

Proposal to reform the EU Customs Union

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European Commission launches major reform of the EU Customs Union – EU consultation

<u>Proposal</u> 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

Update

The European Commission is proposing a future fundamental reform of the EU Customs Union.

A single centralised Customs Data Hub will gradually replace the current 27 EU Member States' customs systems. A new European Customs Authority will undertake EU-wide risk analysis of data collected in the Data Hub and recommend more harmonised and targeted controls to the Member States.

The transition towards the new system will start in 2028 and be completed by 2037. These reforms will simplify customs procedures and reduce costs for traders. The information that importers have to provide to customs will not change.

What is changing?

The proposed reform of the Customs Union will introduce the following major changes.

EU Customs Data Hub

Instead of working with customs authorities in 27 EU Member States, in the future traders will provide information directly to one single centralised information point, the EU Customs Data Hub. Today, both importers and exporters are able to carry out customs formalities. In the new system, only the importer, who is established and registered in an EU Member State, will be responsible for all aspects of a goods consignment, including paying duties and taxes, and ensuring compliance with EU legislation. Customs debts (i.e. tariffs, VAT and fees) will therefore be paid at the place where the importer is registered, not where the customs declaration is lodged.

The Data Hub will be open for e-commerce in 2028, and for all other businesses from 2032.





Improved controls

The new Data Hub will help customs and other authorities (such as the European and Mediterranean Plant Protection Organization, <u>EPPO</u>) to collect data and analyse risks. This will allow for more targeted controls of goods in relation to safety, security or fraud.

Simplified procedures for Trust & Check traders

Today, the EU operates a scheme of <u>EU Authorised Economic Operators</u>. From 2032, traders meeting certain criteria (related to past performance and financial solvency) will be able to choose to apply for a new status as "Trust & Check" traders; this will give customs authorities permission to access to their electronic records to track compliance and movement of goods. In return, these traders will get benefits, such as the possibility to put the goods on the market without action required by the customs authorities (unless selected for controls) and a reduction in the associated administrative costs. If successful, this system may be extended to all traders in the future.

A new EU Customs Authority

An EU Customs Authority will be established to monitor and analyse the data collected in the Data Hub. It will recommend to EU Member States which goods pose a risk and should be stopped at the border.

Tariffs for e-commerce goods

The Commission proposes <u>simplified tariff treatment for e-commerce goods</u>. Where the importer of e-commerce goods chooses to use these simplified tariffs:

- no proof of (non-preferential) origin will be required
- transport costs up to the final destination of the goods must be included in the customs value of the goods.

Why?

The new Data Hub and Trust & Check category of traders aim to simplify procedures and remove administrative burdens and costs for traders. On the basis of risk analysis, customs authorities will be able to target customs checks more efficiently where they are needed.

The new EU Customs Authority aims to deliver a more harmonised EU approach to customs controls. It prevents traders targeting certain Member States which are seen as weak links at the EU border.





Timeline

Discussions on the Commission's proposal in the European Parliament and Council of the EU will start in the second half of 2023.

The EU Customs Authority will be gradually established and start operations in 2028. The transition towards the new Data Hub will also be gradual, starting with e-commerce. Non-EU e-commerce traders can use the Data Hub from January 2032. It will be mandatory from 2037.

What are the major implications for exporting countries?

These proposed reforms have no immediate impacts on agri-food exporters. They are expected to be finalised in 2025 and start to take effect in 2028. In the long term, the changes will facilitate trade, and reduce the administrative burdens and costs associated with customs controls.

Recommended Actions

Feedback on the proposal can be provided via the Commission webpage <u>Revision of the Union Customs Code</u> until **20 July 2023**. This feedback will be presented to the European Council to inform the legislative debate.

Background

This is one of three proposals aiming to modernise the EU's customs system and respond to increasing trade volumes (in particular for e-commerce). The other two proposals are to simplify VAT on e-commerce and e-commerce tariffs.

Resources

Online resources from the European Commission

- Questions and Answers: EU Customs Reform
- EU Customs Reform
- Customs reform: Taking the Customs Union to the next level

Wise Persons Group on Customs (2022) <u>Putting more Union in the European Customs: Ten proposals to make the EU Customs Union fit for a Geopolitical Europe.</u>





Sources

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