

Stephen Quest
Director General
Directorate-General for Taxation and Customs Union
Rue Joseph II 79
1000 Brussels
Belgium

Brussels, 13 February 2020

Re: Readiness of the EU Member States to implement the VAT e-commerce package and changes to low value shipments in 2021

Dear Mr Quest,

Throughout its development, members of the American Chamber of Commerce to the EU (AmCham EU) have closely followed and contributed to discussions on the 2021 VAT e-commerce package and its implementation.

Designed to level the playing field for EU businesses, shipments imported into the EU with a value below €22 will be subject to a value-added tax (VAT) as of 1 January 2021 and will require individual customs declarations. A new optional simplification measure, the Import One Stop System (IOSS) for low-value shipments between €0-150 would allow 'deemed suppliers' to collect and remit VAT at the point of sale, moving the collection process away from the border and enhancing the customer experience. A green lane channel approach that includes VAT and customs would make the use of IOSS more attractive for vendors, marketplaces and consumers.

The application of the implementation rules as well as the timely deployment of necessary VAT and customs systems by all EU Member States are recognised as important factors for its implementation. EU Member States' readiness in this respect is a critical factor and remains a key concern.

With a deployment window of less than 11 months, economic operators are working hard to prepare for the implementation but continue to lack information about:

- The readiness of EU Member States to implement the Super Reduced Data Set (SRDS);
- The implementation design for IOSS and Special arrangement procedures and capacity readiness;
- The functioning of an interface between Express and Postal Services and customs authorities; and
- Practical information and options on VAT postponed accounting in the Member States.

We regret that EU Member States are not transparently sharing their readiness to deploy the required comprehensive processes and IT solutions for the upcoming VAT and customs changes. The lack of information prevents businesses and relevant stakeholders from planning and implementing properly designed IT and other tools that will ensure a smooth implementation of the new rules. In the absence of a harmonised approach at the EU level, economic operators are likely to be exposed to different implementation solutions in different Member States, which could require a variety of updates to IT systems.

Fallback procedures for the customs clearance of low value consignments are neither practicable nor sustainable. Transitional measures which rely on existing procedures would not be able to be duly implemented due to the increase in volumes and the inability of such measures to meet the requirements under the VAT e-commerce package. AmCham EU strongly cautions against such measures, which would create significant issues for economic operators within and beyond EU borders. Moreover, the combination of a voluntary option for

distant sellers to register for IOSS and different Member States solutions would cause volume shifts in accordance to the Member State solution provided.

The European Council instructed the European Commission to complete an assessment by the end of 2019 of the EU's readiness to implement the legislative and IT changes necessary to meet the 2021 deadline. AmCham EU urges the European Commission to publish this report, including the findings on Member States' preparedness to implement the 2021 VAT e-commerce reform, to provide more certainty and transparency.

Should Member States not be ready to implement the reforms on time, AmCham EU strongly encourages the European Commission to establish a dialogue with economic operators and other relevant stakeholders to ensure a transparent communication of the state of implementation. Additionally, we would like to understand the additional mitigating actions for the deployment of process and IT components and request a clear roadmap that will allow our members and their customers to successfully implement the VAT e-Commerce reform by 1 January 2021.

We look forward to engaging with you on these issues as soon as possible.

Yours sincerely,



Walter Van der Meiren,
Chair of the Customs and Trade Facilitation Committee
AmCham EU