



PERMANENT TECHNICAL
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OUTCOMES OF THE E-COMMERCE AND CUSTOMS VALUATION SYMPOSIUM

(Item X.b on the Agenda)

SUMMARY

Purpose of document

The World Customs Organization (WCO) held a symposium on E-Commerce and Customs Valuation, 15 February 2023, to discuss the challenges, initiatives, experiences and practices of Members and the private sector in determining the Customs value of E-Commerce consignments.

This document informs the PTC of the outcomes of this symposium, provides an update on the on-going work of the Secretariat in this area, and discusses possible future work.

Action required of the PTC

The PTC is invited to:

- discuss the outcomes of the symposium;
- take note that this will be further discussed within the WCO Technical Committee on Customs Valuation and the WCO Working Group on Revenue Compliance and Fraud;
- take note that the Secretariat will continue outreach to the private sector on the current situation; and
- provide guidance on the way forward.

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I. Introduction

1. On 15 February, the WCO held the Symposium on E-Commerce and Customs valuation. Speakers gathered from the WTO, Member administrations and private sector organizations, in addition to the WCO staff, to discuss how the development of E-Commerce trade is impacting on the Customs valuation of imported goods.
2. The WCO has been at the forefront of the debate on E-Commerce. Recognising the importance of E-Commerce, Members adopted the WCO Framework of Standards on Cross-Border E-Commerce in 2018. The Framework has made a significant contribution to the business environment in supporting e-commerce, by way of promoting concepts such as simplified procedures for immediate release of goods on, or, before arrival, electronic payment options and encouraging the use of technology for screening purposes, to name a few.
3. The symposium continues the spirit of the work on E-Commerce by promoting discussion on what might be needed in the future to address some of the practical difficulties with Customs clearances and compliance that the increasing use of E-Commerce poses for many customs administrations and for trade.
4. The Customs valuation of E-Commerce shipments is one of the three revenue areas (the other two being classification and origin) which had been noted to the Secretariat by both Members and the private sector as being of particular interest in this context. Therefore, it was decided to determine the level of interest with a forum for an open discussion dedicated to E-Commerce and the determination of Customs Value (CV).

II. Outcomes

5. At the symposium, it was conveyed how a rapid growth in volumes of small shipments has led to greater pressure on customs administrations. The assessment for valuation purposes of these E-commerce consignments poses challenges for both Members and trade.
6. While the volume of consignments is itself an inherent challenge, presenters also noted multiple specific problems in determining or assessing the CV for E-Commerce shipments that relate to other aspects of the nature of the trade.
7. One issue noted was the increasing volume of shipments that are imported and cleared through Customs for the purpose of being put into warehouse storage (often referred to as fulfilment centres) without a sales transaction: they remain owned by the exporter until they are eventually sold some time after Customs clearance into the country of import. While in 'traditional' trade, almost all trade is assessed under the transaction value method, for consignments entered under this practice, there is no transaction value at the time of import. This necessitates the use of other methods for the assessment of CV under the WTO Customs Valuation Agreement (CVA), resulting in it becoming more complicated and time consuming for all parties.
8. It was noted that the use of methods other than transaction value under the CVA is further complicated by other factors intrinsic to E-Commerce trade. For example, variability in pricing, sale conditions, bundling practices and customisation options in B2C E-Commerce is often high for like goods, making finding identical or similar transactions for comparison more difficult.

9. One other aspect of high concern was the level of difficulty with the usage of Delivered Duty Paid (DDP) terms for B2C shipments. Determining the CV under the CVA for DDP requires considerable knowledge of the component elements the total price paid and this knowledge was not always readily available in B2C E-Commerce transactions. In addition, the estimates added for transport and duty could be very different to the actual costs of transport and duty, adding to the difficulty of the calculations of correct CV.
10. Some of the presentations made clear that there are increasing differences between the treatment of consignments of low value goods in relation to valuation for duties and valuation for indirect taxes at the border. Governments have more flexibility in determining how goods will be valued for indirect taxes as compared to valuation for Customs duties, which is fixed for WTO Members by the CVA.
11. It was also noted that there were considerable differences in the treatment of low value goods for Customs purposes between administrations. Trade stakeholders highlighted the value that harmonized procedures would have in facilitating trade.
12. In relation to the question of consistent data and the hurdle of managing the vast and disparate nature of data characterized by E-Commerce, it was noted that the WCO could potentially make progress. As the WCO works towards updating the Framework of Standards, a number of initiatives have been suggested, including work on a globally harmonized dataset for Advance Electronic Data. Stakeholders welcomed such initiatives at the Symposium.

III. The Way Forward

13. The outcomes will be reported back to the Technical Committee on Customs Valuation (TCCV) and the WCO Working Group on Revenue Compliance and Fraud. As the symposium involved the WTO and the TCCV reports to its parent committee, the WTO Committee on Customs Valuation (CCV), there will also be information going back to the CCV at the WTO.
14. The Secretariat is undertaking further outreach with both Members and the private sector to better understand the issues.
15. Noting that the symposium was over-subscribed by almost four times the meeting licence capacity, resulting in many participants being unable to enter the meeting, and that the time for discussion in the symposium was insufficient, there would be utility in holding a second, more focused, symposium with a higher participant capacity and greater time devoted to the exchange of views.
16. The symposium highlighted that exploring the feasibility of developing model procedures for certain aspects, such as in relation to fulfilment centres, could be highly beneficial for both facilitation and compliance.
17. Developing a globally harmonized dataset for Advance Electronic Data would assist in promoting greater uniformity of requirements and making it easier for trade to comply.

IV. Action required of the PTC

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- discuss the outcomes of the symposium;
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 - take note that the Secretariat will continue outreach to the private sector and Members on the current situation; and
 - provide guidance on the way forward.
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