

REPORT

Of the 5th meeting of the Subgroup on Platforms of the Customs 2020 Project Group on the Import and Export Formalities Related to Low Value Consignments (CPG 146)

(held via WebEx on 22 April 2021)

1. Adoption of the agenda and administrative issues

The chair welcomed the members of the Subgroup on Platforms of the Project Group on Import and Export Customs Formalities Related to Low Value Consignments. The agenda was adopted as presented.

COM informed about some administrative requirements regarding the Project Group on Low Value Consignments (Expert Group) as it had turned out recently that the Call for application for the Expert Group had not been published in the required form. Not all details were clear at the moment. As a first step, COM asked the participants who were members of the Trade Contact group (TCG) to renew their membership in that forum. Regarding other possible requirements, COM would follow up with the participants after the summer break on this issue.

For those participants that were not yet members of the TCG COM suggested considering applying for membership, as it was the main forum for consultation with the trade and the discussions on E-commerce would be more and more relevant in this forum.

One participant asked whether platforms/marketplaces could apply to be part of the TCG as there was no dedicated trade association representing specifically the platforms, they were scattered over other organisations depending on their business models. COM replied that it would consult on this issue with the TCG coordinators and provide an answer in the next meeting.

2. Analysis of the data needs and data availability for the purpose of the new customs filing by the platforms and analysis of the data elements availability regarding the type of risk and the purpose of use for the customs reporting

COM presented the overhauled data needs table by stating that it had completely reconsidered the approach due to the discussions at the last meeting and the need for data minimisation highlighted by the data protection experts. The idea had been to focus on the core data elements that the platforms would need to retain in their records under the IOSS requirements, and to keep additional data to a minimum.

As due to data protection needs it was not possible to use the name and address of buyer and seller during the pilots COM suggested replacing these data elements by the information whether buyer or seller were private individuals or businesses.

Asked by one participant about whether the data needs table only related to the IOSS COM replied that the registration for IOSS was not a requirement to participate in the pilot. The idea was to find a common data set that was relevant and would be available for the platforms in their records.

One participant said that a reference to the transport document was missing in the table.

One participant confirmed that one critical data element from platforms would be the IOSS ID which is key for the VAT exempt import and, therefore, it is feared of being misused. The second element would be the transaction value because of a possible misalignment between the consignment value used for the VAT calculation and the intrinsic value that was being recorded in the customs data. The third element was the market place level identifier which would support in better connecting the IOSS number with the consignment value and with the actual shipment.

3. Presentation of the pilot project plan and identification of pilot pairs

When presenting the project plan COM said that the main idea was to go in different phases through the process as there were certain deadlines to come up with the legal changes to the UCC. In the first quarter of 2022, the preparations for the UCC amendments would need to start regarding the basic principles. There would be more time and flexibility to define the data requirements.

a. Risks to be covered in the different phases of the pilot

COM asked participants which risks should be covered in the different phases, e.g. general e-commerce risks in the first phase for specific e-commerce business models and specific types of risks from the second phase onwards.

One participant suggested focusing on specific use cases from the first phase onwards as this would deliver more concrete results. One priority use case would be about the IOSS and could cover the misuse of the IOSS-ID. Other interesting use cases would be non-IOSS including valuation issues and enforcement of counterfeits.

Other participants supported this approach. Some platforms expressed their intention to register in the IOSS and confirmed their interest in testing this use case. One participant said that valuation issues under IOSS should be less of a problem but highlighted a possible discrepancy between the transaction value and the intrinsic value at customs. Other participants stressed that it was important to define the use cases very precisely and to keep them as simple as possible.

Participants also expressed their interest in testing IPR from the first phase already due to its relevance for the e-commerce context, the non-fiscal type of risks and the possible inclusion of other authorities.

COM expressed concerns about focusing on too many risks in the first phase, as too divergent results could not be compared against each other. If there were three use cases, it would mean that there should be at least 6 pilots, as for each use case there should be at least two pilots. COM encouraged all platforms to participate.

Participants expressed their concerns about the impact of the changes starting from 1 July and said that the pilots shouldn't be too ambitious during the 1st phase in order not to overburden Member States and businesses.

The participant that had suggested the use case approach proposed that the generic questions (what are the control mechanisms, what are the data processes) could be addressed in a simpler questionnaire modus and offered explaining their IOSS data communication workflows at the next meeting.

In conclusion, participants agreed to limit the first phase of the pilot to B2C e-commerce transaction and the three following use cases:

- 1) IOSS
- 2) Non-IOSS undervaluation
- 3) IPR – counterfeits focusing on this specific non-financial risk

In the next phase the pilot could be extended further based on the findings of the first phase and of external developments, e.g. to other non-financial risks or potentially to B2B consignments.

Regarding the way forward, it was agreed that COM would prepare templates for the three use cases, send it to the participants for comments, and hold discussions at the next meeting. At that meeting smaller working groups composed of MS and businesses (“mini groups”) would be set up to fine-tune and include the expectations from both sides in relation of the description of the different use cases.

b. Data flows

Referring to a proposal by a participant at the 4th meeting COM confirmed to participants that as an alternative option to a direct exchange between customs and platforms there could also be a possibility to explore data flows through the existing channels, e.g. between postal operators/express couriers and customs.

One participant signaled that this administration would like to cooperate with one platform and the national postal operator, building on an ongoing data exchange between the platform and the postal operator.

Another Member State participant said that besides the existing communication flows between Customs and postal operators/express couriers there was no possibility in the short term to create new data formats to exchange additional information. COM clarified that it was intended to use rather unstructured data during the pilot (e.g excel table, csv, etc.) and the form of transmission that was most convenient for both partners, e.g. not on a transactional but on a daily/weekly basis.

4. Any Other Business

Readiness for 1 July 2021

Participants voiced concerns about the readiness of some Member States customs administrations for the start of the VAT package on 1 July 2021, and reported diverging requirements by Member States. COM explained that not all Member States would be ready by 1 July as the legal obligation to update the national IT system was only at the end of 2022. There were transitional rules which allowed them to require the full customs declaration, but most Member States would be ready to receive and process H7 declaration. COM confirmed that all Member States were doing their utmost to ensure that goods would not be stuck.

Conclusion of the meeting

COM thanked all participants for their contributions.

COM will share the documents presented with the participants. COM will prepare templates for the three use cases (IOSS, non-IOSS, non-Financial Risks) and will send them to participants by the beginning of the 2nd week of May with a two weeks' deadline for comments and input.

The next subgroup meeting will take place on 29 May 2021.
