

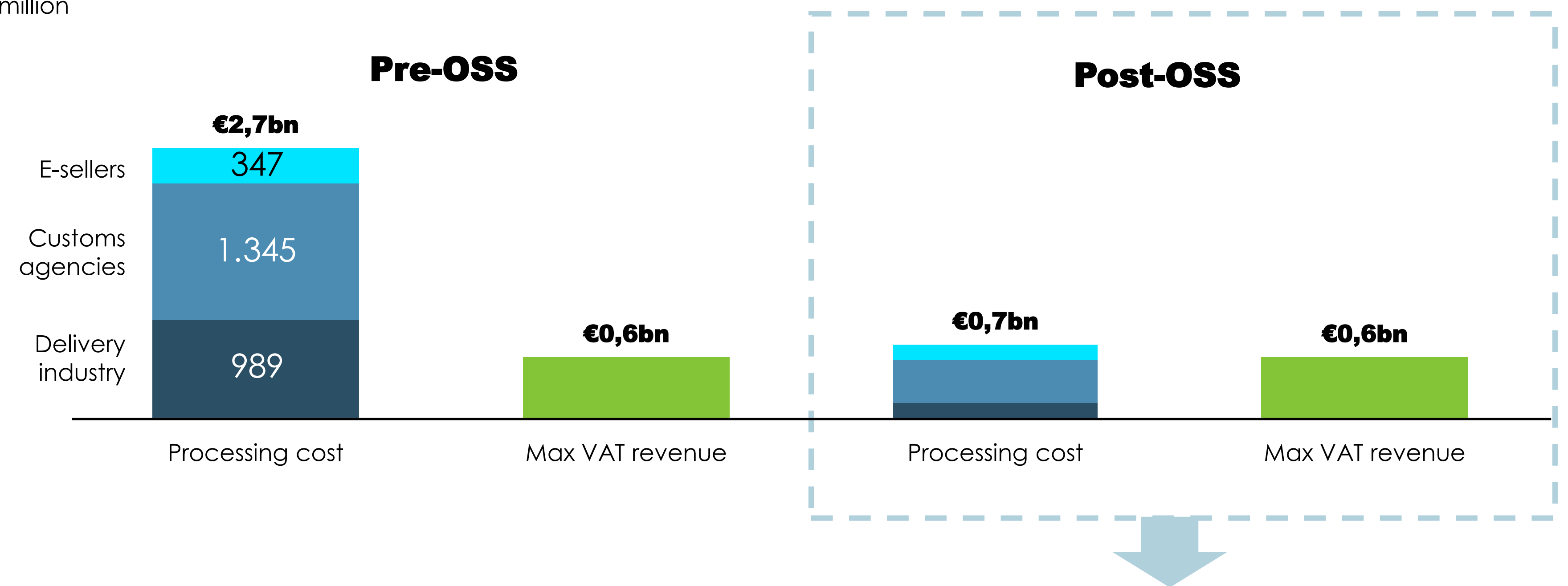
# Who will settle the bill of VAT de minimis removal?

The proposed removal of the VAT de minimis will cause major and disproportionate costs on the delivery industry

- We find that **the cost impact of removing the VAT *de minimis* is up to €2,7bn annually**, compared to a max potential additional VAT revenue of €0,6bn.
- **The delivery industry will face additional processing cost of €1bn.** Within the delivery sector, traditionally the lion's share of low-value items is handled by postal operators, facing a major cost impact.
- The relevant question to ask is *How much cost will be borne by the delivery industry, governments, to e-commerce, and ultimately, by European consumers?*

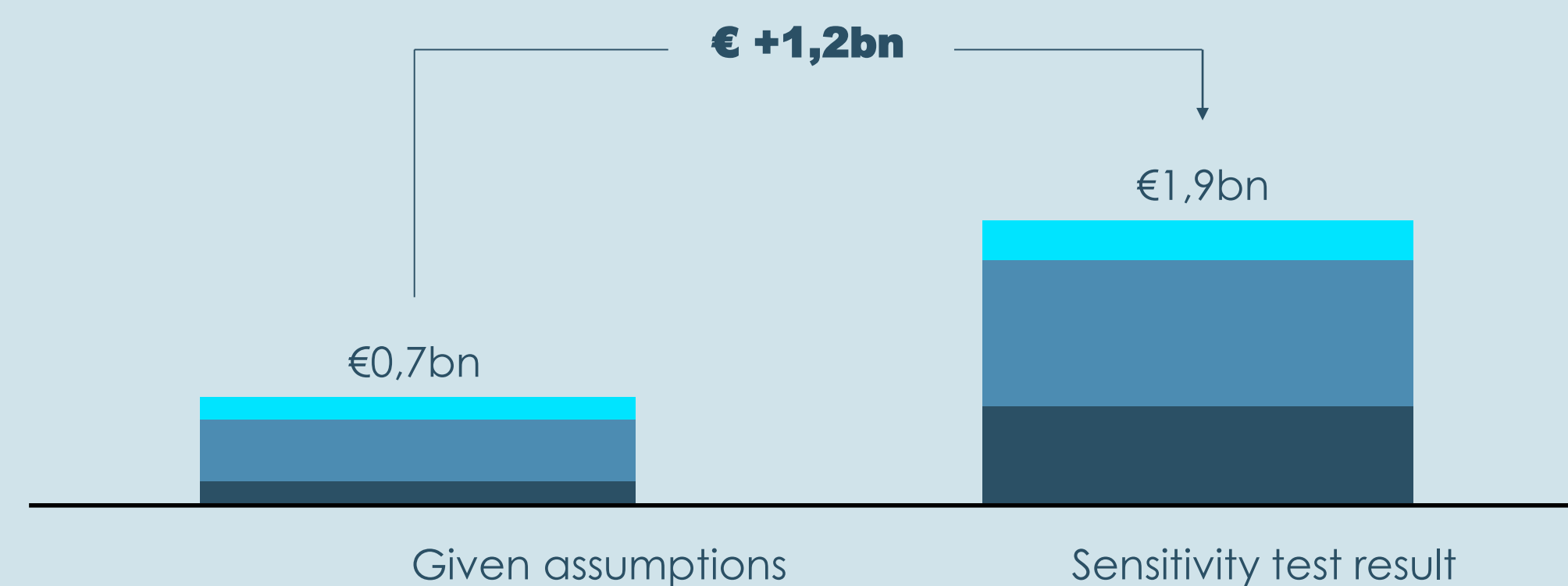
**Impact of the VAT de minimis removal, with original assumptions**

€, million

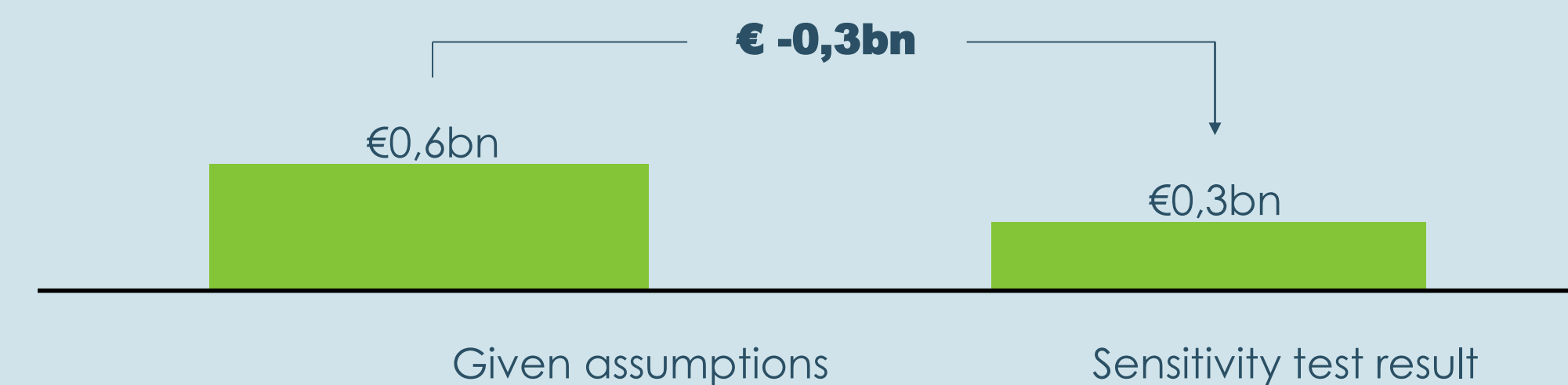


## Sensitivity test results: higher costs, lower revenues

**1** If we assume only 50% of the low value items to be declared via the OSS and more conservative cost reductions, the processing costs increase by €1,2bn



**2** If assumed average value of items is reduced from €20 to €11, the max VAT revenue halves



Implication: considerable uncertainty on the real costs and impacts of VAT de minimis reform in Europe