



CUSTOMS
NEWSLETTER

EU announces end of EUR 150 customs duty exemption threshold and introduction of flat rate of customs duty of EUR 3

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Consignments of goods from third countries with a value not exceeding EUR 150 are currently exempt from import duties. At the last ECOFIN meeting, EU finance ministers decided to remove this regulation in 2026. This means that the abolition will come much earlier than originally planned. Back in 2023, the European Commission proposed a customs reform (KMLZ Customs Newsletter 03 | 2023) that included the abolition of the exemption threshold. However, the EU Customs Reform will not come into effect until 2028, at the earliest. During the transition period, a flat rate of customs duty of EUR 3 will apply as from 1 July 2026. The regulation is particularly important for e-commerce and online retailers.

1 EUR 150 customs duty exemption threshold

The customs duty exemption threshold has its legal basis in Council Regulation (EC) No 1186/2009. Art. 23 para. 2 of that Regulation stipulates that consignments made up of goods of negligible value shall be admitted free of import duties. Art. 23 para. 2 of the same Regulation sets this negligible value at up to EUR 150. However, import VAT is still payable. The regulation on exemption from import VAT for imports of low value (EUR 22) was already abolished on 30 June 2021. The reason for the customs duty exemption is that the EU considered the levying of duties on certain consignments to be unjustified. The usual measures to protect the economy are not necessary for such consignments (Recital 3 of Council Regulation (EC) No 1186/2009). In 2009, the EU probably had various examples in mind to justify the exemption threshold. For example, there is no need for market protection mechanisms for consignments between family members. The exception was also understandable for individual consignments that consumers had to purchase from third countries in exceptional cases, eg technology for private use that is only available in the USA.



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2 Background to the amendment

Since 2009, the global trade landscape has changed in many ways. In particular, Chinese distance sales companies are generating the need for new regulations due to their trading practices. These traders offer individual items for shipment from third countries (mostly China) to the EU. The traditional method of importation of goods in large quantities and resale by retailers, who factor customs duties into their prices, no longer applies. This also removes the justification for waiving protective measures for the EU market. The EU also suspects that Chinese retailers are deliberately exploiting the exemption threshold by providing incorrect information in their customs declarations. The EU now intends to ensure that competition between goods from third countries and EU market goods is fair. The removal of the exemption threshold is intended to create a "level playing field".

The exemption threshold is to be removed completely in 2028. The finance ministers of the EU Member States have agreed to find a transitional solution "as early as possible" in 2026. The final abolition is linked to the introduction of the new EU Customs Data Hub. On 12 December 2025, the Commission announced that a flat rate of customs duty of EUR 3 would be set as a transitional solution. The flat rate of customs duty will apply as from 1 July 2027 and will affect consignments sent directly from a third country to a consumer in the EU. Earlier this year, the EU also proposed a processing fee for consignments with a value below EUR 150. This is to be levied in addition to the third-country duty rate. The Commission currently expects to introduce the processing fee as from 1 November 2026. Further details on the structure are not currently available.

3 Consequences for the practice

The removal of the exemption threshold will have a significant impact on the e-commerce industry. In future, import duties will also apply to consignments below the EUR 150 exemption threshold. The declarant will primarily be liable for customs duties (see Art. 77 para. 3 of the Union Customs Code - UCC). The declarant must generally be established in the customs territory of the Union (see Art. 170 para. 2 of the UCC). The regulation serves to give the respective national customs administration the best possible access. Therefore, even after the reform, Chinese online retailers will only theoretically be considered as debtors. The change is therefore of greater relevance to parties based in the Union who act as declarants in the customs declaration. Freight forwarders or customs representatives may be considered primarily as debtors. For them, the risk is particularly high if they act indirectly on behalf of the consignor in the third country. Customs declarations in indirect representation are filed by the representative in his own name (see Art. 18 para. 1 subpara. 2 of the UCC). The representatives therefore become the direct customs debtor in accordance with Art. 77 para. 2 of the UCC. The indirectly represented party also becomes a customs debtor in accordance with Art. 77 para. 3 sentence 2 of the UCC. However, as they are established outside the Union, recourse – if any – will only be possible on a contractual basis.

Overall, the removal of the exemption threshold is likely to assist in the prevention of abuse. However, it may also lead to a higher risk for customs duties to be levied on parties in the EU. It is therefore to be expected that e-commerce with third countries will become more expensive and decline where it is no longer profitable due to customs duties. The removal will also have an impact on the use of the IOSS procedure. The EU already announced reforms in this area in the middle of 2025, that are deemed to accompany the abolition of the EUR 150 exemption threshold. Among other things, the recipient of a shipment will only be liable for import duties in exceptional cases (KMLZ VAT Newsletter 17 | 2025 and 18 | 2025).