

REPORT

Of the 8th 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 15 September 2021)

1. Adoption of the agenda

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 participants that the transformation of the current subgroup into a standalone expert group was still under internal validation. COM would keep the participants informed about any further developments.

2. Presentation, discussion and finalization of the use case templates for the phase 0 of the pilot

COM introduced the new “phase 0” of the pilot by stating that the previous discussions in the subgroup had shown that the main stumbling block for the three use cases, and the entire pilot, was to find the matching key between the customs declaration and the data held by the platforms. Therefore, COM proposed a new “phase 0” with the exclusive aim of finding the matching key.

This “phase 0” was limited to the IOSS and the non-IOSS use case. For the IOSS use case, the methodology foreseen to the data exchange was slightly different. Considering that IOSS goods could be declared in a Member State different from the final destination of the goods, COM proposed that the customs authority would initiate the data exchange. For the non-IOSS scenario, the approach remained unchanged, i.e. the platform would send data to the customs authority in the Member State of final destination of the goods.

COM invited the members of the subgroup to volunteer for participation in the phase 0.

One platform asked whether in the non-IOSS scenario they should prepare a sample of transactions taxed in the Member State of registration only. COM proposed selecting 100 transactions addressed to the Member State with which they would conduct the pilot.

One other platform asked whether the pilot was limited to customs administrations that were part of the subgroup or if it would be possible to involve another Member State. COM replied to consider this proposal and to come back to it on a later stage.

- Presentation of phase 0 documents

COM walked the participants first through the documents regarding the IOSS use case for phase 0.

One Member State asked whether in the Column "Transport Document ID" (platform and carrier data) it would be more useful to indicate the transport document number itself instead of a Yes/No answer, as the transport document number could change throughout the process. COM replied that pilot participants were free to choose what was useful for them.

One Member State asked how the data element "checkout price" would be filled out, as this was not a mandatory data element of the H7 declaration.

For that reason COM asked the platform participants if they held the intrinsic value in their records. One platform replied that they reported the checkout price inclusive and exclusive VAT in the IOSS, but this was not always a 100% match to the intrinsic value.

COM suggested taking as basis for the comparison the checkout price without VAT. The platform agreed to do a VAT inclusive calculation back to the tax base.

COM suggested renaming the data element "checkout price" to "tax base", which, for the customs administrations would be the intrinsic value plus transport costs and for the platform would be the checkout price without VAT plus transport costs if they were charged separately in the invoice.

One platform proposed to keep it as simple as possible in the first phase and to work back from the IOSS VAT listing. One other platform participant said that they would discuss bilaterally with the partner customs authority to find a common understanding about this data element.

COM confirmed that the main objective of the phase 0 was to find the matching key, not to check undervaluation. The pilot partners were free to decide what they felt necessary for this purpose.

One Member State asked whether the element "quantity of goods" would be provided by the platform as this was not an element of the Customs Declaration. In H7 the corresponding element was "gross mass", however, this might not help the platforms.

COM clarified that in phase 0 participants should focus primarily on the transaction ID and the transport document ID. In the best case these elements would be available and be used as matching key. The other data elements, related to the goods, were proposed as a fall-back option to help with the matching. The aim when selecting the data elements had been data minimisation and to leave aside any personal data. Supporting documents were not within the scope of phase 0, e.g. only the transport document ID was of interest, not the content of the document itself.

Then, COM walked the participants through the documents regarding the non-IOSS use case for phase 0.

- General comments on phase 0

COM asked participants to share their general thoughts about phase 0.

One Member State expressed legal concerns about the sharing of data with platforms.

One platform said that it would be difficult to find some of the data elements on the list, including transport ID, and transaction ID. She suggested including other data elements, as seller or sender name.

COM confirmed that due to serious data protection constraints there was no option, neither for phase 0 nor for further phases to use personal data. Even a company name was problematic, as it could relate to a private individual, considering that there were many micro, small, and medium enterprises that could use the name of the owner.

COM also mentioned that even the IOSS number was sensitive under data protection rules. However, as the platforms were the holder of the IOSS numbers, they would give the consent to disclose it to customs. One platform participant stated that the IOSS numbers of the major platforms were in fact available online.

One platform said that there were not a lot of data from July that could be helpful for the matching. COM suggested using data from another period, e.g. August or September 2021.

One participant representing an express courier said that they would primarily check the data elements of the customs declaration. Other elements would be difficult, but would try to find out what was possible, and where they could make a benefit to the exercise.

COM suggested to the express couriers to check whether they had the transaction number in their records and if it was provided on the transport document, however, not as primary check but as fall back solution.

The express courier said that they were currently not able to provide it in a systematic way, but they were open for exploring this option. However, the first step was the selection by platforms and customs, and as a second step, they could come in.

One other express courier said that their unique identifier was the Air waybill (AWB) number; with this they could find all details throughout the process when looking into the system. Without that number it was much more difficult to find a shipment in their system. A transaction ID was only available if the shipper had put it in the AWB. However, shippers put it in different fields, hence it was difficult to automate this process. Keying in the transaction ID in a manual way would be a huge burden on express couriers and postal operators.

One platform mentioned that as the order level transaction ID was a mandatory data element in IOSS, even smaller web shops had a transaction ID. Express couriers countered that it was not provided in a systematic way.

COM clarified that in phase 0 of the pilot the express courier would be contacted by customs only if there was no match between platform data and customs declaration data in the first step. Express operators would provide the transport document number.

COM concluded that if the transaction ID became a mandatory data element, it would have an impact on the underlying seller who would be obliged to provide the number to the declarant.

- Template for a Memorandum of Understanding (MoU)

COM introduced the draft MoU (Memorandum of Understanding) template by saying that this document contained all possible eventualities. The parties involved should feel free to adjust it to their specific situation and needs.

As the MoU template listed the carrier as one of the parties, one participant asked how to include a carrier from the beginning of the phase 0, as at this moment customs would not know which carrier or carriers would be involved.

This led to a discussion on how and when the carriers would be identified during phase 0. Some participants proposed that customs could select from the beginning only shipments that belonged to a specific carrier (first option). Other participants preferred including the carrier only after selecting the declarations and the first step, the matching with the platforms (second option). The MoU would have to be concluded between customs and platform first, and later be amended, to include the carrier/s.

COM agreed that in principle both options would be possible, however, in the first option the selection of the declarations wouldn't be on a random basis. The best case would be if the matching key was already found by matching the customs declaration against the platform data. The involvement of the carrier was only the 2nd step, a fall back scenario to identify the missing links.

- **Way forward/Next steps**

After some discussion, the subgroup agreed that possible volunteers should express their interest in participating in phase 0 until Wednesday, 22 September 2021, close of business. COM would take care of the selection of the couples or triplets by matching customs administrations with platforms and, if appropriate, express couriers and postal operators. COM expressed hope that there would be at least two pilots for each of the use cases, which would ideally run in parallel.

COM presented a tentative time planning:

- COM would inform the participants about the selection of the couples until 29 September 2021,
- COM would convene a kick-off meeting with all participants of phase 0 at the beginning of October.
- The setting up of the pilot and work on the documents including the MoU would take place during the first three weeks of October.
- The couples would run the practical pilots during the month of November, according to the steps described in the use cases, and share their results with COM.
- The results would be presented and discussed at the next plenary meeting of the subgroup, which would take place at the end of November, beginning of December 2021.

3. Conclusions

COM thanked the participants for their contributions and active discussions during the meeting and invited them to express their interest in participating in phase 0 of the pilot.