

WCO Study Report on Cross-Border E-Commerce

World Customs Organization

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Abbreviations

ANMAT	Spanish abbreviation for 'National Administration of Medicines, Food and Medical Technology'
AMS	South America, North America, Central America, and the Caribbean
AUD	Australian Dollar
B2C	Business to Consumer
C2C	Consumer to Consumer
CDS	Customs Declaration System
e-commerce	Electronic Commerce
EDI	Electronic Data Information
ESA	East and Southern Africa
EU	European Union
GST	Goods and Services Tax
GTIP	Turkish abbreviation for 'Customs Tariff and Statistics Number'
ICS	Integrated Cargo System
ICT	Information and Communication Technology
IPR	Intellectual Property Rights
IT	Information Technology
MoU	Memorandum of Understanding
NOK	Norwegian Krone
SAC	Self-assessed Clearance Declaration
SME	Small and Medium-sized Enterprises
UPU	Universal Postal Union
VAT	Value Added Tax
WCO	World Customs Organization

I. Introduction

- 1. The number of people having access to the Internet is growing exponentially. Information and Communication Technologies (ICT) are continuously providing new business and consumer opportunities. E-commerce – the trade in goods and services via the Internet - is increasingly becoming the platform that businesses (including SMEs) use to access global markets when starting up. Existing businesses too are exploiting new opportunities.
- 2. Facilitating the growth of e-commerce will ensure economic development and innovation. Providing the right environment for e-commerce businesses to operate in is fundamental to their success and sustainability. Harmonizing low-value e-commerce flow processes, including Customs and other regulatory requirements across borders, will support further evolution of e-commerce.
- 3. The WCO has carried out a short survey to collect Members’ current practices and ongoing and/or future initiatives on cross-border low-value e-commerce. As of August 2016, 48 Members had responded to the survey. The regional breakdown of the responses is as shown below:

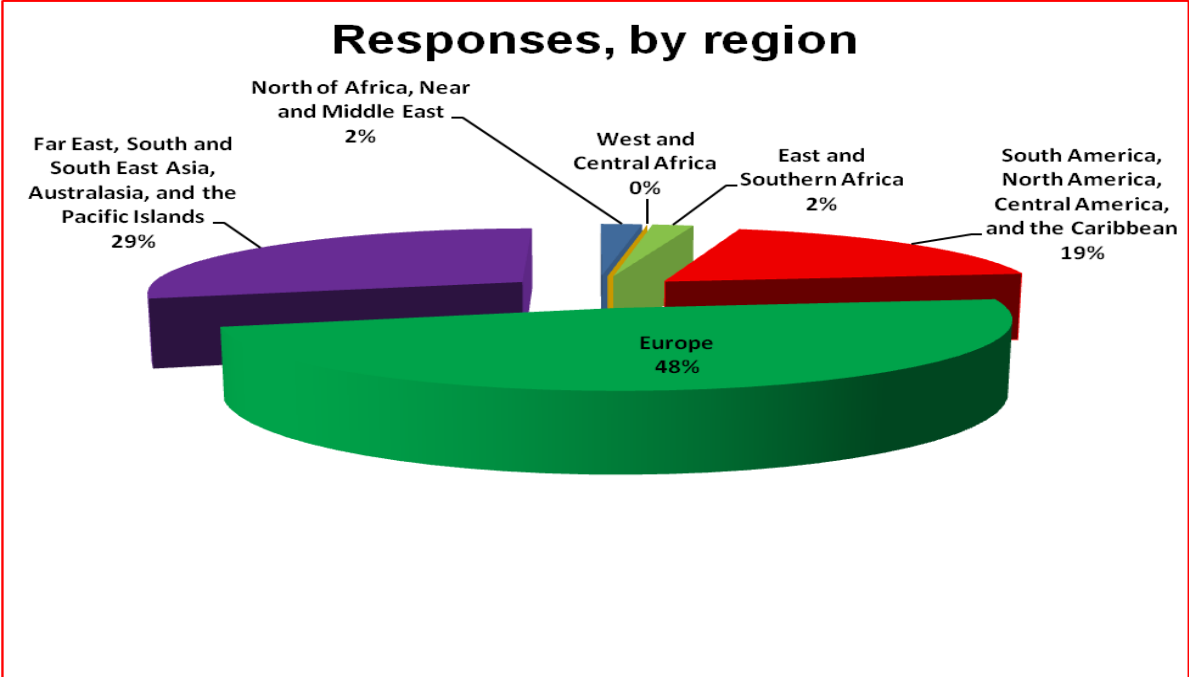


Figure 1

4. Members' responses have indicated a pattern of challenges experienced by Customs administrations across the globe. The continuous increase in online trading has raised questions regarding regulation, consumer protection, revenue collection and national security, just to name a few. These questions cannot be dealt with individually but require a common, broad approach by the international Customs community, together with all relevant stakeholders as a whole.
5. The survey findings are structured into different sub-categories based on the key findings of each section. They are:
 - i. Facilitation
 - ii. Risk Management
 - iii. Data Exchange/Cooperation with E-Commerce Operators
 - iv. Control and Enforcement
 - v. Revenue Collection

II. Key Survey Findings

i. Facilitation

a. Current Practices

6. Trade facilitation is necessary to support growing cross-border e-commerce flows. The ability to facilitate trade requires a lot of fundamentals such as the necessary capacity, the availability of information for better risk assessment, and the use of ICT to deal with the large number of low-value consignments.
7. Member States of the EU require pre-arrival exchange of information to allow for the efficient clearance of shipments. While some Members from the AMS region noted that their current practices involve couriers electronically presenting an express manifest, followed by a manual inspection, if the value of the shipment is below the *de minimis*, it is immediately released. Further, responses by Members from the Europe region indicated that the new requirement for a simplified declaration entails implementing a new procedure of automatic exchange of information about each consignment, such as a unique ID, consignee information, value, weight, etc.
8. Most responding Members from the Europe region stated that before the arrival of the goods, electronic information goes to Customs so that a risk analysis can be performed. Cargo consignments within the scope of the Customs authority are subject to risk analysis based controls. The number of articles, statistical values, and commercial descriptions of goods are collected, and this information could be used for risk analysis. Furthermore, responses show that the exchange of information with Postal services is rare.

9. Additionally, the Dominican Republic's current practice is outlined below:

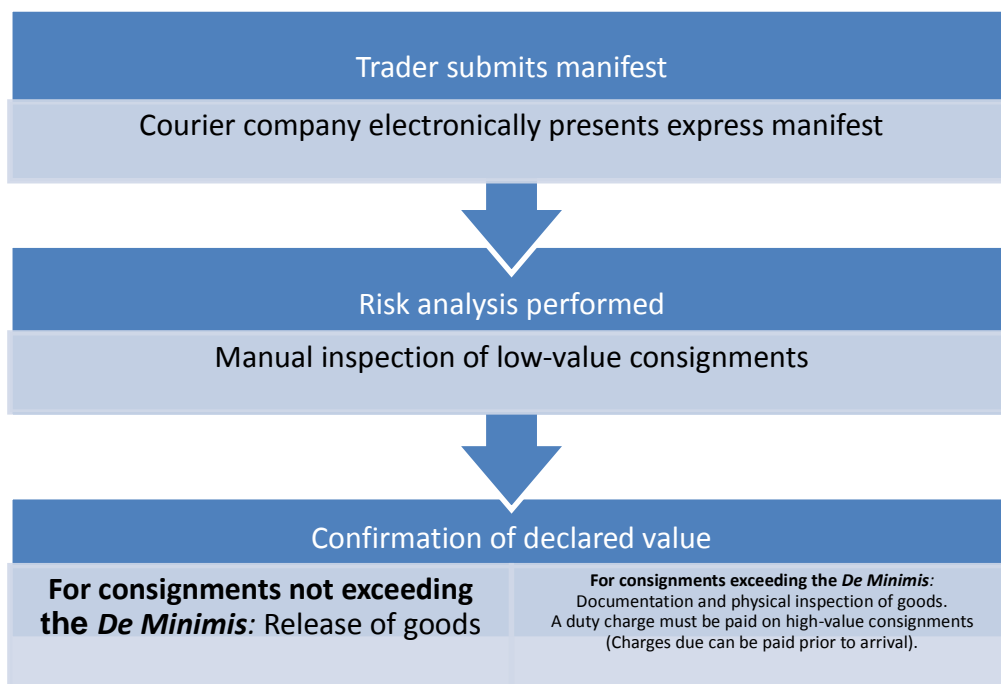


Figure 2

b. Issues and Challenges

10. Continuously increasing volumes of low-value consignments are posing several challenges in terms of facilitation. Some of the key challenges stemming from growing e-commerce, as identified by Members, are outlined below.
11. One of the key issues regarding facilitation is the lack of standardized procedures. Standardized and harmonized procedures can provide facilitated transactions for e-commerce vendors and associated stakeholders, without Customs having to compromise security, revenue and other risks. Equally important is that the person (buyer) must know the rules and regulations in place, to be able to comply with them and pay any applicable duties/taxes.
12. Sometimes, occasional buyers and sellers are not aware of the rules and regulations of exporting and importing countries because the information is not readily available in an electronic environment.
13. Responses from the AMS region indicate that Postal services often do not have the necessary mechanisms to exchange information electronically. Members' responses emphasize that this causes inefficiency and hinders the evolution of e-commerce and digital Customs, and as a consequence prevents the full potential of e-commerce growth from being exploited.

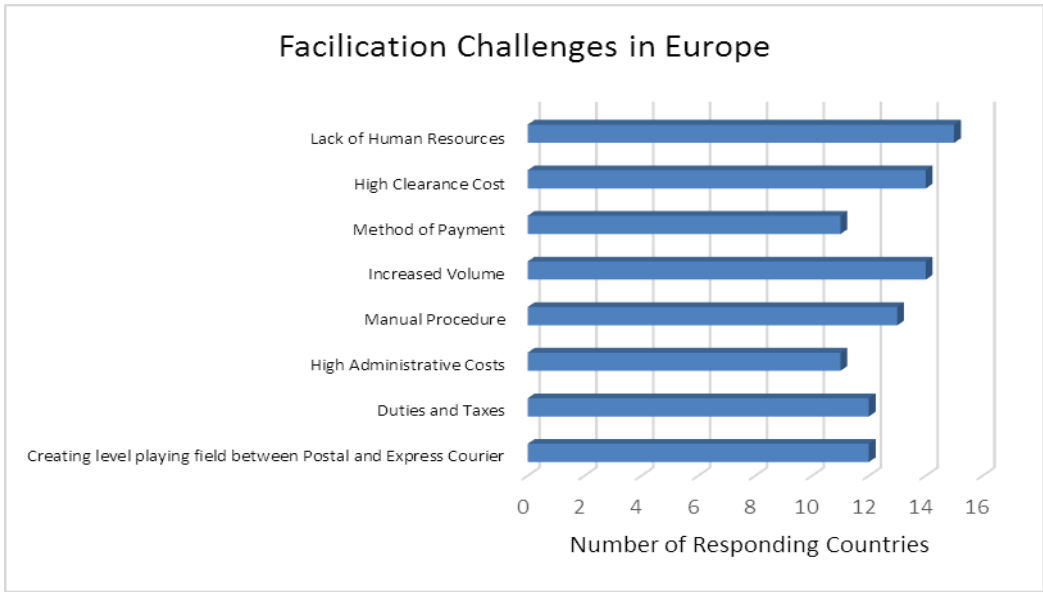


Figure 3

14. The Europe region has very common issues faced by most of its Members, as depicted below:

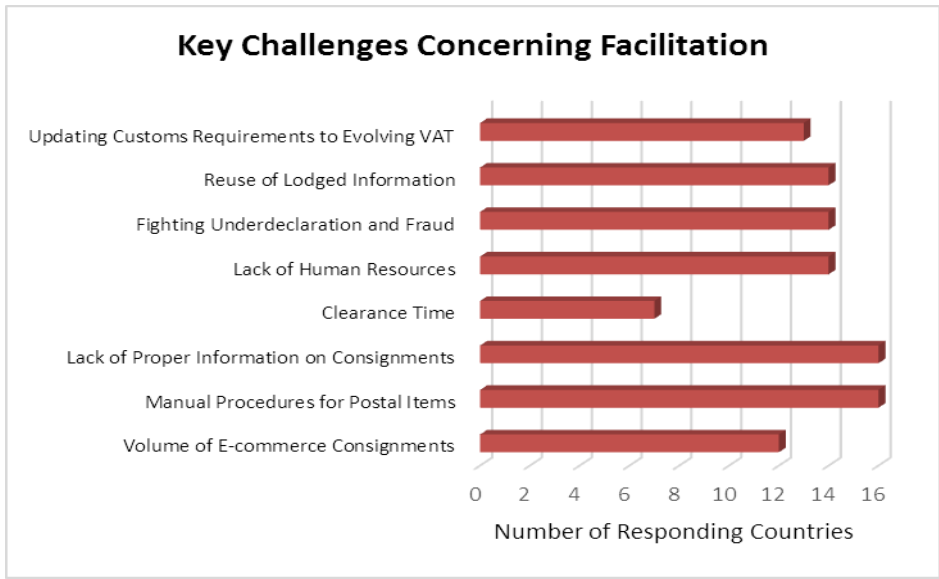


Figure 4

c. Initiatives and Potential Solutions

15. Most of the initiatives reported by Members include some aspects of digitalization. The use of ICT allows for the exchange of information with couriers, postal operators and other stakeholders, for better risk assessment and faster clearance times.



Figure 5

16. Members expressed the importance of establishing modernized systems. The flow of information between e-commerce stakeholders and the Customs administration is essential. If there is established communication and seamless flow of information, then Customs will be able to gather all relevant information regarding the shipment, which in turn will allow faster clearance of a large number of legitimate shipments, while controlling illicit trade.
17. EU Member States reported that advanced electronic data for postal items will become a legal requirement as part of the reformed Customs security programme. Postal operators will be able to use CN23/UPU standardized ITMATT messages for this purpose. These advance declarations can also be re-used for the purposes of simplified Customs declaration for certain postal items.

Case Study: Norway

On 1 July 2015, Norwegian Customs began a simplification process in favour of economic operators/declarants which are handling large numbers of import declarations for private consumers. Transport companies may apply for authorizations to make a common declaration for a number of consumers in cases where the value of each consignment is between NOK 350 (including freight and insurance) and NOK 3000 (excluding freight and insurance).

The authorization concerns only low-value consignments from B2C or from C2C. Goods subject to restrictions and excise duties are excluded from the arrangement.

A private consumer may make his own Customs declaration using the electronic Customs clearance web solution. One condition is that the consumer himself is ordering the goods and the value of the consignment must be between NOK 350 and NOK 3000.

The portal cannot be used if the goods require a licence or are subject to other specific restrictions (e.g., alcohol, tobacco and medicines).



18. A Member from the AMS Region indicated its engagements in pilots with some partner administrations on advance data use/exchange.
19. Making use of digital and electronic systems provides traders and Customs with several opportunities for improving clearance and delivery processes. Prior to arrival, traders can submit their manifest and receive information on the duty payable to Customs. Once the goods arrive, based on the risk assessment they can be inspected and released immediately.

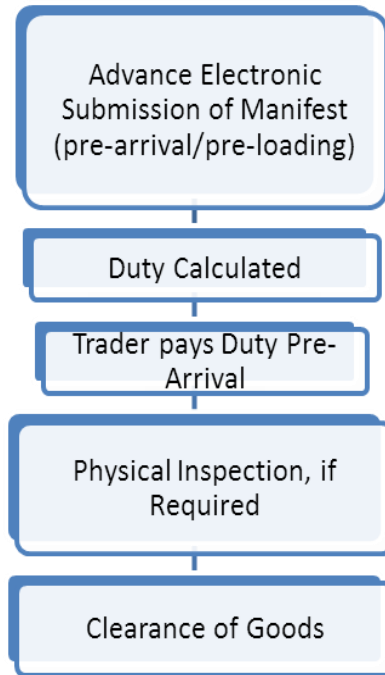


Figure 6

20. In China, the Manifest has the same legal effect as the Declaration Form for Import/Export Goods of People's Republic of China. Both the Manifest and Declaration Form for Import/Export Goods of People's Republic of China should be submitted in a paperless manner except in special circumstances.

Case Study: China

Before the declaration of retail e-commerce consignments, e-commerce businesses or other players such as e-platform providers, payment businesses, logistics enterprises shall transmit accurate electronic information of transaction, payment and logistics respectively to the Customs through an e-commerce clearance platform. Express or postal enterprises can submit such information on behalf of e-commerce businesses or payment enterprises, provided that they have made written commitment of legal liabilities on data authenticity.

E-commerce businesses or their agents shall submit Declaration Manifest for cross-border e-commerce retail consignments of People's Republic of China (hereinafter referred to as the Manifest). For export e-commerce goods, clearance can be made after the examination of the Manifest and a collective declaration can be made later on, while for import e-commerce goods, clearance can be made after the examination of the Manifest.

After the export of e-commerce retail consignments, e-commerce businesses or their agents shall, by the 10th of each month, complete the collective declaration for goods cleared in the previous month (it should be completed by the end of the month if it is December) by submitting Declaration Form for Export Goods of People's Republic of China, given that the consignments feature the same consigners and consignees, transport type, country of destination, port of departure, HS code of the goods, unit of measurement and currency type.

The return of import e-commerce consignments is allowed, if the consignment returns to the original Customs control area within 30 days after the clearance. In such cases, tariffs and taxes would not be collected and the threshold amount for e-commerce goods transactions for individuals would not be deducted.

If the goods are not returned within 30 days after clearance, businesses that pay the duties on behalf of their clients shall make the payment to Customs no later than 45 days after the clearance.



Case Study 2

21. Refund of duty on return goods that were previously imported with duty paid may be obtained by filing a drawback claim in the US. This used to be a complicated process until simplification procedures are implemented under the U.S. Trade Facilitation Trade Enforcement Act of 2015 (implemented in March 2016)¹.

¹ <https://www.congress.gov/114/plaws/publ125/PLAW-114publ125.pdf>

ii. Risk Management

a. Current Practices

22. Risk management is the identification, assessment and prioritization of risks, followed by the harmonized and economical application of resources to minimize or avoid the possibility of risky (e.g., prohibited/restricted) goods entering a country. The objectives of risk management include ensuring the safety and security of societies and fair and efficient revenue collection.
23. Current practices reported by Members from the Europe region show that the risk management process is still largely manual, especially in respect of postal items. This is becoming more challenging given the exponential increase in e-commerce volumes, which are often large in number and smaller in size.
24. The use of advance cargo information (pre-arrival) allows Hong Kong Customs to carry out effective risk profiling. At present, road cargo and sea cargo information is submitted electronically prior to the arrival of the cargo.
25. Denmark currently has an automated system in place. Low-value consignments below the *de minimis* level are handled by the Customs system in which declarations are risk assessed and VAT amounts are collected automatically. Release of shipments takes place within a maximum of 15 minutes, if the declaration is not picked out for control.

b. Issues and Challenges

26. Risk assessment for low-value e-commerce shipments, especially postal items, is highly manual, resource-intensive and performed in real-time at the border.
27. EU Members indicated that conducting risk management properly is a challenging task; hence, the declarations for e-commerce goods which are reported are often lacking information. They also emphasized that undertaking risk management with low-value e-commerce shipments requires the allocation of large human capital resources, which many Customs administrations lack.



Figure 7

28. Several Members indicated that inaccurate information is one of the main reasons why issues arise when assessing risks. The documents submitted may be misleading, illegible or may contain other incorrect information. This, in turn, hinders facilitation, leading to delays and additional costs.



Figure 8

29. Furthermore, the responses from many Members indicate that numeric fields like the ID Number, Tax Number, and GTIP Number² are not always compulsory fields in the Customs declaration, which leads to problems in risk analysis.

² Turkey's Customs tariff system is called the Customs Tariff and Statistics Number (GTIP), which is a modified form of the World Customs Organization's Harmonized System that complies with Turkish Customs regulations, and appears to be a coding for the identification and classification of imported and exported goods.

Case Study: Turkey

Conducting risk management is problematic due to the minimal information reported on the declaration. The lack of electronic information poses challenges in terms of risky products, the protection of society and the collection of duties and taxes. To undertake risk management with low-value e-commerce shipments, large human capital resources must be allocated, which many Customs administrations lack. Numeric fields like the ID Number, Tax Number and GTIP Number are not always compulsory fields on the Customs declaration, which leads to some problems with risk analysis.

However, Turkey has made a declaration of intent to start using the Customs Declaration System (CDS) developed by the UPU (based on WCO-UPU Joint Messaging Standards) in the near future. With the implementation of the CDS, several challenges arising from manual Customs operations are expected to be resolved.



Case Study 3

30. Members stated that in cases of poor information quality, risk analysis is conducted on the basis of only the 'name', without any further knowledge of the identity of the buyer (e.g., ID number, etc.). This is problematic because in the next consignment, the name given may be different. Additionally, Members reported that simplified declarations contain information only about the total value, duties and VAT, and the total number of consignments.
31. Several Members reported the increased volume, lack of human resources and inaccurate data as major issues in risk management. Members from the ESA region noted the lack of adequate IT equipment as a major concern, which led to inaccurate data and misdeclaration. This makes it very difficult to maintain a high level of efficiency when clearing goods at the border.

c. Initiatives and Potential Solutions

32. Hong Kong, China is in the process of setting up a Single Window as a unified information technology platform for one-stop lodging of pre-shipment information to facilitate trade declaration and Customs clearance. The Single Window concept allows for a single agency to collect all necessary information, and then disperse the information to others. This innovation is expected to allow for more transparency, better risk assessment and a faster clearance time.

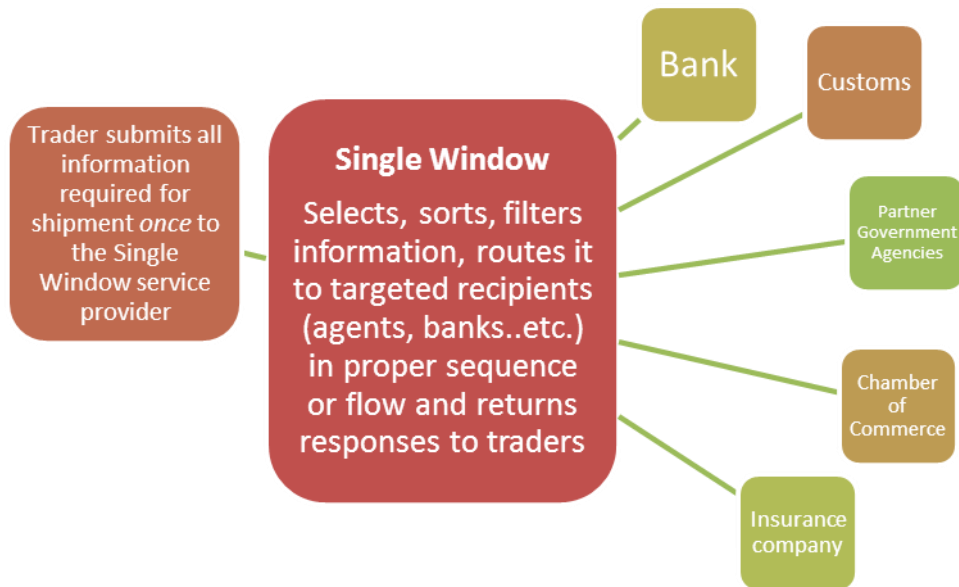


Figure 9

33. Technological solutions are being developed to face the challenges stemming from e-commerce flows. Reports from the Europe region show that some Customs administrations are implementing an automated system of Customs registration of international postal and courier deliveries. These mechanisms will be capable of conducting the fully automated registration of items and carrying out controls thereon, enabling automated receipt of reports, risk assessment and application of analytic tools.

iii. Data Exchange/Cooperation with E-Commerce Operators

a. Current Practices

34. Data exchange and cooperation with e-commerce operators can provide seamless Customs clearance and make the necessary information available to both parties in order to meet their common and separate objectives. Once the exchange of information is in place, Customs will have the necessary information regarding consignments, such as description, value, origin, which will allow them to better assess risk. However in many cases, there is no formal cooperation and data exchange mechanism with e-commerce operators.

35. In the Europe region, some Members have implemented a system that allows for the electronic exchange of information with e-commerce operators. The EU Member States can accept the lodging by express couriers of a notification/declaration, and can also access the advance cargo data in the economic operator's computer system.

Case Study: Latvia

Latvia Customs carries out the appropriate evaluation of risks on cargo manifests for importation and exportation, and provides information about the control measures applied to the consignments via e-mail, as well as conducting checks as to whether or not the declared goods are subject to any restrictions or prohibitions.

The postal operator of Latvia is in cooperation with the postal operators of other EU Member States involved in the e-commerce inter-connectivity programme, which is intended to include the electronic exchange of data (transmission and reception) between postal operators and Customs offices.

Case Study 4

36. Australia has in place a data exchange programme with e-commerce operators. The data exchange is conducted through the Integrated Cargo System (ICS) in the form of cargo reporting. This process provides efficient clearance and enhanced facilitation of trade.

b. Issues and Challenges

37. Survey findings indicate that the exchange of information between e-commerce operators and Customs administrations is still developing. Data exchange with postal operators is even more challenging because postal operators lack the necessary information technology to allow for the electronic exchange of information.

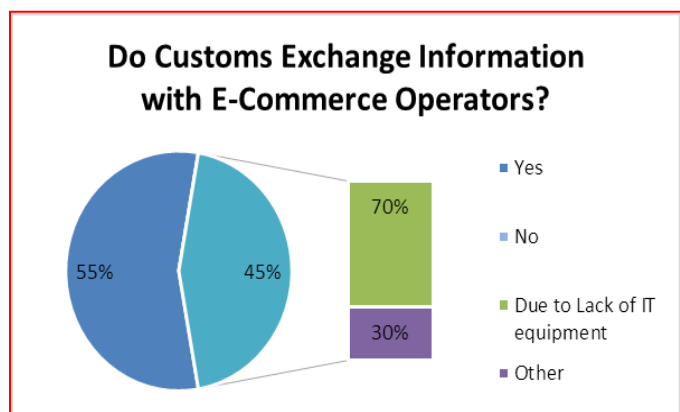


Figure 10

38. 53% of responding Members mentioned having information exchange with e-commerce operators. Of the 47% of Members who do not have any kind of information exchange mechanism, 65% cannot establish communications with e-commerce operators due to the lack of a proper IT system.

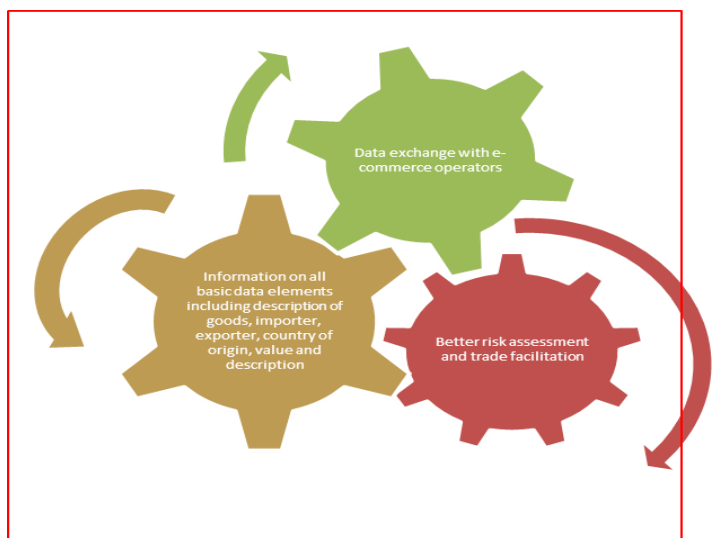


Figure 11

39. Without information covering all the basic data (and it must be accurate and high-quality information), effective risk assessment and mitigation becomes challenging.

40. Members in the AMS region, in particular, reported that the transmission of the express manifest takes place after the arrival of the shipment. This often leads to the declaration on the express manifest of inaccurate, incomplete or false data, such as consignee, consignor, value, weight or description.
41. Members also mentioned that cooperation with transporters is not homogeneous. Some companies are willing to cooperate, while others try to avoid doing so, explaining that they cannot reveal their clients' personal data.

c. Initiatives and Potential Solutions

42. Members from all regions noted that it is necessary to establish the electronic exchange of data in the transportation and border clearance processes of international consignments, thus diminishing the amount of paper documentation and reducing administrative costs.
43. Members from the Europe region expressed an interest in implementing advance electronic data systems to capture the necessary information on low-value consignments. This will lead to enhanced security, more efficient revenue collection and facilitated trade.
44. Australia Post, for example, receives advance electronic data from the following international postal agencies: Canada, France, Gibraltar, Singapore, Spain, Tanzania, Thailand and the US. This data is available for the Express Mail Service (EMS) and parcel mail products. The Post is also exploring how this data can be received and used for risk assessment, by undertaking a Proof of Concept.

- Memorandums of Understanding (MoUs)

45. An MoU is a bilateral or multilateral agreement between two or more parties which governs cooperation and data exchange between e-commerce operators and Customs. Information commonly exchanged relates to mail packages, registered letters, and valuable items.

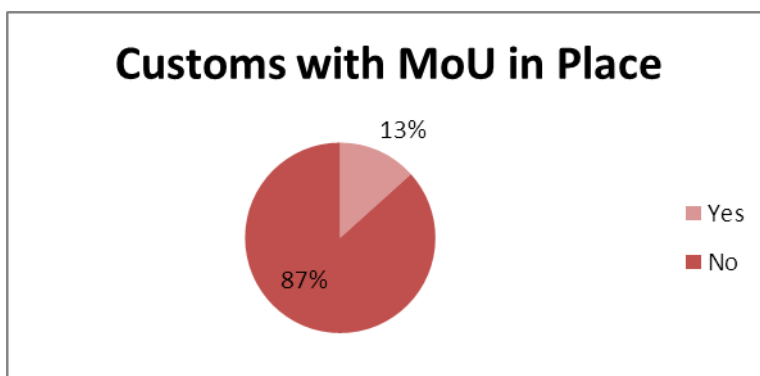


Figure 12

46. Only 13% of responding Members identified as having an MoU in place with e-commerce operators.
47. Hong Kong Customs, for example, maintains partnerships with the express industry and postal operators. It has entered into MoUs with some express courier companies.

Under the MOUs these companies will, among other things, immediately inform Hong Kong Customs for follow-up action if suspicious consignments are detected.

Case Study: Maldives

E-commerce consignments received at a Post Office are reported by the Post Office to Customs through a command data exchange mechanism. Furthermore, the commercial quantity is decided by the Customs officers. Last but not least, the President's Decree on duty exemption for goods imported for personal use and by passengers is used by the Customs officer as a basis for make a decision.

In addition, an MoU has been established between the Post Office and Customs to share information. As a result, Customs has knowledge of the goods at an earlier stage.



Case Study 5

iv. Control and Enforcement

a. Current Practices

48. A majority of Members employ the regular control measures by using X-ray scanners, radiation portal, sniffer dogs, and random selection for the examination.
49. In some countries in the Europe and Asia-Pacific (A/P) regions, goods are declared to Customs on a pre-arrival basis, and relevant details are entered into the Customs control system for the selection of the control to be performed. Such selection is based on the risk analysis conducted at the central and local levels. Goods shipped by express cargo operators and postal authorities are controlled by X-ray machines every time, and by sniffer dogs on some occasions. Also, there are random inspections to combat illicit trade.
50. Some Members referred to cooperation between Customs and other organizations aimed at improving risk management and enforcement processes. In Denmark, for example, illegal consignments are controlled through the Narcotics-Weapon-Doping project ("Narko-Våben-Doping"). Also, common control activities are planned on the basis of the expertise available under this project. SKAT (the Danish Customs and Tax Administration) carries out checks using X-rays, sniffer dogs and other technical aids.

b. Issues and Challenges

51. Control and enforcement are fundamental aspects of every Customs administration around the world. Protecting societies from harmful goods and counterfeit products ensures a healthy society and a competitive economy. However, this has become increasingly difficult due to the large volumes of e-commerce shipments being

cleared under a simplified declaration method, as mentioned by Members in the Europe region. This is primarily because most e-commerce shipments are below *de minimis* thresholds. Also, occasional traders are unlikely to be aware of the rules and regulations, and hence there will be an increased chance of non-compliance.

Case study: Australia

Australian Customs is unique because Australia is an island and has a Customs administration that is a pivotal Government entity for the country. Australian Customs has been developing its Customs clearance procedures to meet the demands of the technological advancements introduced by the increasing number of online transactions.

1. Cargo, including e-commerce shipments, must be reported electronically through Australia's Integrated Cargo System (ICS).
2. For goods below AUD1000 a Self-Assessed Clearance (SAC) Declaration must be submitted. Goods arriving by post do not require a SAC declaration.
3. Cargo reports lodged pre-arrival to allow for risk assessment and the planning of any required intervention.
4. Detection of cargo through X-ray, sniffer dogs and trace technology.
5. Indirect taxes, Custom duties and charges paid.
6. For goods below AUD1000, duty does not have to be paid.
7. Goods cleared.

The SAC (Self-Assessed Clearance) programme in place is an important tool for Australian Customs to provide further improvements to facilitate trade. Imported goods valued at or below AUD\$1000 that arrive in Australia as sea or air cargo must be declared to the Department of Immigration and Border Protection on a Self-Assessed Clearance (SAC) Declaration. Although there are currently no formal mechanisms for collecting statistics on low-value e-commerce volumes, the measurement of low-value imports could be done through the analysis of SAC data. Such measurement will supplement the efforts of Customs officials in managing risk and allowing for trade. This programme provides easy Customs clearance for e-commerce shipments. The SAC Declaration is free of charge.



Case Study 6

52. Members in the Europe and AMS regions highlighted the challenges for traders and Customs caused by the fact that operators' manifests are not standardized (in terms of format and content). Furthermore, they mentioned that national postal operators do not always have sufficient pre-arrival information on consignments, which makes the efficient selection and targeting of goods rather difficult.

53. Responses from the Europe region indicate that illicit traders switch from postal shipments to express shipments, and vice-versa, when control measures are in operation. Data and other requirements should be the same for both postal and cargo shipments in order to control shipments properly.
54. The increasing volume of consignments, the use of manual procedures, and the lack of advance information and human resources contribute to an overall deficiency in control and enforcement activities. The increasing amount of consignments requires more human resources. Advance information is needed in order to make the selection and targeting, and thus the control of goods, more efficient.

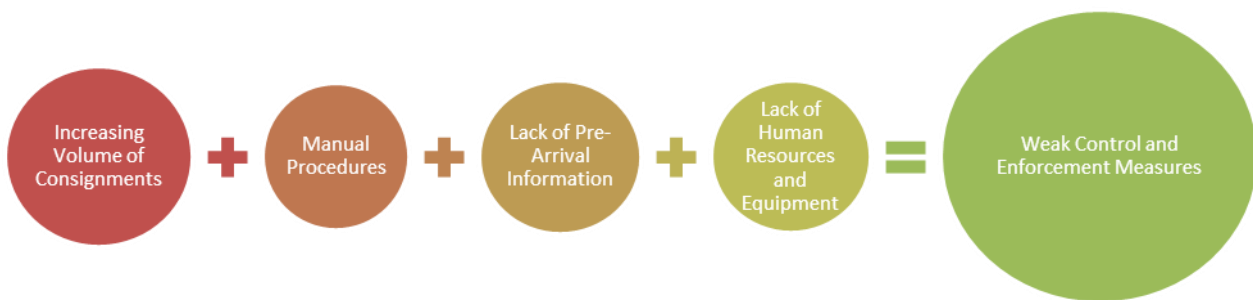


Figure 13

55. The most common control and enforcement issues stem from the lack of quality information. The reporting of false or inaccurate information leads to inefficient control and enforcement activities. The splitting of consignments can also be avoided if proper information is reported and collected. The lack of resources was noted by Members from all regions.

c. Initiatives and Potential Solutions

56. Members in the Europe region noted that possible solutions for addressing the increased risk of prohibited items entering a country involve adapting to more technologically advanced systems. There is a need for more sophisticated equipment to combat illicit trading through low-value shipments in the postal, express and cargo streams. Additionally, there should be more emphasis on the sensitization and training of supply chain actors with regard to security and safety risks. A Member in the Europe region also mentioned that trusted traders should be allowed to sort and pack their shipments on or in low-value/non low-value “iglus”³ or sacks.
57. Pre-arrival information on the consignment and the consignee could be of great importance in detecting and intercepting illicit trade. In addition, the improvement of non-intrusive inspection equipment and an increase in the number of trained staff could help to enhance the detection rate of illicit goods.
58. Joint controls with other agencies in Argentina (e.g., ANMAT), or with INTERPOL in controlling sales of medicines and medical products offered via the Internet (INTERPOL/WCO Operation PANGEA) by blocking websites or social networking

³ An “iglu” is a pallet or container used in air transportation; it is shaped to fit the internal wall contours of a cargo airplane.

Case Study: Finland

Finnish Customs plans to purchase new technology which is able to x-ray consignments from a diagonal, as well as a vertical angle at once. Additionally there will be several technical applications all in one device.

The control procedure will start with 3D X-ray technology and material detection with highly developed algorithms. Furthermore there will be used RAMAN devices and sniffer technology in order to make more efficient customs controls.



Case Study 7

59. Hong Kong Customs maintains strong international cooperation with overseas counterparts and there are existing platforms for this purpose (e.g., IPR seizure data exchange based on the Action Plan with the EU), to improve the profiling of suspected IPR shipments. As mentioned above, Hong Kong Customs has also signed MOUs with, and conducted outreach programmes to, major express courier companies.
- v. Revenue collection**
- a. Current practices**
60. Currently, duties and taxes are collected on goods with a value above the specified *de minimis* threshold. A majority of Members indicated that a simplified declaration and clearance process is provided for goods below the *de minimis* thresholds. The simplicity of this method of importing low-value goods has also contributed to an increase in such shipments and associated challenges in terms of revenue collection. The current *de minimis* thresholds of responding Members are shown in the Appendix.
61. Most Members noted that under their current practices, the payment of duties, taxes and other fees can be carried out by a courier company, by a Customs agent or by the consignee himself, using one of the following options: electronically, by cheque, or cash.
62. Turkish Customs is using an intermediary collection model for revenue collection, with the cooperation of express cargo companies and postal authorities. Authorized express cargo companies and postal authorities collect taxes on behalf of the Customs authority and then, within 7 working days, they pay the taxes collected to the Customs authority.
63. Australia's Border Revenue Collection Programme provides assurance that the Customs duties, indirect taxes and charges payable on imported goods are correctly assessed, reported and paid, and that revenue concessions, exemptions and refunds

are correctly applied. In addition, Australian Customs collects revenue for other agencies, including the Goods and Services Tax, the Luxury Car Tax and the Wine Equalisation Tax; it also administers the Tourist Refund Scheme on behalf of the Australian Taxation Office.

64. In the US, the United States Postal Service (USPS) collects duty directly from recipients on parcels shipped through U.S. international mail. Express consignment operators and/or brokers may bill and/or collect duty from recipients that were paid to Customs on their behalf.
65. In China, e-commerce businesses, e-platform providers or logistics enterprises that are registered with Customs are obliged to pay the duties before collecting them from their clients. These businesses that pay duties on behalf of their clients are obliged to truthfully declare the name, specification, tariff code, transaction price and relevant fees to Customs. Customs may require supplementary declarations for the purpose of classification and valuation. For imported retail e-commerce goods that meet relevant requirements, aggregate payment is allowed, in which case guarantee should be made in advance.

b. Issues and Challenges

66. Several Members mentioned that there are many challenges in collecting revenue on increasing cross-border, low-value e-commerce shipments. E-commerce shipments are often claimed to fall below *de minimis* thresholds in order to avoid paying any duties and taxes. These thresholds have given sellers and buyers an incentive to undervalue or misdeclare consignments. Many consignments are sent from the commercial consignor as “gifts” even if they are normal sales/purchases. Also, there is a clear risk of prohibited goods entering the country by way of misdeclaration.
67. Key challenges in revenue collection on low-value e-commerce shipments are listed below:



Figure 14

68. Members in the AMS region highlighted misdeclaration and the lack of proper equipment as key challenges in terms of revenue collection.

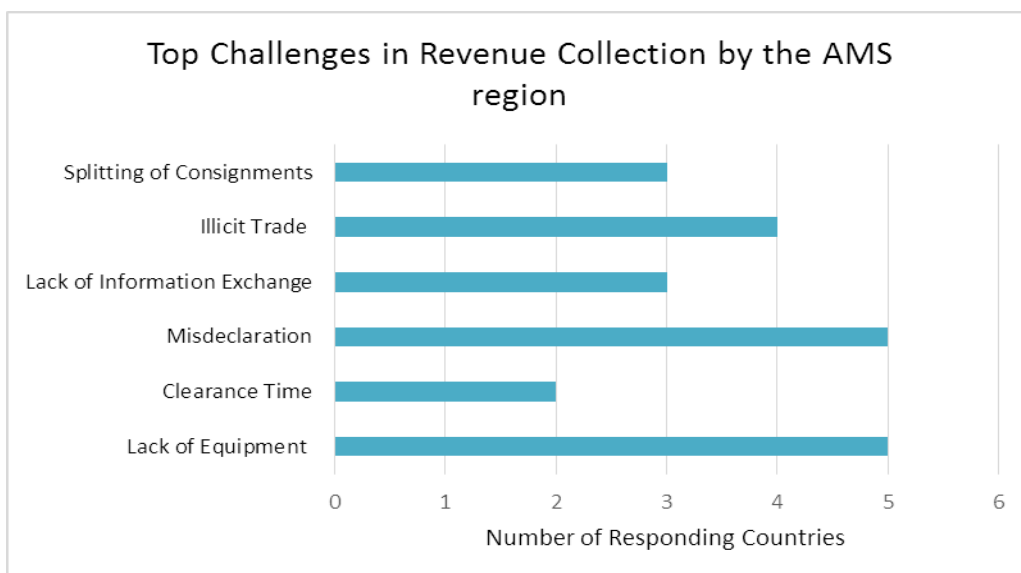


Figure 15

c. Initiatives and Potential Solutions

69. Canada Customs has implemented the CDS system, which allows international postal operators to exchange electronic data information (EDI) with Canada Post and in turn with Canada Customs, thus allowing the pre-arrival assessment of duties and/or taxes.

70. From 1 July 2017, overseas suppliers that have an Australian turnover of \$75,000 or more will be required to register for, collect and remit GST (Goods and Services Tax) for low-value goods supplied to consumers in Australia using a vendor registration model. There will be no changes to the *de minimis* threshold for Customs duties.
71. The EU shared its initiatives to tackle the challenges of risk management, including three projects currently being examined: advanced collection mechanism for VAT through the European mini-one-stop-shop (MOSS); advanced collection mechanism for Customs duties and VAT through a Customs MOSS; and specific taxation for e-commerce imported goods.

Appendix De Minimis Thresholds

Country/ de minimis	Customs Duty	Taxes (VAT/GST)	Gift	Commercial Samples	Simplified Declarations	Goods exempted from de minimis threshold
Australia	\$1 000	\$ 1 000	\$1 000	\$ 1 000	Below \$1000, SAC	Excise goods
Bhutan	\$100	Sales tax levied on FoB	\$100	Current law is silent on commercial samples	Declaration is the same as for any other normal import and export procedures	Gifts only twice a year
Bulgaria	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Canada	\$ 20	\$ 20	\$ 60	\$ 1	\$ 2 500	Excise goods
Chile	No de minimis value	No de minimis value	No de minimis value	No de minimis value	N/A	No de minimis value
China	No Customs duty will be collected for import goods that fall into the category of “cross-border e- commerce retail goods” ¹ .	For import goods that fall into the category of cross-border e- commerce retail goods, VAT and GST will be collected with a lower rate	Cross-border e- commerce retail goods do not include gifts	Cross-border e- commerce retail goods don’t include commercial samples	Manifest Clearance	N/A
Colombia	N/A ²	N/A	N/A	N/A	N/A	N/A
Croatia	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Denmark	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Dominican Republic	\$ 200	\$ 200	\$ 200	\$ 200	FOB value of 200 to 2000 USD	Restricted goods
Fiji	Fiscal duty rate: 32% or	9%	\$400 FJD	\$500 FJD	Facilitate the clearance	> \$1000

¹ “Cross-border e-commerce retail goods” should be no more than 2000 RMB per person each time and no more than 20000 RMB per person each year.

² No information available.

Country/ de minimis	Customs Duty	Taxes (VAT/GST)	Gift	Commercial Samples	Simplified Declarations	Goods exempted from de minimis threshold
	15% or 5% and 0% or specific rate of duty. Import excise duty 15% or 10% or 5%.				of personal and small consignments.	
Finland	150 EUR / 10 EUR	Above 22 EUR / 5 EUR	45 EUR	No specific rules / normal revenue collection	Consignments below de minimis	Excise goods
France	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Germany	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Hong Kong, China	N/A	N/A	N/A	N/A	N/A	N/A
Hungary	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
India	Rs. 1000	Rs. 1000	Rs.20,000 for imports which are not subject to any prohibition or restriction and which do not involve transfer of foreign exchange	Rs.10,000 for imports which are not subject to any prohibition or restriction and which does not involve transfer of foreign exchange	N/A	-
Indonesia	Customs officers set the tariff at the highest level if the consignment goods consist of more than 3 types of item.	10 %	\$ 50	\$50	For consignments sent via express carrier company and/or post office, the simplified declaration cannot be used.	The exemption from import duties and taxes is based on the value of the consignment, not the quantity of goods.
Ireland	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Islamic Republic of Iran	N/A	N/A	N/A	N/A	N/A	N/A
Italy	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods

Country/ de minimis	Customs Duty	Taxes (VAT/GST)	Gift	Commercial Samples	Simplified Declarations	Goods exempted from de minimis threshold
Japan	10,000 JPY	10,000 JPY	10,000 JPY	Samples imported for soliciting orders will be exempted from Customs duty.	Consignments below de minimis	Beet sugar, rice, cane, etc.
Latvia	150 EUR	Above 22 EUR	45 EUR	N/A	N/A	Excise goods
Lithuania	150 EUR / 45 EUR 150 -700 EUR Above 700 EUR	Above 22 EUR	45 EUR	Council Regulation No. 1186/2009 - exempt from duty. Article 40 of the Republic of Lithuania's Law on VAT - exempt from VAT.	Consignments below de minimis	Excise goods
Luxembourg	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Maldives	De minimis value does not apply to Maldives, as the legislation provides that any amount due as duty needs to be collected by Customs. However, for courier and express consignments imported for own use, the President's Decree allows for duty exemption up to 6 000 MVR.	N/A	N/A	N/A	N/A	N/A
Malta	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Mauritius	2000 MUR	2 000 MUR	2 000 Rs	2 000 MUR	3 000 MUR	N/A

Country/ <i>de minimis</i>	Customs Duty	Taxes (VAT/GST)	Gift	Commercial Samples	Simplified Declarations	Goods exempted from <i>de minimis</i> threshold
Mexico	For courier operations: \$287.10 pesos.	<p>For Postal operations: No taxes on goods valued up to 300 USD. Tax rate of 16% on goods valued up to 1,000 USD, excluding alcoholic beverages and tobacco.</p> <p>For courier operations: If the value of the goods does not exceed 50 USD, they are excluded from payment of the General Import Tax (IGI) and VAT, provided that the goods are not subject to non-tariff restrictions and regulations and that the Customs processing fees (DTA, to use the Spanish acronym) are paid.</p>	N/A	<p>Samples are not considered as goods, and therefore won't be taxed. They need to be identifiable as samples in the Customs declaration.</p> <p>A sample's value may not exceed 1 USD.</p> <p>In the case of samples of toys, the unit value can be up to 50 USD, and up to two samples of the same model of toy may be imported.</p>	Consignments below 3,000 USD	<p>Goods subject to tariff regulations and restrictions.</p> <p>Also, new or used products for personal use, which as a result of their nature and quantity can be subject to trade.</p> <p>Also, goods which are difficult to identify because of their presentation in powder or liquid form, or as pharmaceuticals such as pills etc., that require physical and/or chemical analysis to know their composition, nature, origin and, hence, their tariff classification.</p> <p>Goods prohibited by international Agreements on postal matters.</p>
Montenegro	150 EUR	150 EUR	45 EUR	2 000 EUR	3000 EUR	N/A
Netherlands	150 EUR / 45 EUR	Above 22 EUR	45 EUR	Defined by regulation as	Not in use	N/A

Country/ <i>de minimis</i>	Customs Duty	Taxes (VAT/GST)	Gift	Commercial Samples	Simplified Declarations	Goods exempted from <i>de minimis</i> threshold
				negligible value		
New Zealand	\$ 60	\$60	\$110 (except tobacco products)	No threshold. Duty and tax free if temporarily imported.	< \$100	Excise goods
Norway	Norway charges duties on some agricultural goods for textiles (for textiles, the rate of duty is from 5.6% to 10.7%).	VAT rate of 25%, with the exception of food which has VAT rate of 15%.	1000 NOK	Samples may be imported free of duty and VAT if the goods are of insignificant value.	Under certain strict conditions the declarant may apply for a preliminary declaration. Simplified declaration will only be granted in cases where there is a question of life and health or where there are major economic consequences. A complete Customs declaration must be presented within 10 days.	Excise goods
Peru	0%, 4%, 6% and 11%	18%	Category 1 and 2: 0% from US\$ 0.00 to US\$ 200.00 Category 3: 4% + 18% from US\$ 201.00 to US\$ 2000.00 Category 4: 0%, 6% or 11% + 18% + ISC accordingly, from US\$ 2001.00 upwards, and for other cases such as restricted goods.	Category 1 and 2: 0% from US\$ 0.00 US\$ to US\$ 200.00 Category 3: 4% + 18% from US\$ 201.00 to US\$ 2000.00 Category 4: 0%, 6% or 11% + 18% + ISC accordingly, from US\$ 2001.00 upwards, and for other cases such as restricted goods.	Category 1 and 2: 0% from US\$ 0.00 to US\$ 200.00 Category 3: 4% + 18% from US\$ 201.00 to US\$ 2000.00 Category 4: 0%, 6% or 11% + 18% + ISC accordingly, from US\$ 2001.00 upwards and for other cases such as restricted goods.	Category 3: 4% + 18% from US\$ 201.00 to US\$ 2000.00 Category 4: 0%, 6% or 11% + 18% + ISC accordingly, from US\$ 2001.00 upwards and for other cases such as restricted goods.
Poland	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below	Excise goods

Country/ de minimis	Customs Duty	Taxes (VAT/GST)	Gift	Commercial Samples	Simplified Declarations	Goods exempted from de minimis threshold
					de minimis	
Russian Federation	200 EUR For personal use: 1000 EUR in one calendar month to one consignee, total weight not exceeding 31 kg.	N/A	N/A	N/A	N/A	N/A
Slovenia	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Sri Lanka	N/A	N/A	N/A	N/A	N/A	N/A
Sudan	N/A	N/A	N/A	N/A	N/A	N/A
Sweden	150 EUR / 45 EUR	Above 22 EUR	45 EUR	N/A	Consignments below de minimis	Excise goods
Switzerland	5 CHF	5 CHF	100 CHF	100 CHF	<= 1000 CHF and <= 1000 kg	Goods brought in by tourists.
Thailand	1 500 baht	1 500 baht	1 500 baht	1 500 baht	No specific procedure	No specific procedure
The Former Yugoslav Republic of Macedonia	When the consignment is sent from an individual to another individual, the tariff rate is 15%. For consignments sent from an individual to a legal entity, the tariff rate is calculated according to the Law on Customs Tariff.	Above 22 EUR. If the value of goods is from 22 to 45 EUR, they are exempt from Customs duties but the person is obliged to pay VAT. Goods whose value exceeds 45 EUR are subject to payment of import duties and VAT (Rate of VAT is 18%).	45 EUR	Samples of goods are exempt from import duties and VAT.	Not practiced	Excise goods
Timor-Leste	10	10	10		N/A	Excise goods
Turkey	Imported goods valued below 75 EUR are exempt from all Customs duties as well as from	Imported goods for personal use valued above 75 EUR but not above 1500 EUR	There is no specific exemption from Customs duties and taxes for gifts. Gifts	Commercial samples are exempt from Customs duties and taxes, regardless of their value.	N/A	Excise goods

Country/ de minimis	Customs Duty	Taxes (VAT/GST)	Gift	Commercial Samples	Simplified Declarations	Goods exempted from de minimis threshold
	VAT	and weighing under 30 kg are subject to a fixed rate duty, based on Customs value, of 18% for goods originating and departing from an EU Member state, and 20% for all other goods.	are evaluated in the same way as other goods.			
United States of America	<i>De minimis</i> \$800 (set in the U.S. Trade Enforcement and Trade Facilitation Act of 2015)	N/A	\$100 or \$200 if from insular possession	N/A	N/A	Alcoholic beverages, perfumes that contain alcohol, cigars, cigarettes, goods subject to U.S. Partner Government Agency (i.e. U.S. Government Agencies for which U.S. Customs and Border Protection implements laws and regulations at the border) requirements
Uruguay	Express mail consignments: 200 USD Non-express mail consignments: 50 USD	Postal consignments: 200 USD	The previously mentioned Customs procedures are applied.	50 USD	Not in use	N/A