



EU Commission proposes major Customs Reform as from 1 January 2028

1 Background

On 17 May 2023, the EU Commission published its plans for a far-reaching reform of the Union's customs legislation (COM (2023) 259 final). The planned reform essentially covers four different aspects. The Commission's proposal includes the establishment of a single EU Customs Data Hub, facilitations for import customs clearance, an import fiction for e-commerce platform operators and the introduction of a simplified ad valorem customs system for low-value goods. The latter is to be accompanied by the abolition of the currently applicable threshold, whereby goods valued at less than EUR 150 are exempt from customs duty. There will also be corresponding adjustments made to the One-Stop-Shop regulations in VAT law (see KMLZ VAT Newsletter 52 | 2022). The changes are to be implemented, in stages, as from 1 January 2028.

2 EU Customs Data Hub and establishment of an EU Customs Authority

The Commission plans to bring together all data relevant to the customs procedure in a single EU Customs Data Hub. The aim of the consolidation is to simplify processes for companies, which are currently struggling with multiple national systems and interfaces. As a further advantage for companies, the Commission envisages the introduction of the "Trust & Check traders" approach. Building on the Authorised Economic Operator scheme, companies that use the EU Customs Data Hub, and fully disclose their supply chains, are to receive special simplifications. In future, qualified companies should be able to release goods for free circulation without the involvement of the customs administration.



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In addition to these benefits for companies, the consolidation and standardisation of data will also enable the authorities to run EU level risk analyses. The data will be shared with other authorities and enable the Member States to identify risk areas and fight customs fraud more efficiently. Artificial intelligence will of course be used in this process. The Commission plans to manage the Hub and run the analyses through a newly created EU Customs Authority. The full and mandatory implementation of the EU Customs Data Hub is planned for e-commerce for 2032 and, for other areas, by 2038.

3 Elimination of the customs duty relief threshold and introduction of a simplified ad valorem tariff

A major change will be the elimination of the EUR 150 duty relief threshold. The general customs duty exemption for low-value goods is to be abolished on 1 January 2028. The exemption limit of EUR 22, for the levying of import VAT, was already abolished on 30 June 2021. However, instead of an exemption limit, the Commission proposes the introduction of a simplified ad valorem customs tariff “bucket tariffs”. Products subject to excise duty will be exempt from this. In contrast to the tariff classification in accordance with the EU customs tariff, the goods to be imported will be divided into five groups (Buckets A - E). While goods in Bucket A will be subject to a 0% ad valorem duty rate, goods in Bucket E will attract a 17% ad valorem duty rate. However, companies should be able to opt for customs clearance according to the general customs tariff.

4 Import fiction for e-commerce platform operators

Also corresponding to the VAT regulation, an import fiction for e-commerce platform operators will be introduced (Art. 14a - COM (2023) 262 final dd. 17.5.2023, p. 14). This will make the platform operators liable for import duties on distance sales. The simplified bucket tariff is intended to enable platform operators to use the information at their disposal to correctly classify their goods, as they will be held liable for such classification.

5 Further changes

In addition to these changes, it seems almost marginal that the Commission intends to reform the existing rules on temporary storage. The current temporary storage period of 90 days is to be reduced to 3 days. Existing temporary storage facilities would then have to be operated as customs warehouses.

6 Conclusion

The reform proposals currently retain the status of a “wishlist”. The Commission’s proposal must first pass through the European Parliament and the Council of the European Union. At this stage it is not clear whether all of the proposed amendments will ultimately be adopted and implemented. The impact of this reform on businesses can therefore only be estimated to a limited extent. However, the proposal demonstrates that the Commission is willing to address the identified weaknesses.

Of course, the removal of the EUR 150 duty relief threshold, for example, would mean a very significant change for e-commerce. Platform operators, in particular, will be hard hit by the addition of import duty, as was already the case with the marketplace liability pursuant to VAT law. The introduction of the EU Customs Data Hub would also initially entail considerable implementation effort for companies. The past has taught us that the goals set by the Commission and the Council of the European Union are usually very ambitious, in terms of time, and therefore often not achievable. This is all the more true given that the creation of a new EU Customs Authority will certainly face resistance from some Member States.