

## **Report**

### **of the 3<sup>rd</sup> meeting of the Subgroup on Platforms of the Customs 2020 Project Group on the Import and Export Customs Formalities Related to Low Value Consignments (CPG 146)**

**(held via WebEx on 21 January 2021)**

#### **1. Introduction and Adoption of the agenda**

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

COM presented the state of play and the progress made on e-commerce:

- On the customs side:  
The Customs Guidance document on Low Value Consignments, which complements the VAT explanatory notes concerning the implementation of the customs aspects of the VAT e-commerce package, was finalised and endorsed by the General Customs Legislation Section of the Customs Expert Group (CEG/GEN). The linguistic versions will be published on the Europa Website at the end of February 2021.
- on the VAT side:
  - The VAT explanatory notes on the VAT e-commerce package is published on e-commerce web portal and is available in all EU languages and in Chinese and Japanese as well.  
[https://ec.europa.eu/taxation\\_customs/business/vat/modernising-vat-cross-border-ecommerce\\_en](https://ec.europa.eu/taxation_customs/business/vat/modernising-vat-cross-border-ecommerce_en)
  - The communication campaign on e-commerce package have two stages:
    - a. In the first stage, starting from February 2021, the aim is to alert the stakeholders to the upcoming changes and guide them to explore the new rules.
    - b. The second stage will start on April 2021. Its aim is to provide detailed information on all new rules, to inform about their impact and to guide stakeholders for their adaptation.
  - In accordance with the Tax Action Plan, COM is working on the evolution of the e-commerce package through the study on 'VAT in the Digital Age'. One of the actions concerns the implementation of a single VAT registration in the EU. The aim is to extend further the OSS to cover all B2C transactions and to target to a reverse charge of B2B transactions. The obligatory use of the IOSS and the elimination of the threshold (150 €) for the purpose of IOSS application are part of this study.

COM clarified questions raised by participants regarding the communication campaign on e-commerce package and the study on the VAT in the Digital Age. There will be only one single communication campaign on the VAT e-commerce package covering VAT and customs aspects, as the changes are mainly VAT related. Customs will be part of this campaign, in terms of adapting the rules for the implementation of the VAT rules. As part of the process of the study

on the VAT in the Digital Age, COM clarified that Member States and marketplaces will receive a questionnaire and a public consultation will follow at a later stage.

A question raised whether the upcoming changes and the extension of the IOSS, will affect the definition of intrinsic value and the use of H7 customs declaration. COM noted that the situation is currently being analysed.

COM also clarified that the pre-registration for IOSS will be possible from April 1, 2021 through the national web portal of each Member State.

## **2. Analysis of the data needs for the purpose of the new customs filing by the platforms**

COM gave a presentation on the non-paper on additional data needs to be reported by online platforms for customs purposes. The primary objective of this additional reporting directly from platforms to customs authorities is to establish a link between the commercial transaction and the physical importation of the goods. Customs are expected to have a better overview of goods and to improve risk management capabilities for financial and non-financial risks. Such a reporting will facilitate marketplaces' compliance with the new VAT and Customs rules. Moreover, it will safeguard their financial liability by providing the IOSS number directly to the customs authorities without needing to share it with third parties. The aim is to facilitate the import process further and speed up the delivery of goods that will not only increase customer satisfaction but benefit trade as well.

The identification of the data needs requires the mapping of the existing data requirements, taking in to account also the new Entry Summary Declaration, which will become applicable as of March 15, 2021, the H7 customs declaration for goods below 150 €, the H6 customs declaration for postal consignments up to 1000 € and the Full customs declaration. The data provided for VAT purposes should also be taken into account, in particular, the data that a company registered for IOSS must keep in its records and the payment data that the payment service providers will have to submit to the tax authorities as of 2024.

Given the existing requirements, the subgroup should identify additional key data needs, explore where, when and by whom can these data be provided and ensure that the additional reporting can be linked to existing formalities and takes into account the difference in the business models. This can be achieved by analysing the entry and import processes and by finding connecting elements between the diverse filings. In order to ensure that stakeholders are only liable for the data they provide, a clarification and identification of different roles and responsibilities is needed.

Another factor to consider is the timeline and the fact that these existing data elements from the data-mapping table are available or generated at different moments in the supply chain.

In the non-paper there is an attempt to identify an initial set of data elements, for risk management purposes, concerning the parties involved (the actual buyer, seller and payer) and the more accurate identification of the goods (CN code, images, detailed description etc.). In addition, to combat undervaluation, it is essential for customs authorities to have accurate

information on the value of the goods (checkout price) and finally the routing of the shipment (dispatch/ origin) could increase risk management capabilities.

Additional data elements concerning the transaction are the transaction identifier, the date of purchase, the VAT rate and the exchange rate used, which are aiming at facilitating the clearance of IOSS goods upon importation.

The participants made comments and remarks after the presentation:

A member of the subgroup mentioned the possibility of providing additional data needs during the implementation of the pilots/ partnerships. COM clarified that the purpose of the pilots/ partnerships is to identify the shortcomings and adjust data needs in order to design a clear process for the definitive legal change.

Regarding a comment on the safety of the IOSS number and its communication between stakeholders, COM explained that this could be achieved by carefully planning the process and clarifying the roles and liabilities of stakeholders. The importance of cooperation and the enhanced data quality was also mentioned.

Regarding a comment on data needs for investigation purposes, COM clarified that at this stage we are focusing on data that would be systematically submitted by the platforms to the customs authorities. For the purpose of the pilots/ partnerships, Art. 13 UCC provides for the possibility of exchanging data beyond legal requirements, to carry out or improve risk management. The objective to launch pilots/ partnerships is July 2021 and in that respect, data protection issues should be clarified as soon as possible.

COM took note of a comment, regarding the different exchange rates applied during a transaction.



Presentation\_non-pa  
per on data needs.ppt

COM presented the 'Data mapping table' and gave the state of play of revised Annex B:

The Delegated regulation amending the UCC Delegated act (Regulation 2015/2446) and the Transitional Delegated Act (Regulation 2015/341) concerning data requirements for declarations and notifications was adopted by the Commission in December 2022 and it is currently under scrutiny in the Council and the European Parliament. The amending delegated act containing the revised Annex B will be published on February 2021. For the UCC implementing act, the General Customs Legislation Section of the Customs Code Committee voted in favour of the amending proposal on Monday 18 January and the adoption by written procedure is foreseen for mid-February 2021. Both documents will be translated into all EU languages, will be available at CIRCABC on DIH group, and will be published in COMs' Official Journal.

For the 'Data mapping table' a participant suggested to indicate not only the presence of the data element but also to identify each data element properly and to indicate the level at which it has to

be provided in the customs declaration. It is to determine the difference between data elements that have the same name but serve a slightly different purpose.

COM took note of the comments and remarks made by the participants on the presented 'Data mapping table' and promised to proceed with the revision of the table.

A question was raised about multiple filing and the conditions under which data related to the same shipment and submitted by another party involved in the process may be reused. COM replied that multiple filing is something we need to look at in the future, as the ideal situation would be for anyone involved in the process to provide the data at their disposal. However, in order to ensure that all required data is provided, there would be one person who has the main liability for the complete filing.

COM gave an overview of Payment Service Providers (PSP) reporting for collecting VAT payment data to combat e-commerce VAT fraud. The reporting obligation in the legislative package is different from the existing traditional reporting obligations, in the sense that this reporting is done by a third party and not by a taxable person. COM will be able to centralise the PSP reporting data at a European level through the Central Electronic System of Payment Information (CESOP). Only Eurofisc officials appointed by tax authorities will have access to the CESOP database.

A question was raised regarding the possibility of linking customs import system and the CESOP database. COM replied that PSP (payment service providers') data reporting to CESOP will be done on a quarterly basis and hence, the data may not be available upon the release for free circulation of the goods. However, the reuse of the payment data for customs purposes may serve as a useful tool for investigation purposes or for post release controls.

A participant made a comment on whether data on refunds, could be useful to the customs authorities, while dealing with reimbursements of VAT/duties requests, in case of returned goods. Using this information as an additional proof of evidence that goods have been returned. COM clarified that this issue needs to be explored in more detail, because at PSP reporting there are different types of refunds, depending on the type of payment and who makes the reporting. Under certain conditions, this information could indeed be useful.

Participants mentioned the possibility for customs authorities to access data information through the tracking and tracing systems used by stakeholders and through the visualisation of the imported goods.

An issue raised with tracking and tracing systems, regarding the pure quality data and the partial information provided, as in most cases the system only applies to half of the transport and not to the entire routing of the goods.

Regarding the visualisation of imported goods, there are technical issues that do not allow the storage of photo records for a long time. Moreover, in most cases, are not used the real photos of the goods, but photos from a library.

COM emphasized the importance of reusing existing channels and creating synergies in the entry and import customs formalities.. Also pointed out that the role of the subgroup is to focus this additional reporting only on the missing data elements and to improve the data quality.

### **3. Any other business**

N/a

### **Conclusion of the meeting**

The chair concluded and summarised the meeting.

COM will proceed with the revision of the ‘Data mapping table’ enriching it with the contributions made during the meeting. The revised document will be shared with the members of the subgroup. The Chair invited participants at first stage, to submit their comments on the structure of the table and by February 19, to provide substantial comments. Platforms are also invited to complete the table. A consolidated version of the table will be communicated to the members of the subgroup, before the next meeting.

As of the next meeting, scheduled for March 4, the subgroup should agree on the key data that will form the basis of the reporting and should see whether that data will be available to the platforms, taking in to account the diversity of their business models. Having a clear view on the data, the subgroup can proceed with the mapping of existing processes and create scenarios depending on the data availability. Finally, data protection issues will be presented at the next meeting.

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