

Duty & Tax Calculation

What is it?

The real-time calculation of duty and taxes applied by customs in the country where the e-shopper resides.

How does it work?

The Hurricane landed cost engine calculates the duty rate, tax rate, duty payable and tax payable in the currency of the sending or receiving country.

Why is it important?

Every product has a duty and tax rate applied to it on importation with the rates differing from country to country.

Each country has its own de minimis level – the value at which goods do not have any duty or taxes applied to them.

These values differ from country to country, making cross-border duty and taxes difficult to calculate.



Example

A cotton T-shirt sent from the UK to Australia has 10% tax applied to it.

But a T-shirt sent from Australia to the UK is subject to 0% tax.

Regulation Changes

Accurate Advance Electronic Data (AED) has never been more business critical.

The EU is launching a new system called Import One Stop Shop (IOSS). As of July 1, 2021, goods with a value of up to €22 will no longer be VAT exempt when imported into the EU.

The UK is introducing a similar system – which will be applicable from Brexit Day – December 31, 2020 – withdrawing the EU €15 low-value consignment threshold.

Key Takeaways

- Paying the correct duty and taxes is vital for any retailer
- Shoppers would rather know about duty and taxes upfront – and avoid so called ‘calling card shock’
- Shoppers can refuse to pay these extra costs – with the retailer left to pick up the bill
- Accurate landed cost leads to better customer experience and repeat orders

“Total eCommerce sales were \$3.5 trillion in 2019 out of total retail sales of \$25 trillion. This is expected to rise to \$6.54 trillion eCommerce sales by 2022 – with 22% cross-border.”

eMarketer Global eCommerce Report 2019



www.hurricanecommerce.com