

## Revenue Collection Approaches Reference Table

**Explanation:** *The draft table below has been developed by the Secretariat based on the WCO document on Revenue Collection Approaches, the case studies on revenue collection included in the draft 3<sup>rd</sup> edition of the Compendium of Case Studies on E-Commerce, and presentations delivered by Members and stakeholders during the series of WCO regional workshops on cross-border e-commerce organized in the period January 2021 – January 2022.*

*The table is designed as a living document and can be updated annually with the update of the Compendium of Case Studies on E-Commerce, based on Members' and stakeholders' input.*

*As per the discussions during the ad hoc meetings held in the framework of the first periodic review of the WCO E-Commerce Package, the table below is proposed for inclusion at the beginning of Section II of the Compendium of Case Studies on E-Commerce (3<sup>rd</sup> edition or a subsequent edition, depending on the decision of the 235<sup>th</sup>/236<sup>th</sup> PTC Sessions).*

*The text and table below are suggested for inclusion in the Compendium, under a title "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.

Revenue collection approach	Description	Features of the approach	Members' practical experiences of implementation <sup>1</sup>
Seller/Vendor based	<p>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.</p>	<p>A clear legal framework to identify and obligate sellers/vendors to comply.</p> <p>The approach would work efficiently if it involves simplified registration process through a digital online portal and incentives (e.g. simplification of procedures and fast track processing). The collection of all duties and taxes can be made through a single payment portal or other convenient payment mechanisms, preferably electronically.</p> <p>Under this approach, the entity responsible for the payment of duties and taxes has access to all initial transaction data related to the e-commerce transaction (such as goods description, value, quantity), that is important for further assessing duties and taxes.</p> <p>In order to ensure compliance, jurisdictions might need to consider agreements for exchange of data. Since duties and taxes are collected at the point of sale,</p>	<p><b>Australia:</b>  <del>Australia's vendor collection model requires certain suppliers—including platforms, merchants and redeliverers—to register for, apply and collect Goods and Services Tax (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).</del></p> <p><del>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.</del></p> <p><u>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</u></p>

<sup>1</sup> The respective Members' case studies provide further details, including information on benefits, challenges and lessons learnt.

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		<p>release by the Customs at destination would be fast.</p>	<p><u>Australia, and who do not need to claim input tax credits.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>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</u></p>

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			<p><u>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.</u></p> <p><b>European Union:</b> To support the implementation of the vendor/seller collection approach, the EU introduced the Import One-Stop Shop (IOSS) and special arrangements simplification mechanisms.</p>
Intermediary based	<p>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 Customs or Tax administration, preferably periodically on an account basis.</p>	<p>The approach works efficiently, if:</p> <ul style="list-style-type: none"> <li>the intermediary is a party to a transaction which results in a shipment into the taxing jurisdiction.</li> <li>the intermediary is designated to cooperate with Customs in the area of Customs declaration, control, clearance and payments on behalf of consumers/buyers.</li> <li>the approach allows for identification of the consumer/buyer for Customs-related matters and risk management.</li> </ul> <p>Concerns about intermediaries being responsible for mis-declarations and undervaluation could be diminished by making the invoice or order details available electronically to</p>	<p><b>Brazil:</b> 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.</p> <p><b>China:</b> 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</p>

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		<p>Customs, or cross- checking various sources of information (including data from e-platforms/marketplaces, sellers, financial intermediaries) to confirm order details.</p>	<p>intermediaries make aggregate tax payment to Customs. As the goods are released before Customs collects the revenue, sufficient bonds are required in advance.</p> <p><b>Indonesia</b> is piloting an intermediary-based collection model.</p> <p><b>Morocco:</b> Barid Al Maghrib (Poste Maroc) acts as the intermediary that pays the duties and taxes due and collects them from the consumer upon delivery.</p> <p><b>Turkey:</b> 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.</p>
Buyer/Consumer based	<p>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.</p>	<p>The duties and taxes due should be calculated and assessed either through:</p> <ul style="list-style-type: none"> <li>• buyer self-assessment of amount owed;</li> <li>• Customs broker on behalf of the buyer/consumer assessment of amount owed; or</li> <li>• Customs assessment of amount owed.</li> </ul>	<p><b>Azerbaijan:</b> 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.</p>

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		<p>This approach may create a significant number of new registrations of importers (individuals). Individuals may not have sufficient knowledge of Customs procedures.</p>	<p>Azerbaijan uses an application (Smart Customs) to declare goods by individuals in electronic form without visiting the Customs office.</p> <p>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.</p>
Variant and hybrid	Different variants of the above approaches and hybrid approaches	<p>For example, a variation of the seller/vendor approach would include e-commerce platforms/marketplaces as the seller/vendor. For businesses selling through marketplaces, the marketplace would be deemed the seller/vendor for revenue collection purposes, and would be required to assess, collect and remit duties and taxes.</p> <p>Another hybrid approach may combine the seller/vendor based collection and intermediary based collection approaches. The seller/vendor collects the amount of duties and taxes due from the buyer/consumer at the point of sale, along with the other costs (like shipping or transportation).</p>	<p><b>Argentina:</b> 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.</p> <p>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.</p> <p>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</p>

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		<p>The intermediary (e.g., express carriers and postal operators) remits the amount to the destination Customs or Tax administration, charging the seller/vendor through its account with the express carrier/postal operator.</p> <p>When using variant or hybrid approaches, a Government should coordinate its Customs and Tax processes to avoid double charging and double liability.</p>	<p>application in question. Although they have good use for many other situations, there is a clear need to establish a mechanism under which Customs can collect taxes at the point of sale.</p> <p>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.</p> <p><b>Eurasian Economic Union:</b> Two approaches exist for the collection of revenue from taxes and duties in the Eurasian Economic Union (EAEU): 1. <i>Buyer/consumer-based collection</i>; 2. <i>Intermediary-based collection</i>.</p> <p>These models are generally used irrespective of e-commerce developments and apply to all imported and exported goods.</p> <p>They also apply to e-commerce goods that are mainly transported as postal items or express consignments.</p> <p><b>Peru</b> applies buyer/consumer-based collection approach for shipments delivered by the designated postal operator (SERPOST S.A.) and an intermediary-based collection approach for</p>

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			<p>the shipments delivered by express courier companies.</p> <p><b>Russian Federation:</b>  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.</p> <p><b>Saudi Arabia:</b>  Basically, Saudi Customs had set up 3 approaches for revenue collection process, detailed as following:</p> <ul style="list-style-type: none"> <li>• Some e-commerce stores are familiar with taxes imposed by Saudi Customs, 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 Saudi Customs.</li> <li>• In most cases, express shipping courier pays the Customs duty and taxes to Saudi Customs in advance, and collects it later on from the buyer upon the last mile of delivery.</li> </ul>



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			<ul style="list-style-type: none"> <li>• For commercial shipments only, that are imported by enterprises, goods declaration and payment bill for Customs duty and taxes is issued by Saudi Customs and forwarded by express shipping courier to the enterprise in order to be paid through electronic services provided by banks.</li> </ul>