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NOTE

From:	General Secretariat of the Council
To:	Working Party on Customs Union
Subject:	UCC reform proposal - Presidency note on simplified tariff treatment

Delegations will find attached the Presidency note on simplified tariff treatment in view of the meeting of the Working Party on Customs Union on 29 April 2025.

NOTE ON SIMPLIFIED TARIFF TREATMENT

CUG MEETING on 29 APRIL 2025

This note refers to the provisions on simplified tariff treatment. Provisions in this regard can be found in:

- 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 (hereinafter: nSTT).
- 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 (hereafter nUCC):
 - Article 5, point (56) (definition of simplified tariff treatment)
 - Article 145(1) 5 (safeguard clause)
 - Article 149(1) 4 (non-preferential origin of goods)
 - Article 150(1) 10 (preferential origin of goods)
 - Article 156(1) 2 (customs value)

I. INTRODUCTION

In addition to the alignment of the Union customs legislation on B2C distance sales of goods with the VAT Directive 2006/2012/EC in this respect, as well as the removal of the threshold for relief from import duties for low value consignments (up to EUR 150), **the simplified tariff treatment (STT)** is the third element of the modern approach to e-commerce proposed by the European Commission.

With the removal of the EUR 150 threshold for relief from customs duties for low-value consignments entering the customs territory of the Union, it will become necessary to calculate, on the basis of items of charge indicated in Title IX of the nUCC, customs duties for millions of goods purchased by EU consumers via online platforms. To facilitate this process, the European Commission is proposing a system of so-called tariff baskets, which aims to simplify the calculation of customs duties for small packages, helping platforms and customs authorities to manage the huge number of consignments entering the customs territory of the Union through B2C e-commerce.

The proposed system of so-called tariff baskets covers five categories with ad valorem duty rates of 0% , 5%, 8% , 12% and 17%.

That system would be voluntary and apply only to the importation of goods purchased in distance sales within the meaning of Directive 2006/112. Goods covered by the so-called tariff basket system would be identified by the 6-digit Harmonised System code, which remains required for the nUCC advance cargo information. If customs authorities had reasonable doubts that goods imported from third countries are intended for persons other than EU consumers, they could refuse to apply the STT by invoking the safeguard clause – Article 145 (5) nUCC.

In addition, the STT system exempts deemed importers from proving the non-preferential origin of goods purchased in B2C transactions. However, the choice of STT excludes the possibility of applying preferential tariff measures, although importers can still benefit from these measures in accordance with general rules. By contrast, when declaring the customs value of goods purchased in B2C e-transactions, deemed importers would also have to include in it the transport costs of those goods incurred in the customs territory of the Union - Article 156 (2) nUCC. This is another element bringing customs e-commerce legislation closer to the Union VAT legislation.

II. ISSUES FOR ANALYSIS

Issue 1.

Value limit for goods covered by the so-called tariff basket system

The STT concept assumes that after the removal of the threshold for relief from import duties (EUR 150), **low value goods will remain the subject of B2C international e-commerce**. Bearing this in mind and assuming that the EC proposal on the STT will be accepted by the Member States, PRES PL would like to propose the introduction of a threshold for the value of goods for the use of the so-called basket system. For example, Japan decided to introduce a simplified tariff in the form of so-called tariff baskets for goods whose value does not exceed 200 000 JPY (general import shipments and international postal shipments), which is approximately 1 200 EUR.¹

Issue 2.

Simplification of items of charge to calculate customs duties

Information on **value, origin and tariff classification** is among the mandatory information that must be provided to customs authorities in order for imported goods to be placed under the release for free circulation procedure in the customs territory of the Union (Article 88 (3) (a) of the nUCC).

a) Facilitation/simplification of proving the origin of goods

Non-preferential origin (Art. 149 (4) nUCC)

¹ https://www.customs.go.jp/english/c-answer_e/imtsukan/1001_e.htm

The STT-related facilitation allowing a deemed importer not proving the non-preferential origin of goods purchased through B2C distance sales seems justified because the administrative burden of having to obtain a proof of non-preferential origin is usually disproportionate to the value of the goods.

On the other hand, those specific cases where traders are required to prove the non-preferential origin of goods refer to prohibitions and restrictions, including those resulting from EU sanctions. The dispersion of sales of goods through online platforms, which is affected by a huge number of individual transactions with a huge number of buyers and sellers at the same time, can foster the circumvention of restrictions and prohibitions imposed by the EU. For this reason, the exemption of the deemed importer from proving the non-preferential origin of the goods can be considered to raise reasonable doubts.

PRES PL proposes that the same rules for proving the non-preferential origin of goods apply to imports of goods purchased in B2C e-sales as apply to standard imports of goods into the customs territory of the Union. If this idea is accepted, it will be necessary to delete the provisions of Article 149 (4) nUCC.

b) Customs value

PRES PL shares the view already expressed by some Member States that the simplification referred to in Article 156 (2) of the nUKC is incompatible with Art. 8 (2) and (4), as well as with the wording of paragraph (3)(b) of the Note to Article 1 of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade. With this in mind, PRES PL proposes deleting the provisions of Article 156(2) nUCC.

Consequently, the deemed importers would apply the general rules for the treatment of the transportation costs of the goods for the purposes of determining the customs value of those goods. Therefore, the deemed importers would have to distinguish from the price actually paid or payable for the imported goods the transport costs of the goods incurred in the customs territory of the Union (Article 155 (1)(a) nUCC). If those costs were not separated from the price actually paid or payable, they would form part of the customs value for the goods.

Issue 3.

Should the STT be subject to authorisation?

Making the use of the STT subject to authorisation by the customs authority would run counter to that institution's objective, namely to facilitate the calculation of customs duties for low-value consignments which, in large numbers, enter the customs territory of the Union.

In the opinion of PRES PL, the application of the STT should be linked in the first place to the substantive criteria (goods purchased on a distance basis, B2C type, listed in the draft Annex I to the *draft Council Regulation amending Regulation (EEC) No 2658/87 (...)*), and not subjective. It is even difficult to indicate what objective characteristics and qualifications an entity applying for this simplification would have to have.

A separate issue is the possible linking of the STT with the registration of a deemed importer to the IOSS or with the operation of customs warehouses for distance sales in order to use the STT as an incentive for economic entities to operate according to a specific business model.

III. ALTERNATIVE PROPOSALS FOR THE SO-CALLED TARIFF BASKET SYSTEM

An alternative solution could be to reduce the number of so-called tariff baskets to two - (1) with a 0% duty rate and (2) with a single flat rate.

A 0% tariff basket could be made up of goods of Chapter 49 (Printed books, newspapers, pictures and other products of the printing industry; Manuscripts, typescripts and plans) and of Chapter 97 (Works of art, collectors' pieces and antiques). Other goods listed in the so-called tariff baskets proposed by the European Commission could be covered by e.g. 10% *ad valorem* flat rate .

This solution would apply to goods purchased in B2C distance sales, whose customs value would not exceed a certain amount (eg. 1000 EUR). As regards the departure from the general rules related to the calculation of the basis of assessment of import duties (Title IX of the nUCC), only the voluntary waiver of the deemed importer from the preferential documentation of the origin of the goods in order to obtain tariff preferences would remain (Article 150 (10) nUCC).

IV. QUESTIONS FOR DISCUSSIONS at CUG on 29.04.2025

- Is the introduction of the STT into the Union customs provisions justified and necessary?
- If the answer to the first question is in the affirmative:
 1. Should the application of the STT be limited by applying the criterion of the value of the imported goods?
 2. Should the number of so-called tariff baskets be reduced?
 3. Should the use of the STT be open to all deemed importers or should it be open only to deemed importers operating under the IOSS or only to deemed importers using customs warehouses for distance sales? In the latter case, the STT would provide an additional incentive for deemed importers to use such business models.
 4. Do the Member States share PRES PL's view that the STT should not be linked to additional derogations from the general rules on proving the non-preferential origin of goods and the treatment of the transport costs of goods from the point of view of determining the customs value of those goods?
 5. Is the obligation to provide a 6-digit commodity code sufficient for the use of STT? Will the 6-digit tariff code allow the identification of goods excluded from the STT, including

goods subject to anti-dumping duties or under investigation, or subsidised goods imported from third countries?

6. In the view of the Member States, is the PL Presidency's alternative proposal worth considering?