



**Asia-Pacific
Economic Cooperation**

2021/SOM3/CTI/A2C2/004

Simple and Effective Revenue Collection for Low Value Shipments

Submitted by: Global Express Association



**Thirteenth APEC Alliance for Supply Chain
Connectivity Meeting
18 August 2021**

Simple and Effective Revenue Collection for Low Value Shipments

Dietmar Jost

Customs and Security Advisor

13th APEC Alliance for Supply Chain Connectivity (A2C2)

18 August 2021

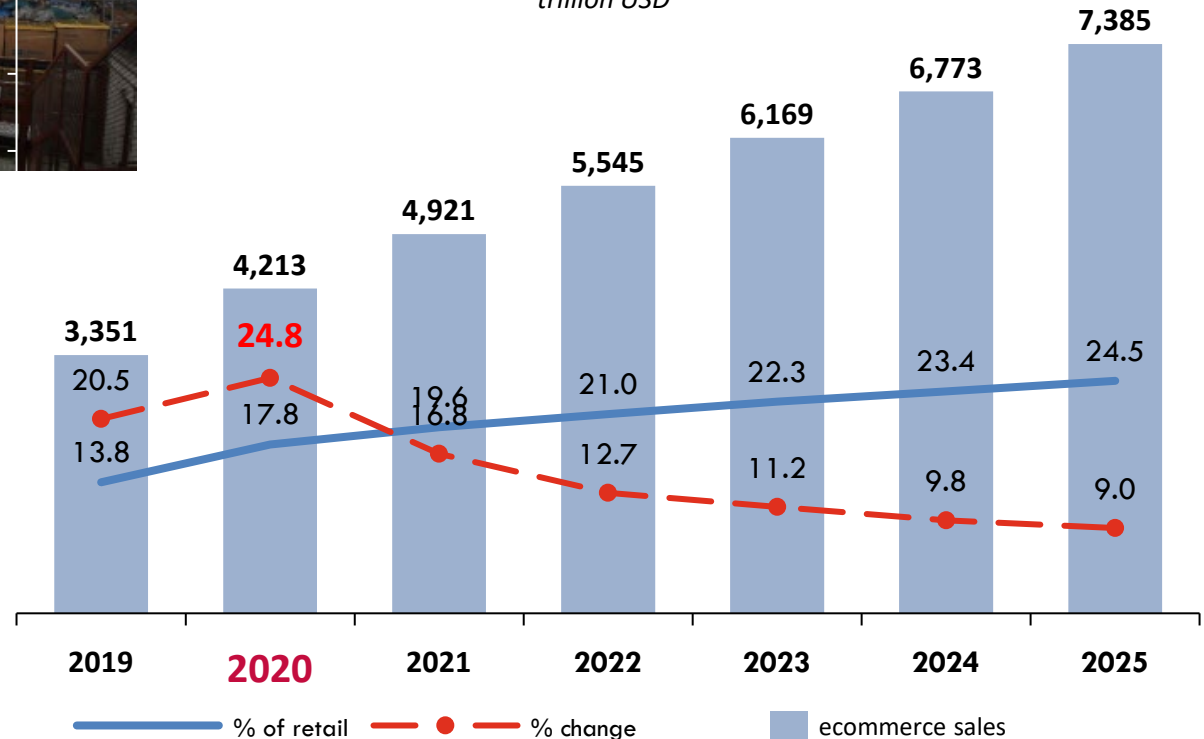
Global Express Association



The Growth of E-Commerce



E-commerce Sales Worldwide, 2019-2025
trillion USD

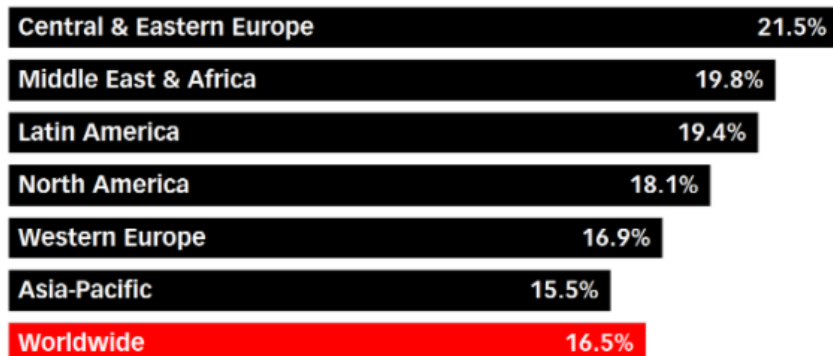


Source: Statista, emarketer 2021

E-Commerce Growth by Region

Retail Ecommerce Sales Growth Worldwide, by Region, 2020

% change



Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales
Source: eMarketer, May 2020

T11091

www.eMarketer.com

Retail Ecommerce Sales Worldwide, by Region, 2020

billions



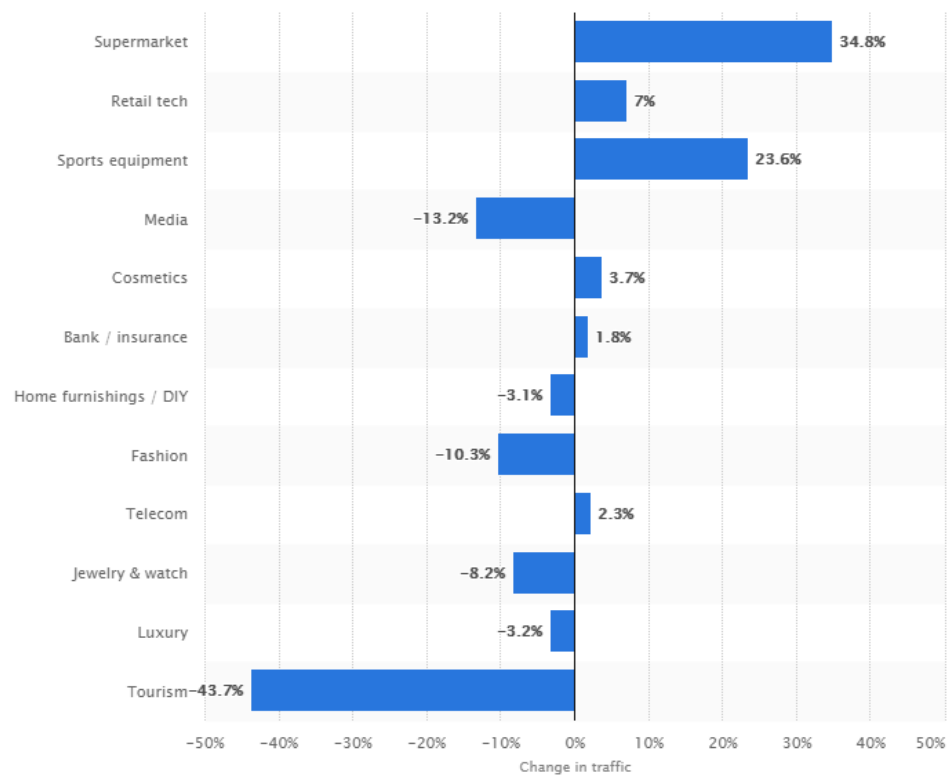
Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; total retail ecommerce spending worldwide=\$3.914 trillion
Source: eMarketer, May 2020

T11092

www.eMarketer.com

E-Commerce has become essential

Selected industries worldwide as of October 2020



Source: Statista 2021

Challenges for Business

- Over 80% of E-Commerce shipments are below 100 Euro^{*}
- Complex import rules designed for traditional shipments, duty and tax rate structures, classification and valuation, are applied to low value shipments
- E-commerce = exporting to the world
- Lack of expertise to comply; need for Customs broker services increase cost
- Lack of simple procedures and global standards
- No landed cost for buyer
- Compliant MSMEs are deterred from exporting
- Consumers are deterred from buying

Challenges for Customs/Governments

- Traditional focus on carrier and importer
- Reduced visibility into point of sale; source of info
- Decreased level of compliance
- Loss of potential revenue

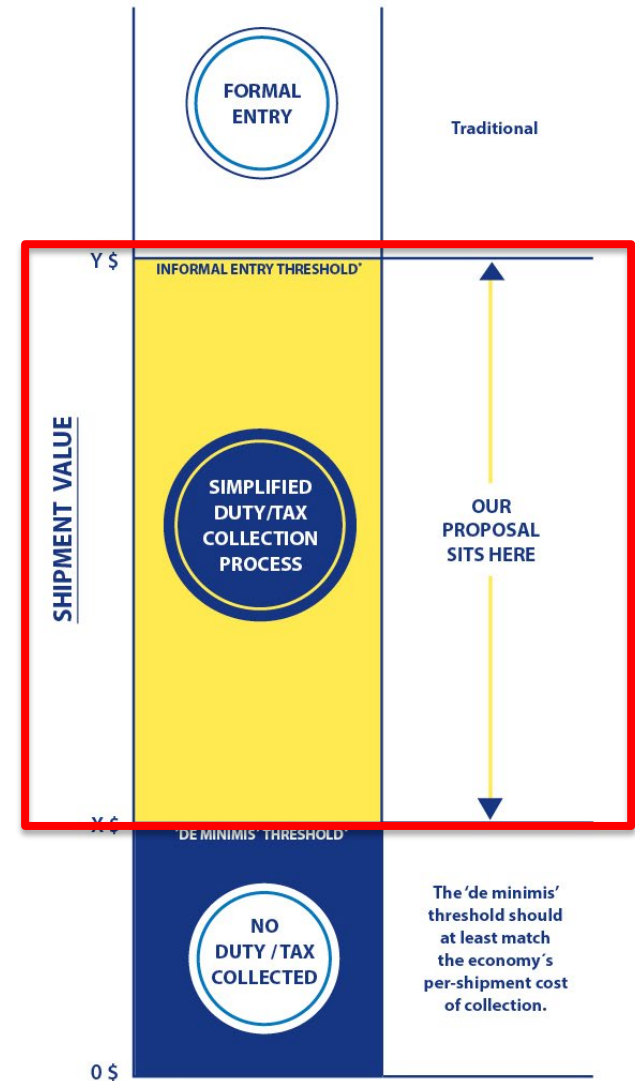


OUR PROPOSAL:

Simplified collection system for low-value shipments based on a set of principles:

- Low-cost, simplicity, ease of implementation and compliance
- Off-the-border collection; focus on vendor; simple registration
- Border formalities focused on health, security, safety; IRG
- No discrimination between foreign and domestic vendors

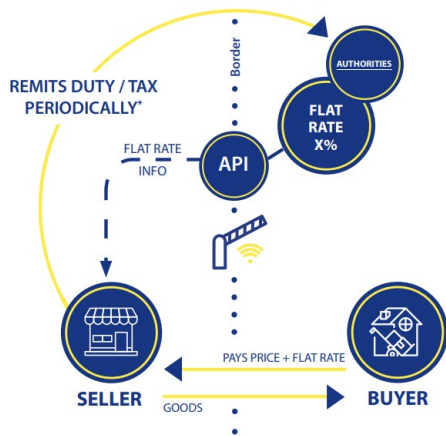
WHERE DOES THIS PROPOSAL SIT?



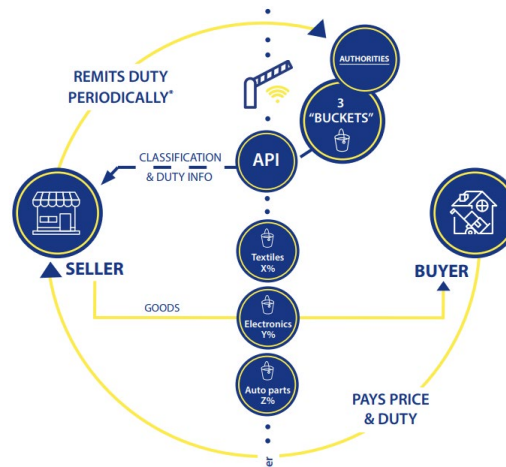
* The two thresholds (de minimis, under which no duty or tax is collected, and informal entry, under which the simplified collection process applies) would be for each economy to set depending on their individual circumstances.

Possible Implementation Options:

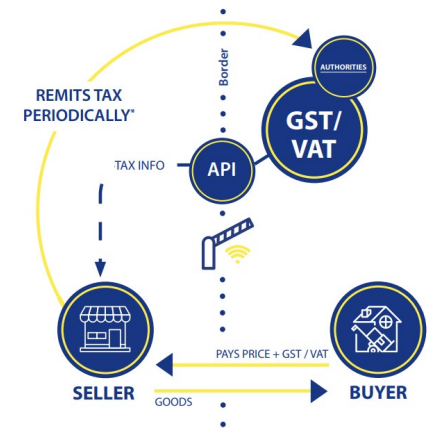
Flat-rate system



Simplified Duty Band system

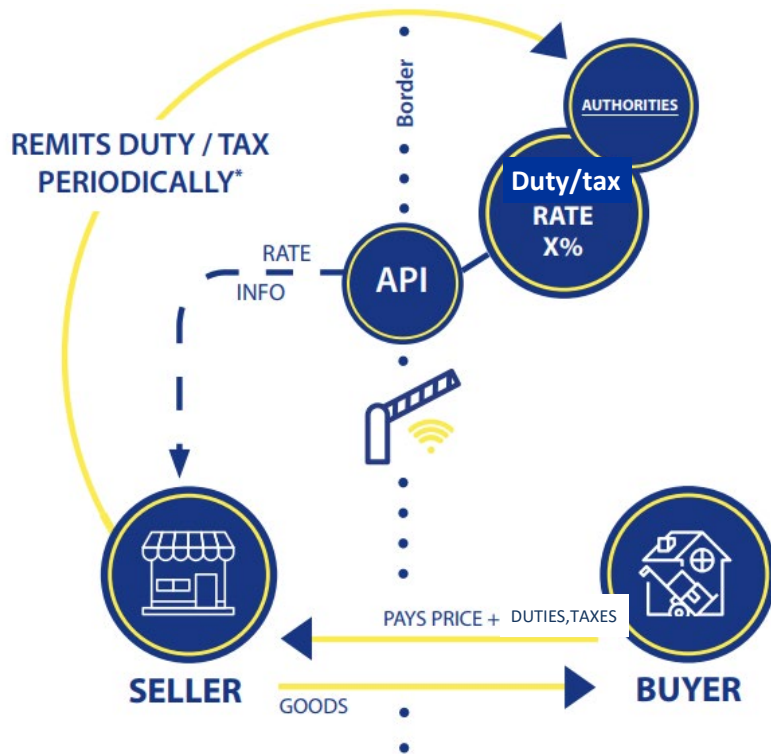


GST/VAT collect system



- For low value B2C shipments, category 3 of the IRG, e.g. 1,000 SDR (~1,400 USD)
- Goods not subject to prohibitions and restrictions
- Simple classification, e.g. using chapter 98
- Simple duty or tax rate structure

Common Features

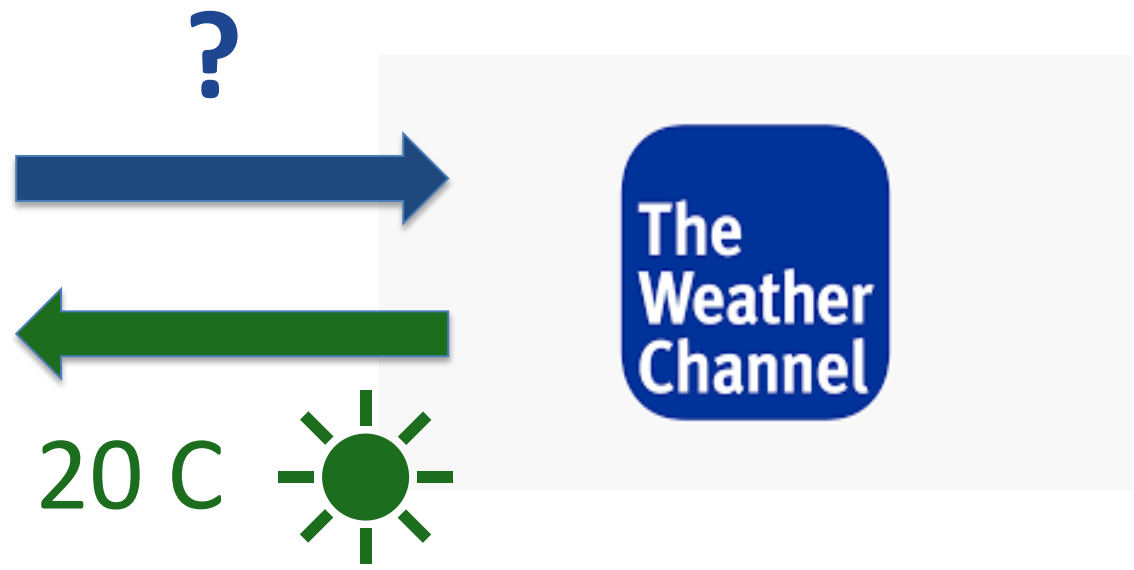


- Vendor based; source of information
- Simple vendor registration
- Central duty/tax rate Repository
- Standard API; automated duty/tax rate look-up
- Self-assessment
- Border Process based on IRG
 - Advance electronic data
 - Pre-arrival risk assessment

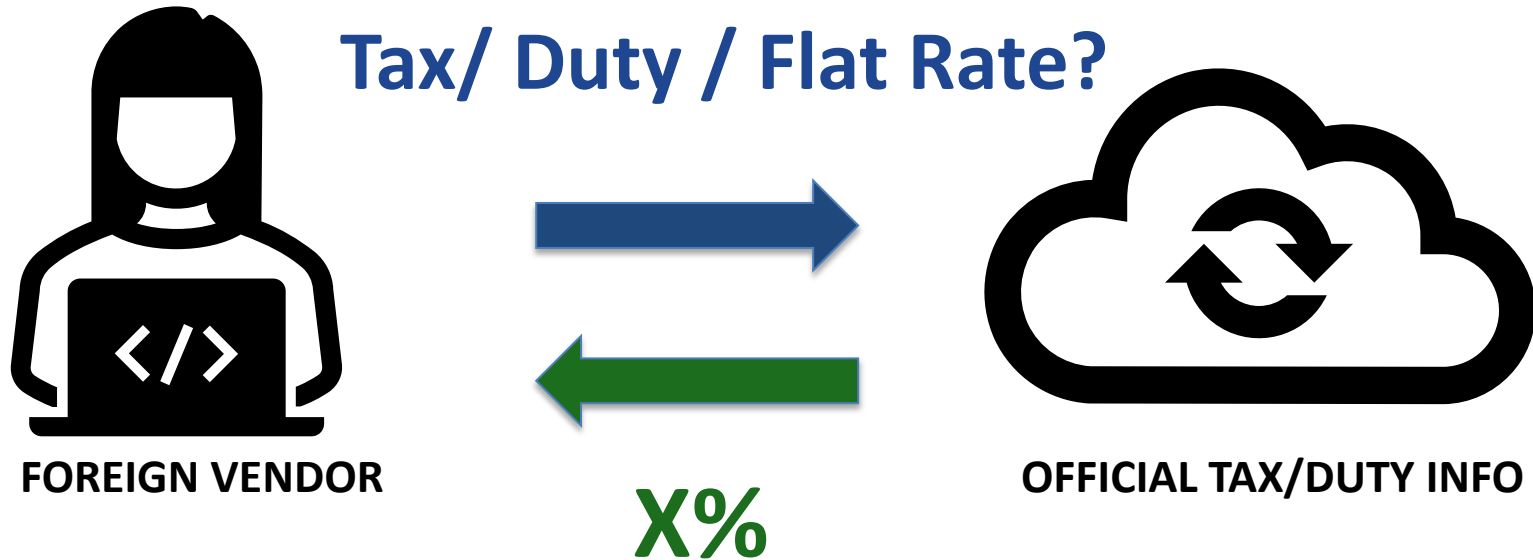
Central Duty/Tax Rate Repository

- Collection of official duty and tax rate info for LVS
- Official and legally valid/binding
- Each Economy to have official access/contact point
- Could start with APEC and a few piloting economies; could be hosted by WTO for long term upscaling

AUTOMATION : API



Automation : API



- Landed cost for consumer
- Vendor collect; self-assessment
- Reduction of undervaluation risk
- Open source; plug-in for online shops

Action Required

At International Level

- Endorse the concept
- Discuss and agree on a standard for entity identifier and verifiable credentials
- Set up a central repository on duty tax rate information
- Maintenance mechanism

At Domestic Level

- Determine low value shipment threshold
- Decide which option
 - Option 1: Follow WCO Recommendation
 - Option 2: Keep duty rates at a minimum, not more than 3
 - Option 3: Keep tax rate at a minimum, ideally only 1

Next Steps

- Technical Papers for the three options
 - Paper for Option 2 published on www.global-express.org
- Identify a champion and a technical working body to advance the LVS proposal; co-creation
- APEC Pathfinder?

More details available

at

[www.global-](http://www.global-express.org)

[express.org](http://www.global-express.org)



**PROPOSAL ON TAX / DUTY
COLLECTION ON IMPORTED LOW
VALUE SHIPMENTS**

Collecting taxes and duties on ever increasing low-value e-commerce imports can be a challenge for Governments. Calculating complicated taxes and duties can discourage smaller traders from exporting globally.

But there are good examples of how this can be done in a simple way that benefits governments, traders - particularly micro, small and medium sized enterprises - and carriers, too. They should inform international policy. They would help boost trade.

This document proposes solutions based on an extensive analysis of existing best practices, carried out by the leading express delivery carriers.

Thank you

Q & A

