



International e-commerce delivery: new services, VAT rules and UPU remuneration models

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Opinions expressed are personal and do not constitute an official position of the Commission.

Enabling international e-commerce - Some issues:

Why?

- *e-commerce and convergence of services*

What?

- *new or, not so new services?*
- *the "IPP", what's in an acronym?*

How/When?

will Addis Ababa deliver?

Enabling international e-commerce - Some issues:

- *An adequate and competitive remuneration system;*
- *A commercial and viable solution/agreement;*
- *A fair and cost-oriented remuneration system;*
- *A least market distortive system;*
- *Who are the users aka who pays?*



VAT changes for imported e-commerce goods

- **Abolish import VAT exemption** for consignments \leq EUR 10-22
 - All distance sales from third countries to the EU are subject to VAT upon importation
 - Customs duty exemption for consignments \leq EUR 150 still applicable
- Significant impact on Customs operations → **Simplifications for collection of VAT:**
 - Use of Import One Stop Shop (vendor registration and VAT collection)
 - Use of special arrangements for payment of VAT (postal/courier operators VAT collection at EU border)
- Data of application: **1/1/2021**

Why:

- **Explosive growth of e-commerce** (data as of 2015)
 - 150 million parcels below EUR 22 imported annually into the EU – more than 40 million parcels of a higher value
 - Significant growth on yearly basis (minimum 15% per year)
 - Almost impossible to effectively control by manual procedures
- **VAT revenue losses** following the exemption up to EUR 22
 - At least EUR 1 billion due to the VAT exemption and EUR 4 billion due to abuses (undervaluation, declared as gifts)
- **Distortion of competition**
 - Goods sold within the EU are systematically subject to VAT
 - Hence, the application of a VAT exemption which is difficult to control and is largely abused disadvantages EU business, especially in a context of booming e-commerce
 - Creates opportunities for business relocations to take advantage of import VAT exemption
 - Evidence of job losses in the EU

Enabling international e-commerce - Some issues:

a world without borders/the earth is flat?

- *Customs procedures;*
- *VAT (platforms);*
- *Security...*





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