



Brussels, 29 November 2024  
(OR. en)

16192/24

---

**Interinstitutional Files:**  
**2023/0156(COD)**  
**2023/0157(NLE)**

---

**LIMITE**

**UD 275**  
**CODEC 2219**  
**ENFOCUSTOM 152**  
**ECOFIN 1386**  
**MI 980**  
**COMER 149**  
**TRANS 514**  
**FISC 248**

**NOTE**

---

From: General Secretariat of the Council

To: Permanent Representatives Committee/Council

---

Subject: Customs Union reform package:  
Regulation establishing the Union Customs Code and the European Union  
Customs Authority  
Regulation as regards the introduction of a simplified tariff treatment for the  
distance sales of goods and the elimination of the customs duty relief  
threshold  
*- Progress report*

---

Delegations will find in the Annex the above-mentioned report with a view to the meeting of the Council (Economic and Financial Affairs) on 10 December 2024.

**REPORT FROM THE HUNGARIAN PRESIDENCY TO ECOFIN ABOUT THE WORK  
IN THE COUNCIL ON THE CUSTOMS UNION REFORM PACKAGE**

**1. Introduction**

On 17 May 2023, the European Commission put forward proposals for the most comprehensive reform of the EU Customs Union since its establishment in 1968. Since then, a multi-presidency negotiation of this complex reform package, which represents a complete shift in paradigm, has been on the agenda.

The European Commission submitted a Package for Customs Reform containing the following proposals:

- Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 (Doc. ST 9596/23 + ADD1 + ADD2 + ADD3 + ADD4.);
- Proposal for a Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold (Doc. ST 9625/23 + ADD1.);
- Proposal for a Council Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT (Doc. ST 9638/23).

The purpose of the revision of the Union Customs Code is to introduce several simplifications facilitating the customs procedures and to create a new EU Customs Authority that would help Member States focus their inspection capacities by setting up a common EU Customs Data Hub.

In the Commission proposal, another key function of the EU Customs Authority is to pool expertise and competences that are currently scattered across the EU to support national customs authorities and coordinate their cooperation. According to the Commission, this would enable strengthened supply chain supervision with customs authorities at the EU and national level, ‘acting as one’ when it comes to controlling the EU’s external border.

The Commission proposal foresees the new EU Customs Data Hub to be the face and the engine of the Customs Union and a prerequisite for strengthening customs supervision of goods and simplifying customs processes. Over time, it is expected to integrate and replace the existing Customs IT infrastructure while also enhancing interoperability with related policy fields. The development of the EU Customs Data Hub is expected to save the EU and its Member States considerable IT development and maintenance costs.

This progress report provides an overview of the work and results in the Council concerning the Customs Union Reform Package under the Hungarian Presidency, which concludes the efforts of the current Trio that has worked diligently and with dedication on this package.

## **2. Introduction and first analysis of the Customs Union Reform Package**

To address such a broad reform, the Spanish Presidency, in accordance with the Trio partners (Belgium and Hungary), considered it necessary to structure the discussion and analysis of the proposal by thematic blocks. On 14 July 2023 the ECOFIN Ministers were invited to express their views on the key aspects of the Customs Union Reform Package. In particular, they were invited to exchange views on the objectives of the reform and the added value of the key measures of the proposal. The ECOFIN Ministers supported starting the discussion on the Customs Union Reform Package and having an ambitious negotiation calendar.

Due to the length and complexity of the proposal, the first analysis focused fundamentally on clarifying and understanding the new elements of the proposal. The Spanish Presidency started, and the Belgian Presidency continued the article-by-article discussion, which was completed by the Hungarian Presidency this July. In order to progress as quickly as possible, the Trio organised 73 meetings of the Customs Union Working Party, which roughly corresponds to doubling the number of meetings compared to the era before the discussion on the Customs Union Reform Package.

The aim of the Hungarian Presidency was to conclude the first analysis of the proposal and begin the second analysis on the basis of a compromise text.

### 3. Way forward to the second analysis

At the handover, the Hungarian Presidency held the view that by that time, the Member States should have already elaborated their opinion on the proposal. Therefore, the approach foreseen by the Hungarian Presidency was to have a thematic discussion on topics that were of high priority for the Member States. In order to understand the Member States' views on these topics, the Hungarian Presidency prepared a questionnaire. The results of the answers to the questionnaire was presented to the Member States at the High-Level meeting of the Directors General of Customs on 5 September 2024.

After analysing the responses to the questionnaire, the Hungarian Presidency noted a general recognition of the need for enhanced coordination within the Customs Union, with the aim of ensuring that EU customs act as one to effectively address current challenges, particularly those caused by the enormous volume of e-commerce. The answers suggested starting the second analysis in the subsequent Customs Union Working Party meetings with the provisions on the EU Customs Authority, the EU Customs Data Hub, and e-commerce.

The questionnaire also indicated a clear preference to remove the customs duty relief threshold of EUR 150 stipulated in Regulation (EC) No 1186/2009 and to apply some facilitation regarding the tariff treatment for distance sales of goods by amending Regulation (EEC) No 2658/87. It has also been noted that the debate on the VAT legislation requires corresponding amendments in the Customs Union Reform Package.

#### **4. The start of the second analysis and the main outcomes**

After deciding on the proper working method, the Presidency started the second analysis by preparing dedicated steering notes. On the basis of the comments received by the Member States on the guiding questions of the steering notes, the Presidency prepared certain compromise proposals on the EU Customs Authority (Title XII) and on the EU Customs Data Hub (Title III).

The answers to the Presidency questionnaire, as well as the debate at the Competitiveness Council on 26 September 2024, highlighted that the proposals for the e-commerce sector should be discussed with priority and encouraged the Presidency and the Commission for a strong and unified European approach. The enormous number of e-commerce parcels makes it difficult for customs administrations to inspect the goods at the same level as traditional commercial flows. Another concern is how to ensure better compliance of e-commerce goods with non-financial requirements and provide customs authorities with appropriate control tools in this regard. Therefore, the third topic opened by the Presidency was e-commerce by preparing a dedicated steering note. The Presidency notes that the majority of Member States, as well as the European Commission, are of the opinion that the topic of e-commerce should remain an integral part of the Customs Union Reform Package.

During the ongoing debate, many Member States have expressed support for the creation of an EU Customs Authority and an EU Customs Data Hub. The role, tasks, and governance of the EU Customs Authority and the functionalities of the EU Customs Data Hub have been thoroughly discussed, and revised texts have been drafted serving as a good basis for the discussions to be continued under the incoming Polish Presidency. The analysis of these texts is still ongoing and is without prejudice to the discussions on budgetary aspects taking place in the appropriate Council preparatory bodies.

## 5. Statistics

The Hungarian Presidency has dedicated significant resources to analysing and drafting the above-mentioned parts of the package.

To this end, the Hungarian Presidency proceeded as follows:

- Usually, two-day meetings of the Customs Union Working Party were held weekly, with an additional three-day meeting in October (on average 6 meeting days per month, totalling 26 meeting days);
- A meeting of the Working Party on Tax Questions (indirect taxation) dedicated to the impact of the Customs Reform Package on VAT files took place on 11 July 2024;
- A Customs Union Work Party meeting at the level of the Directors General of Customs was held on 5 September 2024 to analyse the answers to the strategic questionnaire.

In addition to the substantial number of meetings that were originally planned, the Presidency organised a number of additional meetings. As a result, during the active four-month period, the Presidency organised 28 meetings (26 Customs Union Working Party meetings, 1 Customs Union Work Party meeting for Directors General of Customs, and 1 informal Customs Union Work Party meeting), as well as a High-Level Seminar for Directors General of Customs covering not only the Customs reform but also all the other customs topics that needed to be dealt with. The high number of meetings required significant effort and diligence from both the Presidency and the Member States. Therefore, the progress achieved is the result of a joint effort, built on close cooperation and marked by numerous valuable contributions.

## **6. Closing remarks**

The enormous effort deployed by the Trio allowed us to understand the essence of the Customs Union Reform Package and make significant progress in discussing its fundamental and strategic provisions, including the EU Customs Authority and the EU Data Hub. This is with the aim of ensuring that the emerging Customs Union is future-proof and capable of handling the challenges of the coming decades more quickly and efficiently.

The discussion of the remaining topics will be handed over to the incoming Polish Presidency, in view of the continuation of the second analysis.