

Simplifications must accompany VAT collection modernisation on low-value shipments to support e-commerce

Brussels (December 2016) – The European Express Association (EEA) welcomes the European Commission’s recognition that simplifications are needed to accompany the removal of the value-added tax (VAT) exemption for the importation of small consignments from suppliers in third countries, as proposed in its draft directive today. Whether those simplifications will materialize depends on the details to be decided in the implementing legislation.

The EEA believes that the establishment of simplified procedures for the collection of VAT on low-value consignments is important for an efficient and modern method to collect VAT from the sale of goods and services on the internet, to facilitate e-commerce, and to maintain a level playing field for business. The issue of undervaluation and VAT fraud is not directly related to the current low value exemption on VAT, which is only 22 Euros maximum across Europe.

The express sector provides seamless cross-border delivery in the EU and facilitates the import of e-commerce shipments entering the EU, an essential requirement for digitally-enabled business to serve their customers across Europe and around the globe.

There is a cost to the collection of VAT for tax and customs administrations but also for trade that should be considered. Cross Border Research Association carried out analysis on behalf of the European Express Association which estimated that, on average, the de minimis threshold would need to be set at least 80 EUR in order for the amount of tax collected to exceed the actual collection costs.¹ With the removal of the exemption for VAT collection on the importation of small consignments (below 10-22 EUR), it is important to ensure truly simplified procedures to reduce the cost of collection for all parties involved. Therefore, the threshold should not be removed until the simplifications are effectively in place. We welcome the Commission’s proposal to implement the change in 2021 to allow sufficient time for a transition, provided the relevant IT infrastructure is fully ready in all EU Member States.

The express industry looks forward to maintaining a constructive dialogue as the European Commission develops implementing rules for this directive and welcomes the Commission’s ongoing engagement.

About the EEA

The European Express Association (EEA) is the representative organisation for the express industry in Europe. The industry allows European business to rely on predictable, expeditious delivery of supplies, thereby enabling them to attain and maintain global competitiveness. The express industry employs over 250,000 people across the EU and supports a further 175,000 indirect jobs.

¹ The import VAT and duty de-minimis in the European Union – Where should they be and what will be the impact?, Cross-border Research Association (Lausanne, Switzerland) 14 October 2014. Available online <http://www.cross-border.org/images/reports/CDS-Report-Jan2015-publishing-final.pdf>.