



CUSTAX & LEGAL

The EU Customs Reform

ACITA NATIONAL- London- 17TH October 2023

Agenda

0. Introduction

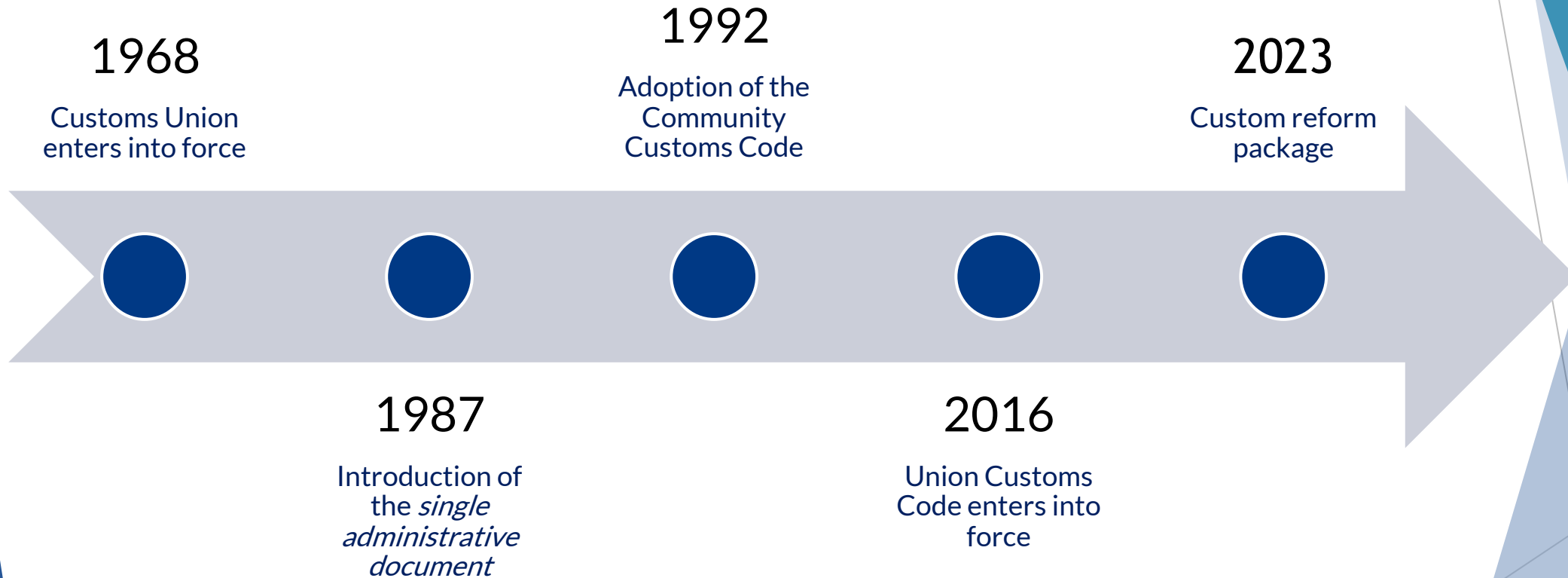
1. The EU Customs Data Hub
- 2. The EU Customs Authority**
3. Customs risk management
4. Simplification of procedures
5. Reform timeline

0. Introduction

0.1. Background

0.2. Fundamentals of the customs reform

0.1. Background



0.2. Fundamentals of the custom reform

- ▶ Customs reform takes place against a backdrop of increasing trade and growing digitalisation.
- ▶ Customs reform:
 - is based on data and digital transformation;
 - pools tools at EU level;
 - introduces greater cooperation between customs authorities and businesses;
 - takes greater account of the legislative environment of customs.
- ▶ The proposed regulation introduces some radical new features:
 1. the creation of a new tool, the EU Customs Data Hub;
 2. the creation of a new institution, the EU Customs Authority;
 3. the implementation of an EU-wide risk management;
 4. the simplification of customs procedures.

1. The EU Customs Data Hub

1.1. General Presentation

1.2. Functionalities

1.1. General presentation

- ▶ *'A new data paradigm'*
- ▶ A centralized, cyberresilient set of electronic services and systems designed to replace the 27 national customs IT systems, and whose use will eventually be mandatory
- ▶ Designed, operated and maintained by the European Commission
- ▶ Central to the success of the Customs reform
 - A tool for Customs authorities (especially the new EU Customs Authority)
 - The basis for the simplification of procedures and controls foreseen in the reform

1.2. EU Customs Data Hub functionalities

- ▶ Allow for the electronic implementation of customs legislation
- ▶ Ensure the quality, integrity, traceability and non-repudiation of data processed therein
- ▶ Enable risk analysis, economic analysis and data analysis, including using AI systems
- ▶ Enable the interoperability of those services and systems with other electronic systems, platforms or environments
- ▶ Enable the exchange of information with third countries
- ▶ Enable the customs surveillance of goods

2. The EU Customs Authority

2.1. *Missions*

2.2. *Structure*

2.3. *Tasks*

2.1. The EU Customs Authority's missions

- ▶ **Contribute to the operational management of the Customs Union:**
 - Coordinate and supervise operational cooperation between customs authorities
 - Pool and provide technical expertise to increase both efficiency and delivery of results
- ▶ Support the customs authorities in achieving a uniform implementation of customs legislation
- ▶ Contribute to the enforcement of other European Union legislation applied and controlled by the customs authorities.

2.2. the EU Customs Authority's structure

MANAGEMENT BOARD

- Give the general orientations of the EUCA's activities
- Assess and adopt the annual activity report on the EUCA's activities
- Adopt an anti-fraud strategy
- Appoint the Executive Director
- Adopt a strategy for cooperation with 3rd countries and/or IO

EXECUTIVE BOARD

- Supervise the preparatory work for decisions to be adopted by the Management Board
- Supervise the implementation of the decisions of the Management Board
- In case of emergency, take certain provisional decisions on behalf of the Management Board

EXECUTIVE DIRECTOR

- Manage the EUCA
- Legal representative of the EUCA
- Responsible for the implementation of the tasks assigned to the EUCA

2.3. The EU Customs Authority's tasks

CORE TASKS

- Risk management tasks
- Tasks in relation to restrictive measures and crisis management mechanism
- Tasks related to capacity building activities and provide operational support and coordination to customs authorities
- Data management

OTHER TASKS

Entrusted by the Commission

- Operating the information security technology systems used for the implementation of the Customs Union (e.g., EU Customs Data Hub)
- Providing support to the Commission for developing and implementing an operational strategy for activities relating to control equipment

FURTHER TASKS

Optional

- Tasks in the area of free movement, import and export of third country goods

3. Custom Risk Management

3.1. Definitions

3.2. Activities

3.3. Actors

3.1. Definitions

- ▶ What is a “risk”?
 - *‘likelihood and impact of an event occurring which would compromise:*
 1. *the financial/economic interests of the EU and its Member States;*
 2. *pose a threat to the security and safety of the Union and its citizens and residents;*
 3. *or prevent the correct application of Union or national measures’*

- ▶ What is “risk management”
 - *‘the systematic identification of risk, including identifying profiles of risky economic operators, and the implementation of all measures necessary for limiting exposure to risk’*

- ▶ The risk management is based on an automated risk analysis which allows customs authorities to determine whether goods, economic operators and supply chains will be subject to customs controls or mitigation measures

3.2. Risk management activities



3.3. Actors



3.3. Actors

EUROPEAN COMMISSION

« May »

- Establish common priority control areas and common risk criteria and standards
- Provide policy orientations to the EU Customs Authority on risk management projects
- Request the EU Customs Authority an evaluation of the implementation of risk management activities
- Request the EU Customs Authority to prepare a supervision strategy for any risk and to conduct threat assessments
- Collect, process and analyse data available in the EU Customs Data Hub

EU CUSTOMS AUTHORITY

« Shall »

- Collecting, processing, exchanging and analysing relevant data
- Assist the Commission in defining common priority controls areas and common risk criteria and standards
- Exchange relevant data with the customs authorities and with other authorities (via EUCDH)
- Develop and implement common risk analysis to generate risk signals

National CUSTOMS AUTHORITIES

« Shall »

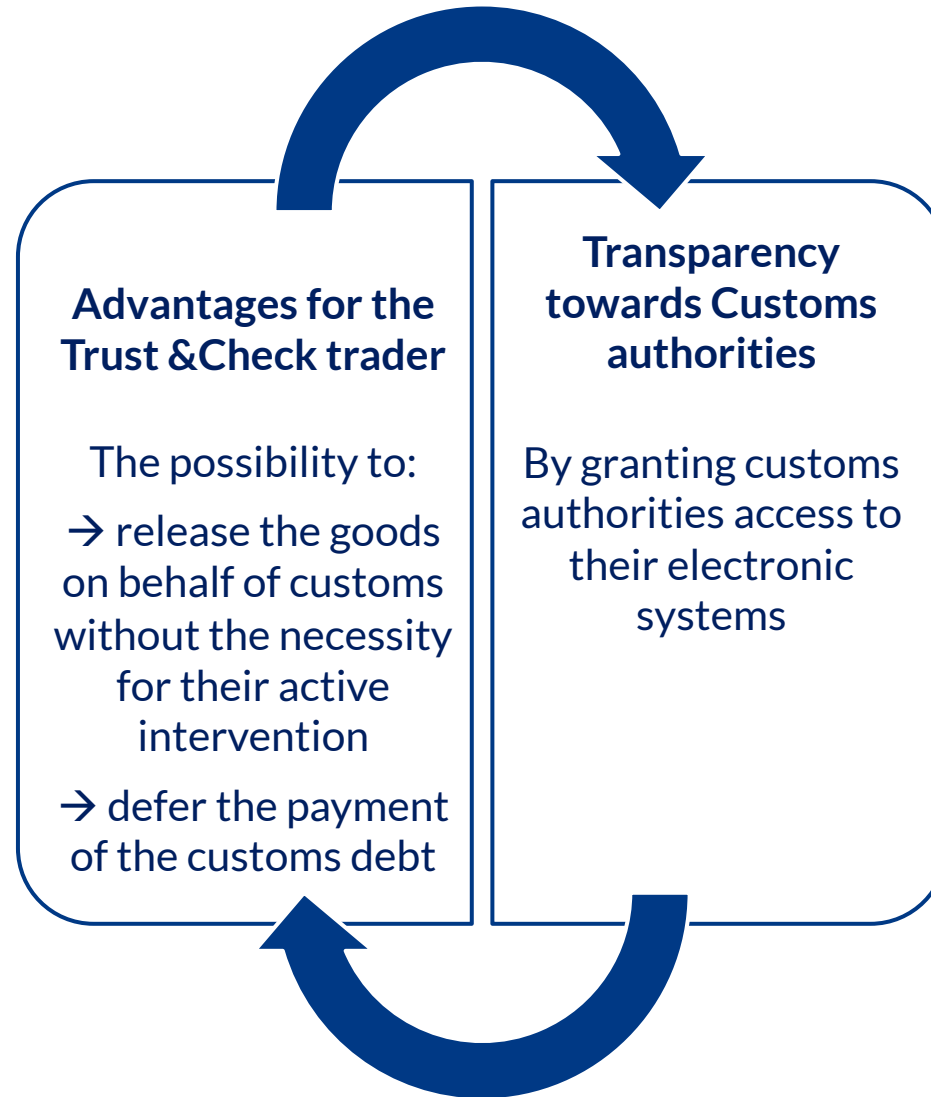
- Collecting, processing, exchanging and analysing relevant data
- Perform national risk management activities
- implement national processes necessary for the implementation of common risk criteria
- Implement risk signals and control recommendations from EU Customs Authority
- Issue control recommendations and indicate other appropriate mitigation measures to the customs authorities of other Member States
- Take control decisions and provide a justification to the EU Customs Authority if a control recommendation is not executed

4. Simplifications of procedures

4.1. *The Trust & Check trader scheme*

4.2. *E-commerce provisions*

4.2. The *Trust & Check* trader scheme



4.2. The *Trust & Check* trader scheme

- ▶ An importer or exporter may apply for the status of Trust & Check trader with the Customs authority of the Member State where it is established.
- ▶ It must meet some criteria

- ① Absence of infringement
- ② Demonstration of a high level of control of its operations and of the flows of goods
- ③ Financial solvency
- ④ Practical standards of competence or professional qualifications directly related to the type and size of activity carried out
- ⑤ Appropriate security, safety and compliance standards
- ⑥ Having an electronic system providing or making available to the customs authorities real-time all data on the movement of the goods

4.3. E-commerce provisions

- ▶ The concept of '*deemed importer*' applies to online sellers, in particular the marketplaces.
 - As deemed importer, the online sellers are *considered as responsible for the customs debt*, and will have to *comply with customs obligations*, instead of carriers and consumers today.
- ▶ Advantages:
 - End of difficulties in collecting correct amounts of VAT and custom duties;
 - Create fair competition between online sellers and traditional traders;
 - End of face hidden charges for consumers.

4.3. E-commerce provisions

- ▶ **Removal of the duty exemption on goods below EUR 150**
 - End of fraud consisting in undervaluing the price of goods to avoid paying customs duties
- ▶ **Facilitations in the calculation of the customs duty for the distance sales of goods**
 - Offsets the administrative burden caused by the removal of the duty exemption
 - Application of a ***five-tier bucketing system***.

Bucket A: 0% ad valorem

Bucket B: 5% ad valorem

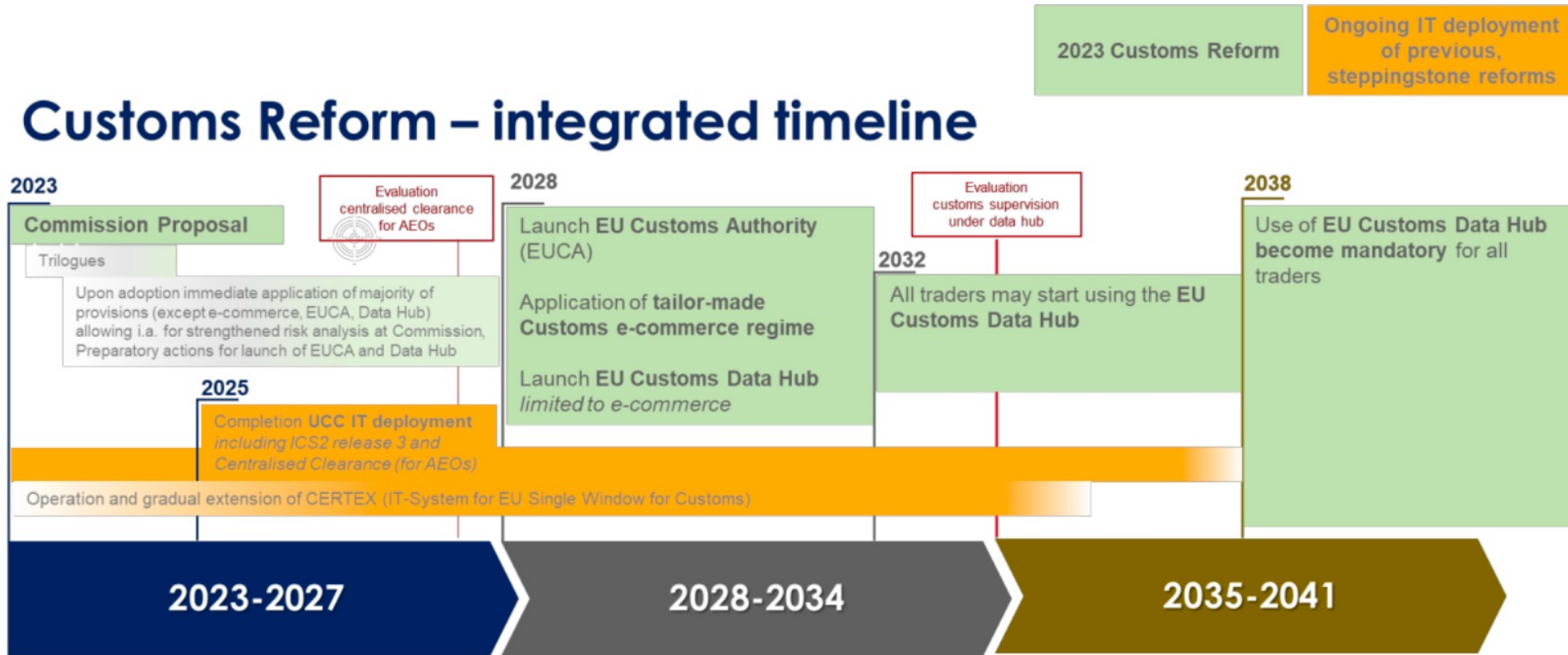
Bucket C: 8% ad valorem

Bucket D: 12% ad valorem

Bucket E: 17% ad valorem

5. Reform timeline

Customs Reform – integrated timeline



Questions?



Thank you for your attention !



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