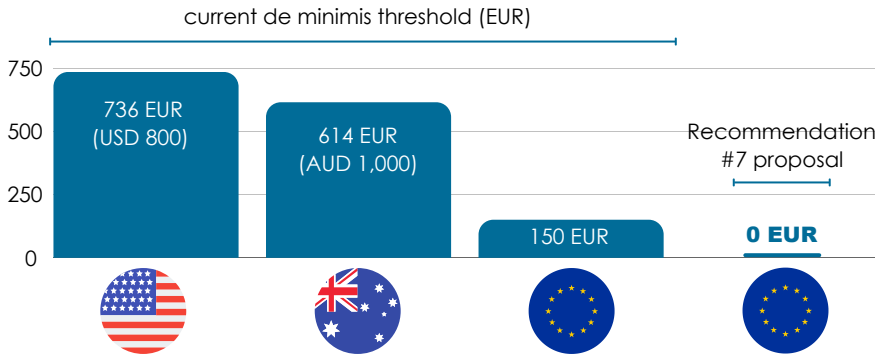


# DE MINIMIS THRESHOLD IN THE EU & THE IMPACT OF ITS REMOVAL

In March 2022, the Wise Persons Group on Challenges Facing the Customs Union proposed measures to improve governance, incentives, and data management for the EU Customs Union.

**Recommendation (#7) eliminates the long-standing import duty de minimis exemption.**



**duty de minimis threshold** is the minimum value of goods below which no customs duties are collected

## A ZERO DE MINIMIS THRESHOLD VALUE HAS A NEGATIVE IMPACT ON



### Customs administration

additional complexity, personnel and time resources required to collect duties from low-value goods



### EU consumers

increased admin costs borne by importing firms, increased delivery time due to time-consuming border processing, and limited choice



### Trade & Economy

the removal of de minimis could hamper the growth of international trade and be detrimental to economic growth



### SMEs

trade compliance costs act as a barrier to enter into new international markets and to their expansion in the existing ones



### Economic operators

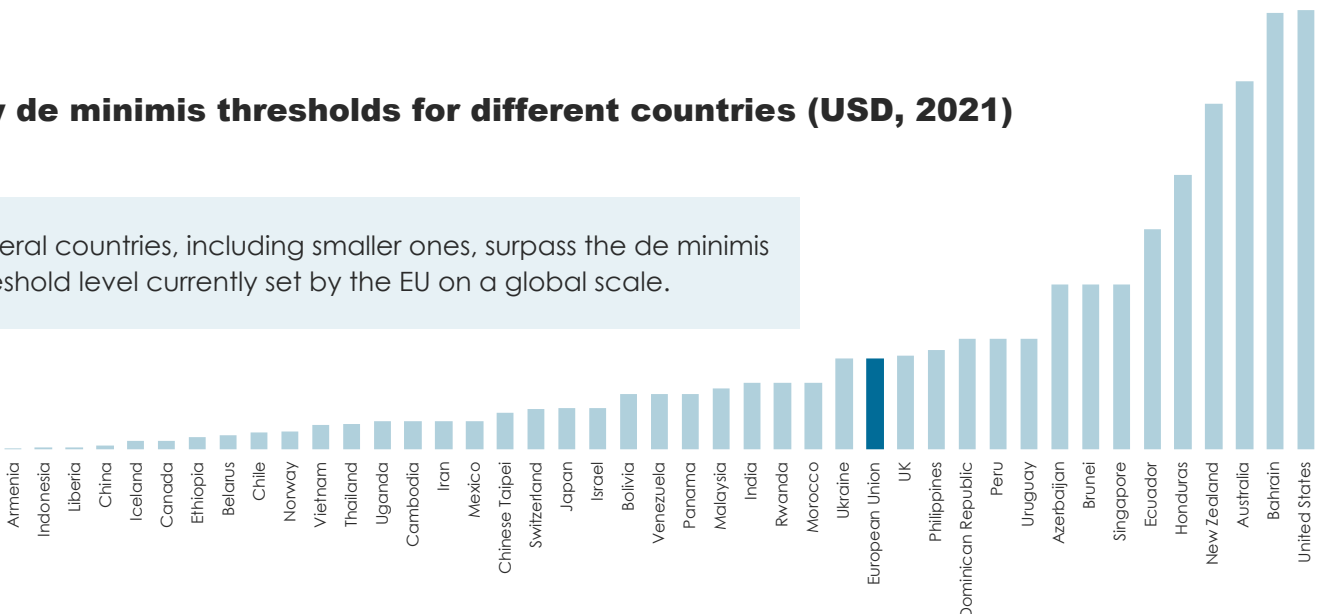
admin tasks for low-value parcels for economic operators\*, resulting in increased processing and delivery times

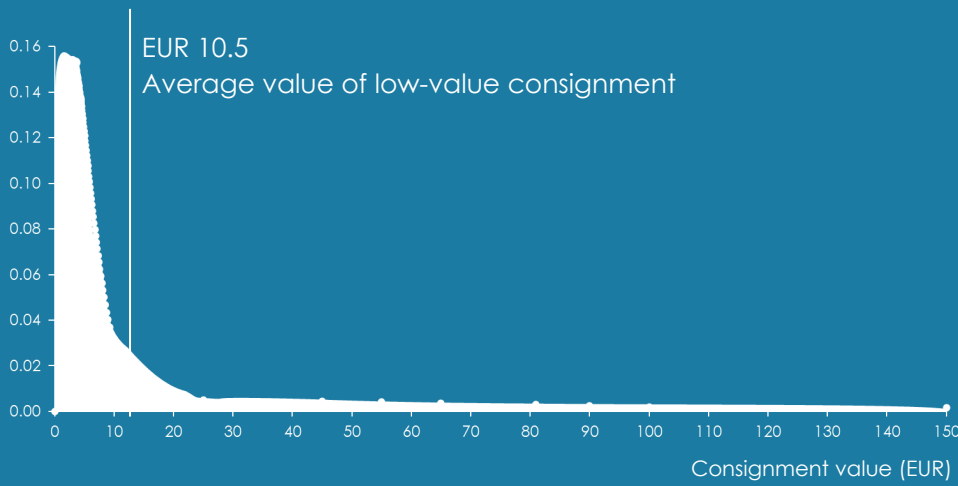
\*including parcel and express delivery service providers

Relevant costs to consider when deciding customs de minimis policy are those above and beyond the costs of implementing existing legislation.

## Duty de minimis thresholds for different countries (USD, 2021)

Several countries, including smaller ones, surpass the de minimis threshold level currently set by the EU on a global scale.





The average value of a low-value consignment in the EU is approx.

**€10.50**

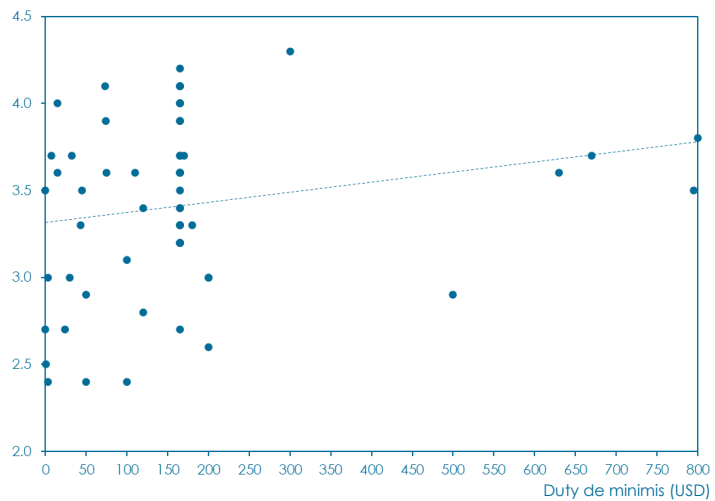
The revenue collected on each low-value shipment is naturally meagre.

Despite being fully responsible of collection costs, EU Member States retain only 25% of the collected customs duties.



**Reduction of trade frictions enhances competitiveness**

the recent abolition of industrial tariffs in Switzerland is expected to make Swiss firms more competitive by decreasing production costs and making trade ties more efficient



The graph shows the relationship between the Logistics Performance Index (LPI) score (y-axis) and duty de minimis threshold for 60 countries. Higher de minimis threshold values are positively associated with the LPI.

Removing the de minimis duty threshold could hamper EU firms' competitiveness, productivity, and welfare. It could negatively affect EU trade relationships and potentially give incentives to other economies to retaliate.

**LOOKING AT ALTERNATIVES THROUGH BEST PRACTICE**

**INSTITUTIONAL SUPPORT**

Global organisations that encourage and support de minimis regimes



**REFORMING DUTY COLLECTION ON IMPORTED LOW-VALUE GOODS**

WHILE RETAINING A DUTY DE MINIMIS THRESHOLD



**VENDOR COLLECTION MODEL**

in Australia and New Zealand provides an efficient means of

**calculating, collecting and remitting**

the Goods and Service Tax (GST) while keeping the costs of collection relatively low.



**SIMPLIFIED CLASSIFICATION**

and duty rate system in Canada facilitates the **processing of low-value shipments** and virtually eliminates classification mistakes.