. What currently happens in reality – and will continue to happen until a solution is developed that allows a unique receipt to be issued for each consignment or that allows users to verify the accuracy of Customs invoicing data via an official Customs platform – is that users are obliged to pay the amount demanded by transport or delivery services, and the latter are requested by Customs to produce detailed invoices that indicate the amount charged for Customs duties separately from that charged for other invoiced services.

*Why is this approach/es considered the most effective for e-commerce goods? For example, it is providing facilitation, efficiency of revenue collection, compliance, minimize risks of undervaluation, prevent revenue losses, more predictability of delivery time if there is a need to pay duties and taxes, more comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.*

The experience of e-commerce has prompted Customs to implement measures to tackle the risks associated with this kind of transaction and also to address tax revenue losses.

As was mentioned above, working jointly with Barid Al Maghrib, Customs have launched a project dealing with the electronic exchange of data on postal consignments. Under this project, Customs will be able to receive postal declarations covering the aforementioned consignments in advance and hence make an early risk assessment.

The taxation of these international commerce flows has made it possible to prevent a major loss of duties and taxes given the prevalence of these consignments, and to address the unfair competition resulting from operating methods aimed at flooding the national market with foreign goods.

236.
Has the approach/es been integrated with Risk Management Systems, and if so how.
By means of the early receipt of data relating to e-commerce consignments through the Customs IT system, and hence the possibility of a prior check to anticipate and identify the risks associated with these consignments.

5. Lessons Learned (if available)
What was your administration’s experience in implementing the approach and what did you learn from this experience? This may be related to any aspect of the approach including, but not limited to: legislation, systems, cooperation with other government agencies and the private sector, training of staff, resourcing, and/or achieving policy objectives.

In order to implement the approach relating to the handling of e-commerce consignments, it has been necessary to put in place very specific accompanying procedural and technical measures in view of the target audience, which, for the most part, comprises individuals who lack both the expertise and the means necessary to handle the importation-related aspects of the Customs clearance process.

This meant that a certain number of measures were necessary with the aim of safeguarding both the unique features of the operations and the speed of this shipping method.

In order to achieve this goal, we were obliged to introduce new functionalities into our IT system in order to allow the management of these consignments, their taxation, their handling, and the justification (where necessary) of the amounts of duties and taxes paid by individuals based on the issuing of receipts.

We were also obliged to negotiate with the other partner departments responsible for applying specific regulations (sanitary/phytosanitary/technical, etc.) that implement the allowances governing the collection of consignments of this kind.

6. Compliance and Future Developments (if available)

- What was the response to implementation?
The phased implementation of the taxation of e-commerce consignments has facilitated the smooth introduction of this measure.

- What is the approach to compliance (penalties, education, etc.)?
A large-scale communications campaign targeted at express courier services and individuals has been organized.

- How is the success of the approach measured?

- Next steps for the approach (phases, reviews, adjustments, etc.)?
An entirely new procedure was rolled out in September 2022; several modifications are likely to be made to this procedure, in particular issuing payment receipts to individuals or potentially allowing them to use a special platform to check – based on their consignment numbers – the amounts of duties and taxes assessed by Customs.
7. **Additional or Final Comments**

*Feel free to add any additional or final comments.*

8. **Statistics (if available)**

The purpose of this section is to provide statistical information that supports the case study outlined above. It is acknowledged that provision of statistics may be challenging and therefore some or all of the suggested information below, which is not exhaustive, may not be obtainable, or what can be provided may not add value to the case study due to its level of aggregation or reliability. As such, this section should be considered as “best endeavours”. If there are statistics that contain estimates or are anticipatory based on research, then these can be provided but should be identified.

- annual number of volumes and declarations
- volumes cleared within de minimis
- number of operators [registered or otherwise] with respect to the approach/es
- taxes and duties collected on e-commerce goods
- average time for clearance of e-commerce goods
- other important information.

**Source:** Customs Administration of Morocco, submitted in December 2022 for the 4th edition of the Compendium
Peru

1. Introduction / General Overview

- General description of the approach/es to revenue collection for e-commerce, based on one of the three approaches (or hybrid) discussed within the Annex to the Technical Specifications.
  - Peculiarities of the revenue collection approach/es, in particular who submits goods declaration and pays Customs duties, taxes and fees (postal operator, express courier, sender, e-vendor, e-commerce platform, buyer), how and when (after, before or concurrently submitting goods declaration, clearance process or on periodic basic, pre-arrival processing and/or account-based processing with deferred payment of duties and taxes).

Regarding the revenue collection from the postal service, it is determined after the arrival of the shipment to the country and the designated postal operator (in the Peruvian case - SERPOST S.A.) transmits the postal manifest to the Customs Administration (hereinafter SUNAT) who determines which postal shipment or parcel is subject to the payment of duties and taxes that affect importation. Duties and taxes are paid by the recipient after the declaration is generated by SUNAT. Once the corresponding duties and taxes are paid, the postal shipments or parcels are released by SUNAT for delivery by SERPOST S.A. to the recipient or end user.

About the revenue collection from the express courier, this can be determined before after the arrival of the shipment in the country, after the express courier company (in Peru, they are called Express Consignment Service Company (ESER acronyms in Spanish)) issues and transmits the Declaration to SUNAT, who determines if the declaration is subject to the payment of import duties and taxes, by establishing categories according to the FOB value of the goods and their characteristics. Once duties and taxes are paid by the ESER or importer, the shipments are released by SUNAT in order for the ESER to deliver to the consignee or importer.

For both cases, either a postal shipment or an express shipments, there is a de minimis whose FOB value should not exceed US$ 200, which is not subject to the payment of import duties and taxes.

- Why was this approach/es developed, or under development, for e-commerce?
  The new approach for Customs clearance of shipments or postal parcels entering the country was considered by Peruvian Government through the National Board of Competitiveness in the Competitiveness Agenda 2012-2013 as Target 19, which established: “To design an importation system for the postal sector” due to the volume of postal shipments or packages entering the country, the difficulties in the Customs clearance and the delay in the delivery of packages to the recipient by the postal operator.

SUNAT has designed for the postal sector the EASY IMPORT process to facilitate citizens and MSME to import goods and gifts through SERPOST S.A. in a quick and easy way. The new process implemented in 2013 was the result of the joint effort of three agencies: Ministry of Economy and Finance (MEF in Spanish), SERPOST S.A. and SUNAT.

Regarding the new approach for Customs clearance of express shipments entering the country, it was developed on the basis of the US law, concerning Chapter V of the PERU-US Trade Promotion Agreement in 2009 to expedite and facilitate the delivery by the
ESER of express shipments to the final recipient. The implemented process was the result of the joint effort of Ministry of Economy and Finance (MEF), SUNAT and the ESER.

- **What is the legal framework that supports revenue collection for e-commerce?**
  - Legal acts that regulate revenue collection issues (Customs code, laws and regulations, etc.)?

The legislation regulating or establishing the form, term and timelines of the revenue collection resulting from the importation of postal shipments is established by the General Customs Law, approved by Legislative Decree No. 1053 published on 27.6.2008, and amendment; Regulations of the General Customs Law, approved by Supreme Decree No. 010-2009-EF published on 16.1.2009 and amendment and the Regulations of the Special Customs Procedure on Postal Shipments or Parcels transported by the Postal Service, approved by Supreme Decree No. 244-2013-EF published on 30.9.2013 and the General Procedure of Postal Shipments and Parcels transported by the postal service, DESPA-PG.13, respectively.

In the case of express shipments, the legislation regulating or establishing the form and timelines of revenue collection resulting from the express shipment import is in the General Customs Law, approved by Legislative Decree No. 1053 published on 27.6.2008, and amendment; Regulations of the General Customs Law, approved by Supreme Decree No. 010-2009-EF published on 16.1.2009 and amendment and the Regulations of the Special Customs Procedure for Express Shipments and other provisions, approved by Supreme Decree No. 192-2020-EF 21.6.2020 and the General Express Shipment Procedure, DESPA-PG.28, respectively.

  - Are there special rules for the revenue collection approach/es regarding e-commerce, or are general rules applied for such categories of goods (for example, intermediary collection approach)?

In case of postal consignments arriving in the country by the postal operator SERPOST S.A., the regulation related to collection is based on the provisions laid down in the General Customs Law, approved by Legislative Decree No. 1053; Regulations of the General Customs Law, approved by Supreme Decree No. 010-2009-EF and Regulations of the Special Customs Procedure for Postal Shipments or Parcels transported by the Postal Service, approved by Supreme Decree No. 244-2013-EF and amendment. These provisions establish general rules for the revenue collection resulting from goods entering the country. In the case of the Regulations of the Special Customs Procedure for Postal Shipments or Parcels transported by the Postal Service, approved by Supreme Decree No. 244-2013-EF and amendment, it stipulates the tax unaffected Customs duties and value added tax applicable to:

  - a) Postal consignments for personal and exclusive use of the recipient, which are comprised of correspondence, documents, newspapers or periodicals for non-commercial purposes.
  - b) Postal consignments containing any goods whose FOB value does not exceed two hundred dollars of the United States of America (US $ 200.00) per shipment. In this case, the tax unaffected VAT will only apply to postal consignment made through SERPOST S.A.

Likewise, a flat rate Ad Valorem is laid down for the tariff heading 98.10 (Customs Tariff) on import according to the value and characteristics of the postal consignment as follows:
Postal consignments, whose value and characteristics are not included in the preceding Annex 1, follow the tariff treatment and the Ad Valorem rate established in the current Customs Tariff, whose rates range between 0%, 6% and 11% respectively.

In the case of express shipments arriving in the country through the ESER, the regulations regarding collection are based on the provisions laid down in the General Customs Law, approved by Legislative Decree No. 1053 and amendments; the Regulations of the General Customs Law, approved by Supreme Decree No. 010-2009-EF and amendments; the Regulation of the Special Customs Procedure for Express Shipments and other provisions, approved by Supreme Decree No. 192-2020-EF, which establish general rules for the revenue collection from goods arriving and entering the country.

They are tax unaffected Customs duties, in accordance with the requirements and conditions established in the Regulation and other legal provisions that regulate them:

Express shipments, made under normal conditions, which constitute:

m.1) Correspondence, documents, newspapers and periodicals for non-commercial purposes, in accordance with the provisions of its regulations;

m.2) Goods up to a value of two hundred and 00/100 dollars of the United States of America (US $ 200.00), in accordance with the provisions of its regulations.

Likewise, a flat rate Ad Valorem is laid down for the tariff heading 98.10 (Customs Tariff) on import, according to the value and characteristics of the postal consignment, as follows:
The express shipments, whose value and characteristics are not included in the preceding Annexes, follow the tariff treatment and the Ad Valorem rate established in the current Customs Tariff, whose rates range between 0%, 6% and 11% respectively.

- Is there a need for developing unique rules (new legislation) for revenue collection adapted to cross-border e-commerce goods? If yes, have such rules been developed in your country or union?

In the case of postal consignments arriving in the country by the postal operator SERPOST S.A., the regulation related to collection is based on the provisions laid down in the General Customs Law, approved by Legislative Decree No. 1053 and amendments; Regulations of the General Customs Law, approved by Supreme Decree No. 010-2009-EF and amendments, and Regulations of the Special Customs Procedure for Postal Shipments or Parcels transported by the Postal Service, approved by Supreme Decree No. 244-2013-EF and amendment. These provisions establish general rules for the revenue collection for goods entering the country. In the case of the Regulations of the Special Customs Procedure for Postal Shipments or Parcels transported by the Postal Service, approved by Supreme Decree No. 244-2013-EF and amendments, where general rules for revenue collection for goods arriving in and entering the country were laid down.
In the case of express shipments, the legislation regulating or establishing the form and timelines of revenue collection resulting from the express shipment import is in the General Customs Law, approved by Legislative Decree No. 1053 published on 27.6.2008, and amendments; Regulations of the General Customs Law, approved by Supreme Decree No. 010-2009-EF published on 16.1.2009 and amendment and the Regulations of the Special Customs Procedure for Express Shipments and other provisions, approved by Supreme Decree No. 192-2020-EF, in which general rules for the revenue collection of goods arriving in and entering the country are laid down.

- **De Minimis Threshold.**
  - **Is there a de minimis threshold in your country or union. If yes, please specify its level?**
    
    In the case of postal consignments, de minimis threshold includes goods whose FOB value does not exceed US$ 200.00 (two hundred and 00/100 United States of America dollars) per postal shipment.

    In the case of express shipments, de minimis threshold includes goods whose FOB value does not exceed US$ 200.00 (two hundred and 00/100 U.S. dollars) per shipment.

    - **Is the de minimis threshold related only to duties or to duties and taxes?**
      The de minimis threshold is related to duties and taxes on the import of postal shipments, as well as express shipments.

    - **Is your country or union planning to review or adjust de minimis thresholds? If yes, when.**
      There are no plans to review or adjust the de minimis thresholds.

2. **Background**

- **Is there any previous experience with other types of approach/es, and how has this led to the current approach/es.**
  There is no previous experience of other approaches to the subject.

- **Provide a brief explanation of the domestic regulatory environment relevant to the case study (competent authorities, de minimis threshold, taxation, etc.).**
  In the case of postal consignments, the de minimis threshold includes those items of correspondence, documents, newspapers or periodicals for non-commercial purposes and goods whose FOB value does not exceed US$ 200.00, per shipment and identified under national subheading 9810.00.00.10. The competent authority to determine postal shipments that qualify as de minimis is SUNAT and national law calls it "direct distribution", which is also responsible for determining the Customs value, the correct classification of the goods contained in the postal shipment, for managing the Customs clearance risk and tracking the cargo to complete the import process, by the postal operator SERPOST S.A.

  In the case of express shipments, the de minimis threshold includes consignments of category 1 relating to correspondence, documents, newspapers or periodicals for non-commercial purposes, and identified by national subheading 9809.00.00.10 and category 2 whose goods have an FOB value not exceeding US$ 200.00, per shipment, and identified with national subheading 9809.00.00.20. The competent authority to determine
the express shipments that qualify as de minimis is SUNAT, which is also responsible for determining the Customs value, the correct classification of the goods contained in the postal shipment, managing the Customs clearance risk and tracking the cargo to complete the import process with the participation of ESER.

3. Description of the process

- Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.

In the postal process, the basic premises are laid down as follows:

1. **Centralized control of the Customs clearance between SUNAT and SERPOST S.A.** Without the presence of the recipient for the clearance of postal shipments with FOB value up to US $ 2 000.00 dollars of the United States of America.

2. **Immediate release of goods by SUNAT to be delivered to the recipient by SERPOST S.A.** Of those postal shipments that have a FOB value $200.00 (with the exception of restricted goods and those established by SUNAT). No Customs Declaration is made since approximately 81% of shipments do not exceed the above value, so it is necessary to simplify the handling of these shipments that do not pay import duties and taxes, by optimizing control actions for shipments that effectively have to pay duties and taxes.

3. **Paperless clearance** by using information transmitted by SERPOST S.A. to SUNAT, through electronic means to meet customs formalities and technological tools as the Foreign Trade Single Window (VUCE in Spanish), SUNAT Virtual Reception Desk (MPV-SUNAT in Spanish), dedicated e-mail: importafacil@sunat.gob.pe, SUNAT portal (www.sunat.gob.pe) and app.

4 main stages are laid down in the process:

1. **Postal consignments are received by SERPOST S.A.** The international carrier delivers the bags containing postal consignments to SERPOST S.A., which is responsible for weighing, registering and transmitting to SUNAT the general information of postal bags. The postal manifest number is generated by SERPOST S.A. and the general data is transmitted to SUNAT, per each means of transport, according to the structure published on the SUNAT portal.

2. **Postal bags are moved by SERPOST S.A.** Postal bags are moved from the International Airport Jorge Chavez, Air Exchange Center or Sea Temporary Warehouse to the Postal Classification Center of Lima – CCPL for purposes of Customs control by SUNAT.

3. **Postal bags are controlled by SUNAT at the arrival** of the postal cargo to the Postal Classification Center of Lima – CCPL, the quantity of entered bags or bulks are verified by the Customs officer, who oversees that the data transmitted by SERPOST to SUNAT matches the postal cargo received.

4. **Postal consignments are selected by SUNAT.** Shipments of direct distribution to be released immediately for delivery to the recipient by SERPOST S.A. and those postal
consignments subject to Customs clearance and to determining the import Customs duties and taxes are selected by SUNAT.
The postal Customs process at SERPOST is drawn in the following image. SERPOST is light blue, Operation Control Division (SUNAT) in red, and Postal Consignment Division (SUNAT) in orange.
In the following picture, the selection process of postal consignment for customs clearance is seen, with the support of the Non-Intrusive Inspection Equipment, in SERPOST warehouse.

Imagen 10: Selección de Envíos Postales (Encomiendas Internacionales)

The next picture illustrates the clearance process of a workstation in the Customs clearance zone in the SERPOST Warehouse.

Imagen 11: Reconocimiento Físico

The following premises are laid down in the Express Shipment Process (EER in Spanish):

1. DECLARE:
The EER Declaration information is transmitted by the ESER to SUNAT before the arrival of the cargo in the country individually or consolidated.

2. CONTROL:
SUNAT carries out advance risk management based on the information transmitted by the ESER, by selecting the EER Declaration to red or green line for Customs control.
3. RELEASE:
SUNAT releases immediately after the arrival the express shipments with categories 1, 2 and 3 with green line or those which have guaranty.

4. CUSTOMS CLEARANCE:
SUNAT performs the control and the customs clearance of those Declarations selected to red line and subject to import duties and tax payment.
Categorías EER
Se redefinen las categorías EER

CATEGORIA 1
- UNA SOLA GUÍA EER POR MANIFIESTO
- DISTRIBUCIÓN DIRECTA

CATEGORIA 2
- HASTA 200 DOLARES
- MERCANCÍA RESTRINGIDA

CATEGORIA 3
- HASTA 2000 DOLARES
- AJUSTE HASTA 3 MIL
- MERCANCÍA RESTRINGIDA
- REIMPORTACIÓN HASTA $5,000
- MEDICAMENTOS $10,000

CATEGORIA 4
- OTROS REGIMENES ADUANÍEROS
- ENVÍOS MAYORES A $3000

3 Pilares
Principios rectores del nuevo modelo EER

SEGURIDAD
Servicio basado en la gestión de riesgo anticipada

RAPIDEZ
Liberación a la llegada de más del 90% de los envíos

TRANSPARENCIA
Visibilidad de la cadena logística: courier de extremo a extremo
4. Benefits and Challenges

- What are the benefits and challenges of using the approach/es chosen for e-commerce goods within the domestic environment?

Postal Shipment benefit approach
Express Shipment Benefit Approach (EER):

- Why is this approach/es considered the most effective for e-commerce goods? For example, it is providing facilitation, efficiency of revenue collection, compliance, minimize risks of undervaluation, prevent revenue losses, more predictability of delivery time if there is a need to pay duties and taxes, more comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.

  The approach is effective and efficient by the following:
  - Facilitates the quick clearance of postal shipments, through direct distribution.
  - It does not use paper format for the Customs clearance process, but virtual tools.
  - Centralized clearance that allows greater and better control of the goods.
  - It uses risk management systems to avoid bad practices.
  - No fees and taxes are paid on arrival of shipments but on delivery.
  - Intensive use of electronic means in the consultation and traceability of the cargo.

For express shipments, such an approach is effective and efficient, as follows:
- The declaration is numbered in advance.
- Bank guarantee is used to facilitate the fast shipment clearance.
- Centralized clearance that allows greater and better control of the goods.
- Use risk management systems to avoid bad practices.
- Fees and taxes are paid prior to arrival of shipments.
- Intensive use of electronic means in the consultation and traceability of the cargo.

- Has the approach/es been integrated with Risk Management Systems, and if so how.
  The postal process involves the integration of SUNAT and SERPOST S.A. risk management systems for the control and traceability of postal shipments, so as to allow to detect the prohibited and restricted goods that could enter the country, this through alerts logged by the Customs officer at the time of physical control of the cargo and
algorithms that allow to detect if there is more than one postal shipment to the same consignee for subsequent payment of import taxes, using the valuation tools established in the process.

In the express shipment process, the integration of SUNAT and ESER risk management systems is considered for the purposes of control and traceability of shipments. This will enable the detection of prohibited and restricted goods that could enter the country through Multi Variable Filters (FMV), which establish declarations subject to physical examination for Customs control and verification of the correct declaration of goods, tariff classification and value, the latter under the WTO Valuation Agreement, among others, and subsequent payment of import taxes where applicable.

5. Lessons Learned (if available)
- What was your administration’s experience in implementing the approach and what did you learn from this experience? This may be related to any aspect of the approach including, but not limited to: legislation, systems, cooperation with other government agencies and the private sector, training of staff, resourcing, and/or achieving policy objectives.

Lessons Learned
1. To avoid a minimum definition of requirements. To be more explicit.
2. Lack of appropriate statistics justifying the process change.
3. To assign real times for the analysis, design and implementation of the requested requirement to cover all the required aspects.
4. Do not start a project or stage without an approved work plan.
5. If there is a delay, do not "cut" times of future activities. Evaluate it.
6. To know how to stay on time when the team's resources are not adequate.
7. To agree with those involved on the changes that will be made to the process.

6. Compliance and Future Developments (if available)
- What was the response to implementation?
It was very good, because it improved the service provided to the importer, company and users. In addition, the services provided by SERPOST S.A., ESER and SUNAT were improved.

- What is the approach to compliance (penalties, education, etc.)?
It improved the service processing times of postal shipments and express shipments, as well as the Customs control to supervise a fair trade.

- How is the success of the approach measured?
It is measured by the reduction of the processing time for Customs clearance and the service provided by SERPOST S.A. and ESER, as well as the reduction of complaints of end users.

- Next steps for the approach (phases, reviews, adjustments, etc.)?
Our next steps will be the permanent review of the implemented process and adjustments to the processes and computer systems developed, including new tools that are built.
7. Additional or Final Comments

The new scenario of international trade and the social, economic and public health consequences of the pandemic caused by the Coronavirus (COVID-19) forces the Customs Administration - SUNAT to implement changes in the Customs service in the short term in order to reduce the population’s exposure to health risk situations, restricting activities that involve crowds and the physical presence of citizens to carry out procedures.

8. Statistics

The purpose of this section is to provide statistical information that supports the case study outlined above. It is acknowledged that provision of statistics may be challenging and therefore some or all of the suggested information below, which is not exhaustive, may not be obtainable, or what can be provided may not add value to the case study due to its level of aggregation or reliability. As such, this section should be considered as “best endeavours”. If there are statistics that contain estimates or are anticipatory based on research, then these can be provided but should be identified.

- annual number of volumes and declarations
- volumes cleared within de minimis
- number of operators [registered or otherwise] with respect to the approach/es
- taxes and duties collected on e-commerce goods
- average time for clearance of e-commerce goods
- other important information.

POSTAL

The total number of selected shipments (to examine) is equivalent to 82,325 for the 3 services provided by SERPOST S.A. (Parcels - CP; Small Packages - PP; Express Mail Service - EMS). This figure represents the number of clearance with physical examination that the Postal Service Division - SUNAT must carry out throughout the year. It should be mentioned that according to the
following image, the seasonality of the number of shipments is determined by the Small Packages service - PP.

Most shipments are destined as Easy Import Declaration (DIF). In this regard, 67% of these declarations have not tax liability and this is due to the fact that they have a Customs value of less than US $ 200.00 dollars. The remaining 33% corresponds to declarations that have tax liability and represent a figure of US $ 2 million of taxes. Of which 85% register having paid the Customs debt.
EXPRESS SHIPMENTS – EER

There are two air cargo terminals where courier cargo or express shipments arrive:
1.- Air Cargo Terminal (TCA): Talma and
2.- Air Cargo Terminal (TCA): Shohin

The courier cargo is distributed in four Temporary Warehouses:
1.- DHL
2.- SCHARFF
3.- AQP
4.- ALDEM

Courier cargo percentage which is received in the warehouses:
1.- DHL: 58%
2.- SCHARFF: 10%
3.- AQP: 19%
4.- ALDEM: 6%
5.- SHOHIM: 7%

ESER Quantity accredited by SUNAT:
35 ESER

Source: Customs Administration of Peru, updated in January 2021 for the 2nd edition of the Compendium
Russian Federation

1. Introduction / General Overview

- General description of the approach/es to revenue collection for e-commerce, based on one of the three approaches (or hybrid) discussed within the Annex to the Technical Specifications.

The approach adopted by the Russian Federation is that Customs duties and taxes are paid by the recipient of goods.

By the way, for goods purchased on JOOM and AliExpress trading platforms and shipped in international mail, a hybrid payment collection scheme is used in which the payer is the recipient of the goods, but in fact the money is paid by the designated postal operator.

Customs payments are paid:
- in regard to goods delivered by carriers - before the release of goods for free circulation;
- in regard to goods sent as postal parcels - before the delivery of the goods to the buyer.

- Why was this approach/es developed, or under development, for e-commerce?
  This approach is based on existing legal acts.

- What is the legal framework that supports revenue collection for e-commerce?
  - Customs Code of the Eurasian Economic Union;
  - Decision of the Council of the Eurasian Economic Commission of 20 December 2017 No. 107 “On Certain Issues Relating to Goods for Personal Use” (hereinafter - the Decision of the Council of the EEC);
  - Decision of the Board of the Eurasian Economic Commission of 20 November 2018 No. 185 “On the document on the payment of Customs duties and taxes in respect of goods for personal use, the Customs declaration of which is carried out using the passenger Customs declaration for express cargo”;
  - Decision of the Customs Union Commission No. 288 of 18 June 2010 “On the form of a Customs receipt order and the procedure for filling out and applying a Customs receipt order”;

The general rules apply when calculating and paying Customs duties in respect of goods transported within the framework of international electronic commerce. At the same time, the need to develop a Customs administration new model for international electronic commerce is being discussed.

- De Minimis Threshold.
  He provision in force till 21 December 2019 was that, in accordance with the Decision of the EEC Council, goods for personal use, delivered by the carrier and forwarded in international mail, may be imported without paying Customs duties if the value of such goods imported within 1 calendar month to one person does not exceed 500 euros, and weight does not exceed 31 kilograms. From 1 January 2020, the tax-free rate dropped to 200 euros / 31 kg per shipment.
2. Background

Other approaches to collecting payments have not been implemented in the Russian Federation.

Customs administration of international electronic commerce is carried out by the Eurasian Economic Commission, the Ministry of Finance of Russia (in terms of legal regulation) and the Federal Customs Service (FCS) of Russia (in terms of technology).

The non-taxable rates for goods transported in the framework of international electronic commerce are 200 euros / 31 kilograms per shipment. In case of exceeding these standards, Customs duties and taxes are payable for the excess at a flat rate of 15 percent, but not less than 2 euros per 1 kilogram.

3. Description of the process

1) When performing Customs operations in relation to goods for personal use delivered by express carriers, the technology of automated generation of a Customs receipt order (hereinafter - CRO) is applied in electronic form without printing on paper.

Customs payments are calculated in CRO. CRO is generated automatically based on the information contained in the register of express goods, having the status of a Customs declaration and submitted in electronic form.

A receipt containing the bank details in text and coded form necessary to pay Customs duties, to bring it to the recipient, is sent to the Customs representative (broker).

The receipt is communicated by the Customs representative (broker) to the recipient of the goods. Customs payments are made by the recipient remotely using software and (or) hardware (devices) of payment service providers.

The debiting of Customs payments is carried out in an automated mode after the receipt of the payment document in the information system of the Customs authority.

2) When performing Customs operations in relation to goods for personal use, sent in international mail, the technology of automatic generation of CRO in electronic form without printing on paper is used.

CRO is automatically generated based on the information contained in the postal parcels registry, which is received from the “Russian Post” information system in electronic form.

A receipt containing the bank details, in text and coded form, necessary for making Customs payments is sent to the address of the postal operator.

The postal operator brings the receipt to the recipient of the goods and provides the opportunity to pay payments in the post office.

After the receipt of the payment document in the information system of the Customs authority, Customs payments are debited automatically.
3) When making Customs payments in respect of goods purchased by individuals at two Chinese Internet trading platforms delivered by “Russian Post”, the technology for paying Customs payments by the designated postal operator on behalf of individuals using advance payments made to the personal account of the designated postal operator.

Money is reserved until the parcel is delivered to the recipient in the post office, after which the Customs payments are debited automatically.

At the same time, an individual has the opportunity to deposit funds against future Customs payments directly when purchasing goods on the site of the trading platform.

4. Benefits and Challenges

The approach used in the Russian Federation has shown its effectiveness and convenience for all participants (individuals, Customs representatives (brokers), Customs authorities).

5. Lessons Learned (if available)

The introduction of Customs payment mechanisms for goods transported within the framework of international electronic commerce allowed for the implementation of information interaction between the systems of Customs authorities, logistics operators, payment service providers, reduced the time required to pay Customs payments and ensured the release of goods before the actual receipt of funds to the account of the Federal Treasury.

Information interaction between the FCS of Russia and the Federal State Unitary Enterprise “Post of Russia”

FCS Russia has taken the necessary organizational and technical measures to ensure automatic processing of more than 1,500,000 postal parcels per day taking into account the dynamics of the development of international electronic commerce, an increase in the volume of goods transported within the framework of cross-border Internet commerce, as well as a decrease in the cost, weight or quantity standards, within which goods for personal use are imported into the Customs territory of the Eurasian Economic Union without paying Customs duties.

6. Compliance and Future Developments (if available)

In the future, it is planned to use a new document for the payment of Customs payments for express goods instead of CRO.

Also under consideration is the question of further reducing the norms of importation of goods not subject to payments, as well as the exclusion of goods transported through electronic commerce from the category of goods for personal use.

Development of technologies for Customs administration of goods transported within the framework of international electronic commerce.

In order to improve the technology of automated processing of goods sent as postal parcels, as well as the implementation of the mechanism of value added tax refund FCS and the Federal Tax Service of the Russian Federation are carrying out activities aimed at transferring information to
the tax authorities about the actual departure of the postal parcel from the Customs territory of the EAEU, as well as the completion of the Unified Automated Information System (UAIS) of Customs in accordance with the law of the Federal Customs Service of Russia No. 129 p. of 12 July 2019. Modified versions of the UAIS should provide:
- the possibility for the declarant to submit an export Customs declaration in the form of CN-23 through the “Personal Account” Automated Programme Software (APS), its registration and processing in the UAIS;
- receiving from “Russian Post” information on the arrival of postal parcels in a foreign postal administration (information on the actual departure of postal parcels);
- interaction with the Federal Tax Service of Russia regarding the provision of information on the actual departure of postal parcels (on the date of receipt of postal parcels in the territory of a foreign state and the name of the foreign state).

Also measures are being taken to finalize the UAIS regarding the implementation of the decisions of the EEC Board No. 158 of 16 October 2018, No. 142 of 28 August 2018, No. 9 of 22 January 2019 and No. 185 of 20 November 2018, providing for the possibility of electronic declaration of goods delivered by express carriers using the goods declaration and the passenger Customs declaration. These decisions of the EEC provide for new forms of documents for the declaration of express goods. The UAIS is operational as of 1 February 2020.

The measures carried out by the FCS of Russia aimed at automating the technology of Customs administration of goods transported within the framework of international electronic commerce have made it possible to optimize and speed up the processing of postal parcels and express freights.

The improvement of the functionality of the UAIS, providing processing of postal parcels and express cargoes, is carried out on an ongoing basis as part of the planned work on the modernization of the UAIS, taking into account the development of the legal framework of Customs.

7. Additional or Final Comments

In order to improve Customs administration in relation to goods transported within the framework of international electronic commerce, the automated process order of Customs operations and processing of the specified category of goods was implemented in the UAIS in accordance with the provisions of:

- Decree of the Ministry of Finance of Russia No. 279n of 21 December 2019, which defines the requirements for authorized operators performing Customs operations on behalf of an individual in relation to postal parcels, as well as the conditions for making operations on payment of Customs payments;
- Decree of the Federal Customs Service of Russia No. 1060 of 5 July 2019, which determines the procedure for the automated processing of goods for personal use delivered by a carrier (freight forwarding company or official courier delivery) to individuals.
8. Statistics (if available)

For the first eight months of 2019, the Customs authorities issued 139,339 shipments with Customs payments (for the same period in 2018 - 32,671). The amount of Customs payments - 544.7 million rubles (for the same period in 2018 - 172.2 million rubles).

Interaction is being carried out within the framework of information technology with 12 express carriers and a designated postal operator.

Statistics show that from January to August 2019, over 197,000,000 items were processed in the UAIS via Internet commerce (of which about 190,000,000 were postal parcels and over 4,000,000 were express freight).

Saudi Arabia

1. Introduction / General Overview

General description of the approach/es to revenue collection for e-commerce, based on one of the three approaches (or hybrid) discussed within the Annex to the Technical Specifications.

- Peculiarities of the revenue collection approach/es, in particular who submits goods declaration and pays Customs duties, taxes and fees (postal operator, express courier, sender, e-vendor, e-commerce platform, buyer), how and when (after, before or concurrently submitting goods declaration, clearance process or on periodic basic, pre-arrival processing and/or account-based processing with deferred payment of duties and taxes).

Basically, ZATCA had set up 3 approaches for revenue collection process, detailed as following:

- Some e-commerce stores are familiar with taxes imposed by ZATCA, therefore, once the buyer identifies the address in Saudi Arabia in order to checkout an order, the store charges the calculated amount of tax in purchase bill to be paid prior to be shipped. Furthermore, express shipping courier will receive this amount from the store in order to pay it to ZATCA.
- In most cases, express shipping courier pays the Customs duty and taxes to ZATCA in advance, and collects it later on from the buyer upon the last mile of delivery.
- For commercial shipments only, that are imported by enterprises, goods declaration and payment bill for Customs duty and taxes is issued by ZATCA and forwarded by express shipping courier to the enterprise in order to be paid through electronic services provided by banks.

In all approaches express shipping couriers are responsible to submit goods declaration on behalf of buyers prior to the arrival, then, as a next step, to pay Customs duty, taxes and fees bill issued by ZATCA through bank electronic services.

As an initiative by ZATCA, payment for Customs duty and taxes by express shipping couriers can be postponed for a maximum of 21 days, while the shipment is being cleared directly without waiting for payment completion.

Why was this approach/es developed, or under development, for e-commerce?
To facilitate the clearance process smoothness, fulfil customers’ and investors’ satisfaction and apply fair revenue collection.

What is the legal framework that supports revenue collection for e-commerce?
Based on Unified Customs law that regulates Customs rules over all Gulf countries.

Legal acts that regulate revenue collection issues (Customs code, laws and regulations, etc.)?
All legal acts that are mentioned in Unified Customs law.

Are there special rules for the revenue collection approach/es regarding e-commerce, or are general rules applied for such categories of goods (for example, intermediary collection approach)?
“SADAD” is a bank electronic payment channel established to facilitate the payment of Customs duty and taxes bill issued by the authority, which may represent an intermediary collection approach.
Is there a need for developing unique rules (new legislation) for revenue collection adapted to cross-border e-commerce goods? If yes, have such rules been developed in your country or union?

No

De Minimis Threshold.
- Is there a de minimis threshold in your country or union. If yes, please specify its level?
  Yes, it has been determined as 1,000 SAR.

- Is the de minimis threshold related only to duties or to duties and taxes?
  Only related to Customs duty.

- Is your country or union planning to review or adjust de minimis thresholds? If yes, when.
  No.

2. Background

Is there any previous experience with other types of approach/es, and how has this led to the current approach/es.

Previously, one of the major issues in e-commerce were delays in paying Customs duty and taxes by express shipping couriers, which led us to introduce the initiative of payment postponement of 21 days.

Provide a brief explanation of the domestic regulatory environment relevant to the case study (competent authorities, de minimis threshold, taxation, etc.).

Domestic regulatory environment related to e-commerce in the Kingdom is subordinate to the E-Commerce Council, which has been formed by the government. This Council consists of all government agencies related to the clearance process.

3. Benefits and Challenges

What are the benefits and challenges of using the approach/es chosen for e-commerce goods within the domestic environment?

Benefits:
- Payment process smoothness
- Customer satisfaction
- Time and effort saving
- Process automation

Challenges:
- High volume of shipments received
- Express shipping couriers commitment and cooperation

Why is this approach/es considered the most effective for e-commerce goods? For example, it is providing facilitation, efficiency of revenue collection, compliance, minimize risks of undervaluation, prevent revenue losses, more predictability of delivery time if there is a need to pay duties and taxes, more comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.
- Payment process smoothness
- Customer satisfaction
- Time and effort saving
- Process automation

Has the approach/es been integrated with Risk Management Systems, and if so how.
Yes, by integrating electronic systems of express shipping couriers and “Fasah” Customs platform.

Source: Customs Administration of Saudi Arabia, updated in November 2022 for the 4th edition of the Compendium
1. Introduction / General Overview
Currently there are three main ways to receive an e-commerce package in Sri Lanka.

I. By Post or EMS
The postal service and the Express Mailing Service (EMS) in Sri Lanka belong to the government sector. The parcels handled by the postal service are released by Customs if they qualify for *de minimis*. The parcels which are detained by Customs for revenue purpose or other reasons are released to the consumers on recovery of due revenue at the post offices. For this purpose the consumer has to go to the post office. But parcel clearance is only done by Customs at post offices in five major cities in Sri Lanka only (Colombo, Kandy, Galle, Jaffna and Trincomalee).

Payments are done manually at the post offices. Online payment methods are not introduced yet in the postal service. The revenue collection approach of the e-commerce parcels handled by the postal service and EMS is **Buyer/Consumer based collection**.

II. By registered courier services such as DHL, UPS, Fedex, TNT, Aramex.
These Courier services are private sector companies which are registered in Sri Lanka Customs that has an agreement to operate bonded warehouses for courier services. They use the **Intermediary based collection**. These courier bonded warehouses have permanent Customs staff for the clearance of goods.

In these courier services, the consumer can pay the Customs duties paid by the courier service when receiving the package at the door step. If the packages are detained for any other reason like a license requirement, then they have to visit Customs to clear the goods. Some courier services have introduced online payment methods to pay duties.

Some courier services have agreements between e-commerce vendors which allows them to collect Customs duties at the time of sale of the goods (Ex: Adidas and DHL). The duties will be paid to Customs by the courier service. E-commerce vendors do not directly pay duties to Customs.

III. Other courier operators
These courier operators do not have an agreement with the Customs department. They import courier shipments as a regular import via regular Air Cargo channel. These are all private sector companies. They also use the **Intermediary based collection**.

These courier services also have given the consumer the opportunity to pay the Customs duties paid by the courier service when receiving the package at the door step. However there is less transparency between Customs and the consumer when it comes to the payment of duties. However this model is the most used method among e-commerce websites which use the dropshipping business model.
Why was this approach/es developed, or under development, e-commerce?
The approaches are under development because Sri Lankan economy does not depend much on cross-border e-commerce yet. E-Commerce is still mainly an individual consumer's market place. The Sri Lankan e-commerce export trade has a very small share in the global e-commerce market.

At present only 0.4% of Sri Lanka's total annual retail sales (USD 10 billion) is in the e-commerce sector (as at 2019). This value includes both the export and domestic e-commerce sales. Therefore, the government does not intend to invest yet on making policies for such a small market hence the facilitation may only boost the imports yet not exports. Furthermore, there are legal barriers on importing e-commerce goods in commercial quantities in Sri Lanka.

However, there are large-scale dropshipping e-commerce platforms emerging in Sri Lanka after the COVID-19 pandemic. Customs has found it difficult to monitor these e-commerce consignments since they import them mainly as regular commercial imports. It has been noticed that a large amount of revenue is lost due to the lack of control on these imports.

What is the legal framework that supports revenue collection e-commerce?
- Legal acts that regulate revenue collection issues (Customs code, laws and regulations, etc.)?
There is no specific legal framework for revenue collection for e-commerce in Sri Lanka. However, all e-commerce shipments are considered taxable unless de minimis is applied and they fall under the normal tax collection laws of the Customs Ordinance, Section 10 and 47.

- Are there special rules for the revenue collection approach/es regarding e-commerce, or are general rules applied for such categories of goods (for example, intermediary collection approach)?
There are no special rules introduced yet.

- Is there a need for developing unique rules (new legislation) for revenue collection adapted to cross-border e-commerce goods? If yes, have such rules been developed in your country or union?
Yes.
It is yet to be implemented.

De Minimis Threshold.
- Is there a de minimis threshold in your country or union. If yes, please specify its level?
Yes. The de minimis is applied for:
1. **Samples, in relation to a business** - Customs Import Duty (CID) is exempted for samples worth not more than LKR 50,000 and Value Added Tax (VAT) is exempted for samples worth not more than LKR 10,000.
2. **Personal items (including gifts)** - Customs Import Duty (CID) is exempted for packages worth not more than LKR 15,000 and Value Added Tax (VAT) is exempted for packages worth not more than LKR 10,000 imported via courier and parcel post.


- Is the de minimis threshold related only to duties or to duties and taxes?
  Yes and it is related only to VAT and Customs Duty (CID). There are other duties and taxes in Sri Lanka such as Cess and SSL.

- Is your country or union planning to review or adjust de minimis thresholds? If yes, when.
  Sri Lanka reviewed the de minimis threshold as recently as 29 July 2019.

2. Background
   - Is there any previous experience with other types of approach/es, and how has this led to the current approach/es.

Before 2003, all the courier services operated as regular importers and there was no proper mechanism to monitor their imports. In 2003 Sri Lanka Customs came with an agreement with DHL Sri Lanka and approved DHL to operate as a Bonded Warehouse for courier services. With this agreement it enabled the pre-arrival clearance, proper revenue collection from all the taxable packages, more data and statistics for Customs and faster deliveries for the consumers.

In 2005 a common facility was established by Colombo Cargo Express (Pvt) Ltd to accommodate courier operators who did not have their own bonded warehouses. Sri Lanka Customs approved this facility as a common bonded warehouse for such courier operators. Other than DHL and UPS all the other courier operators are now operating from Colombo Cargo Express (Pvt) Ltd. Fits Express which is the authorized Service Contractor for UPS is also maintaining its own bonded warehouse.

However, all the courier operators still do not collect data separately for e-commerce packages and all the packages are declared to Customs as regular courier packages. Furthermore, there are several courier operators those who are not operating under standard procedure and still importing courier packages as regular imports. This has made it difficult for Customs to identify and collect statistics of the e-commerce shipments.

- Provide a brief explanation of the domestic regulatory environment relevant to the case study (competent authorities, de minimis threshold, taxation, etc.).

The Ministry of Finance is the policy maker in the area of taxation in Sri Lanka. Sri Lanka Customs is a department established under the Ministry of Finance to collect border taxes and implement restrictions and prohibitions at the border. Therefore, Sri Lanka Customs is responsible to implement the same in relation to e-commerce shipments too. Other relevant government agencies such as National Medicines Regulatory Authority (NMRA), Telecommunications Regulatory Commission (TRC), Plant Quarantine, Animal Quarantine and Imports and Exports Controller are consulted by Sri Lanka Customs whenever necessary in clearing e-commerce shipments.

Other stakeholders responsible for handling e-commerce shipments are the Department of Posts, Sri Lanka Ports Authority (sea cargo) and Srilankan Cargo (air cargo). Sri Lanka Association of Air Express Companies is the association for courier service providers.
3. Description of the process
Figure 3.1: Customs clearance process in Postal Service

- Packages received daily to the Central Mail Exchange by air cargo
- Packages are put into scanning and manual screening by Customs officers (around 4000 packages received daily)
- Packages identified as low risk are released
- Selected packages are detained and the customers are notified to be present at the Post Office to open the package
- Customs officers open the package in front of the consumer.
- Prohibited items are forfeited
- For restricted items, consumers are requested to obtain relevant license or permit
- If the item is taxable, the due taxes and duties are collected and the package is released to the consumer (the values and other conditions are decided by a Customs appraiser)
- Packages delivered to customer’s doorstep
Figure 3.2: Customs clearance process in Registered Courier Services

1. **Courier service submits the air waybills to Customs 3 hours prior to arrival**
2. **Customs appraiser selects packages to be released/detained/examined**
3. **Packages arrive at the courier service bonded warehouse at the air cargo terminal**
   - **Scan/examination**
   - **Released packages**
   - **Prohibited items are forfeited**
   - **For restricted items, consumers are requested to obtain relevant license or permit**
   - **If the item is taxable, the due taxes and duties are collected and the package is released to the consumer (the values and other conditions are decided by a Customs appraiser)**
4. **Due taxes are paid by the courier service and package delivered to doorstep**
5. **Released packages**
4. Benefits and Challenges

Since the establishment of individual bonded warehouses and the common bonded warehouse for courier operators Sri Lanka Customs was able to collect due revenue to the government and implement Customs enforcement effectively. This has also increased the service efficiency of the courier operators.

One of the main challenges Sri Lanka Customs faces is to collect relevant border taxes and Customs enforcement on e-commerce shipments arrived by post and through unregistered courier operators. Every day thousands of e-commerce packages arrive by air cargo where the Customs officers find it difficult to properly appraise the same. There are several unregistered courier services that operate through the air cargo division of Sri Lanka Customs. New e-commerce business models such as dropshipping has also made it difficult for the Customs officers to determine the values and other details of the goods.

*De-minimis* is applied only in the postal service. To obtain *de-minimis* benefit in the courier services the importer has to submit customs declarations individually for each consignment.

The statistics of e-commerce shipments are not separately captured into the Customs databases since e-commerce packages are cleared as regular imports. Therefore, it has become difficult to frame policies and take decisions on the cross-border e-commerce imports.

- *Why is this approach/es considered the most effective for e-commerce goods?* For example, it is providing facilitation, efficiency of revenue collection, compliance, minimize risks of undervaluation, prevent revenue losses, more predictability of delivery time if there is a need to pay duties and taxes, more comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.

Providing facilitation, compliance, more comfortable conditions for consumers, efficiency of revenue collection and Customs enforcement, fast clearance.

- *Has the approach/es been integrated with Risk Management Systems, and if so how.* Only manual risk management is performed. There is a need for an automated risk management system for e-commerce shipments.

5. Statistics (if available)

- number of operators [registered or otherwise] with respect to the approach/es

DHL and UPS operate their own bonded warehouses for their operations. Other courier operators such as TNT, Fedex, Aramex, DPD and local courier operators such as ACX International, ACE international Express, OCS, Flight Logistics, IJS Global Lanka and Skynet Worldwide Express operating from Colombo Cargo bonded warehouse. Those operators have registered with Customs. It is difficult to ascertain the number of unregistered courier operators.
average time for clearance of e-commerce goods:
If the package is not detained, the average time for an e-commerce shipment to clear from the postal service is 1 ½ hours.

The average time to clear an e-commerce shipment arrived through a registered courier service is zero since the majority of packages are cleared by Customs through pre-arrival processing.

Taxes and duties collected on e-commerce goods, volumes cleared within de minimis, annual number of volumes and declarations:
Since the data of e-commerce shipments are not captured separately into Customs databases it is difficult to calculate volumes and revenue collected from e-commerce shipments in each segment.

Source: Customs Administration of Sri Lanka, submitted in December 2022 for the 4th edition of the Compendium
Turkey

1. Introduction / General Overview

General description of the approach/es to revenue collection for e-commerce, based on one of the three approaches (or hybrid) discussed within the Annex to the Technical Specifications. Intermediary model is used to collect revenue. Operators are also authorized to collect taxes on behalf of the Customs administration and, after collecting the taxes, they deposit the amount into the Customs account within 7 days.

Express couriers and postal operator submit the Customs declaration and collect the taxes from buyers while making delivery. Then they deposit the total tax into the Customs account.

Why was this approach/es developed, or under development, for e-commerce?
To avoid revenue loss and to make the transactions easier for each stakeholder.

What is the legal framework that supports revenue collection for e-commerce?
Communique No 1 for Postal and Express Cargo Shipments, published on 22.04.2022, is the fundamental legal framework. The Customs Code, Customs Regulation and Communiques and also some legal documents of the Ministry of Treasury and Finance regulate the implementation.

As per the Communique stated above revenue collection is carried out by operators. Operators could either pay the taxes in advance to Customs and collect from the consignees upon delivery or vice versa.

De Minimis Threshold.
There used to be 22 Euro de minimis threshold; however, it was abolished in June 2019.

2. Background
Is there any previous experience with other types of approach/es, and how has this led to the current approach/es.
Provide a brief explanation of the domestic regulatory environment relevant to the case study (competent authorities, de minimis threshold, taxation, etc.).

3. Description of the process
Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.

4. Benefits and Challenges
What are the benefits and challenges of using the approach/es chosen for e-commerce goods within the domestic environment?

Why is this approach/es considered the most effective for e-commerce goods? For example, it is providing facilitation, efficiency of revenue collection, compliance, minimize risks of undervaluation, prevent revenue losses, more predictability of delivery time if there is a need to pay duties and taxes, more comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.
It is providing facilitation for each stakeholder. Less formalities for Customs and consumers and faster operation times for express couriers.
Has the approach/es been integrated with Risk Management Systems, and if so how.

5. Lessons Learned (if available)
What was your administration’s experience in implementing the approach and what did you learn from this experience? This may be related to any aspect of the approach including, but not limited to: legislation, systems, cooperation with other government agencies and the private sector, training of staff, resourcing, and/or achieving policy objectives.

6. Compliance and Future Developments (if available)
- What was the response to implementation?
- What is the approach to compliance (penalties, education, etc.)?
- How is the success of the approach measured?
- Next steps for the approach (phases, reviews, adjustments, etc.)?

7. Additional or Final Comments
Feel free to add any additional or final comments.

8. Statistics (if available)
The purpose of this section is to provide statistical information that supports the case study outlined above. It is acknowledged that provision of statistics may be challenging and therefore some or all of the suggested information below, which is not exhaustive, may not be obtainable, or what can be provided may not add value to the case study due to its level of aggregation or reliability. As such, this section should be considered as “best endeavours”. If there are statistics that contain estimates or are anticipatory based on research, then these can be provided but should be identified.
- annual number of volumes and declarations
- volumes cleared within de minimis
- number of operators [registered or otherwise] with respect to the approach/es
- taxes and duties collected on e-commerce goods
- average time for clearance of e-commerce goods
- other important information.

Source: Customs Administration of Turkey, updated in December 2022 for the 4th edition of the Compendium