

Hurricane Enabling seamless cross-border eCommerce

Changing regulations Why Complete and Valid Data is Vital in cross-border eCommerce

March 15th 2021

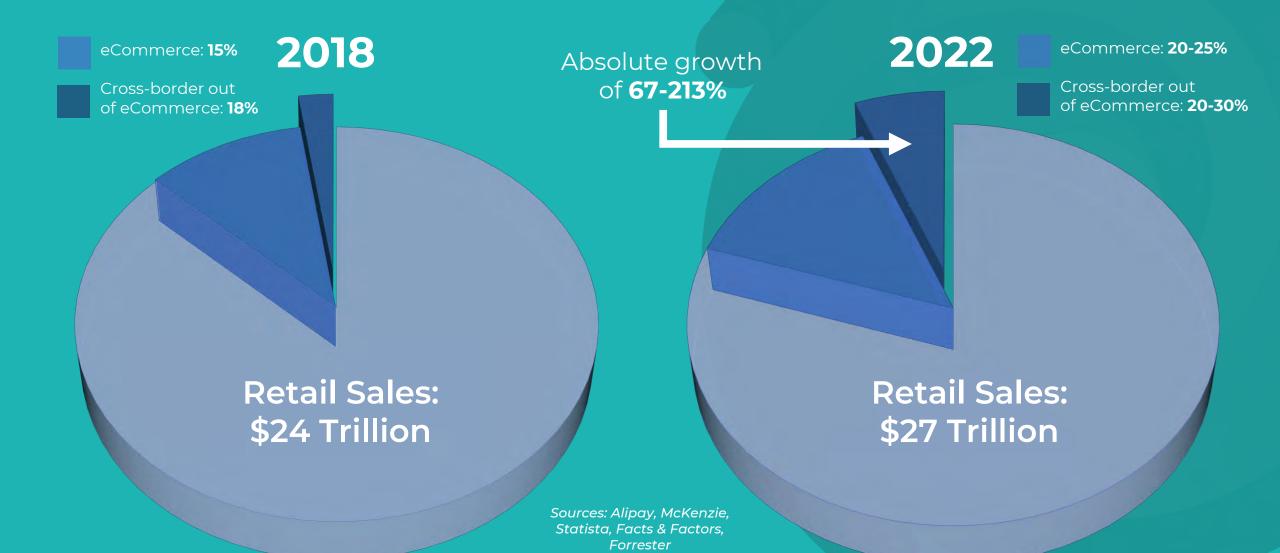
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The size of the market



Key regulations at a glance

UK removed VAT exemption on low value items January 1st



Removal of VAT exemption on low value parcels into the EU July



Full enforcement of the US STOP Act requiring complete and valid customs clearance data (including detailed product description) March 15th



Implementation of ICS2 requiring entry summary declarations on postal parcels including complete and valid AED March 15th



A revamp of Terminal Dues fees means for many countries an increase of 50% rising to **165-300% by 2005**



High financial and brand reputation risks linked to shipping of prohibited and restricted items or sending to denied parties



Key facts: US STOP Act

- The STOP Act aims to counteract the flood of illicit opioids into the United States.
- It will now require all postal operators to file advance electronic data (AED) giving full details of items being mailed to the US.
- Private carriers have had to provide AED since 2002.
- Initially going to be enforced on January 1st 2021, but was delayed until March 15th to allow Customs to prepare.
- Definite requirement is a complete and accurate product description.
- Mail with valid HS6 codes will be prioritised and will result in shorter transit times, improved customer satisfaction and reduced costs.
- Other requirements are:
 - Origin of goods
 - Accurate description of goods
 - Correct value
 - Weight
 - Number of items



Key facts: EU Import Control System 2

- As of March 15th 2021, Postal Operators will now have to provide Entry Summary Declarations via ICS2 when registering parcels and packets.
- ICS2 is a large-scale EU information system supporting the following processes:
 - lodging of the Entry Summary Declarations ENS (advance cargo information) to customs;
 - security and safety risk analysis by customs;
 - arrival means of transport;
 - presentation of goods to and control of goods by the customs authorities, where necessary.



Key facts: Northern Ireland

- Post Brexit, the Northern Ireland Protocol aims to protect and maintain border-free movement within the island of Ireland.
- There are special provisions that effectively continue the Customs Union of the EU with Northern Ireland and vice versa, meaning free movement of EU status goods.
- Shipments between the UK and Northern Ireland and vice versa now require additional documentation.
- If the Country of Origin is outside the EU and goods do not have EU status, regular rules apply.

EU ↔ UK	EU ↔ Northern Ireland
Customs clearance required, Including full documentation	No customs clearance required for EU status goods, Including some documentation
Duties payable (on certain items)	No duties payable on EU status goods
Post-Brexit VAT regime	Pre-Brexit VAT regime Post-Brexit VAT regime on non-EU goods

Key facts: EU VAT reforms

- July 1st 2021 will see major changes to VAT within the EU:
 - Launching the Import One-Stop-Shop (IOSS) EU VAT return;
 - Ending of low-value import VAT exemption and new IOSS return;
 - Making overseas sellers and marketplaces deemed supplier VAT for goods with a value under € 150

• Key Points:

- Businesses will be able to make one singular VAT declaration and payment via one portal.
- This will allow member states to collect millions in unpaid VAT.
- Mainly for B2C commerce and is aimed at combatting VAT fraud.
- Final VAT amount will be paid in the member state of the final consumer and charged at the rate of that state.
- Invoicing will be simpler, prepared according to the rules of the country where the final consumer resides.



Complete and valid data – Part 1

For the entire consignment:

- Sender address details
- Receiver address details

For every product:

- Adequate and accurate product description
 Descriptions like "sample", "gift" or "clothes" are not good enough
- Harmonised System Import/Export commodity codes (6, 8 or 10 digits)*
- Country of Origin
- Value
- Weight (including packaging) or Volume
- Quantity

*Required on import and export customs declarations for most countries. Providing HS commodity codes means you are much less likely to have customs issues, resulting in faster clearance, greater security and ultimately better margins.

Complete and valid data – Part 2

Prohibited & Restricted Goods

Prohibited goods will be stopped at customs, whereas restricted goods may be severely delayed, returned, seized or destroyed, if the correct paperwork is not provided or the correct procedure is not followed.

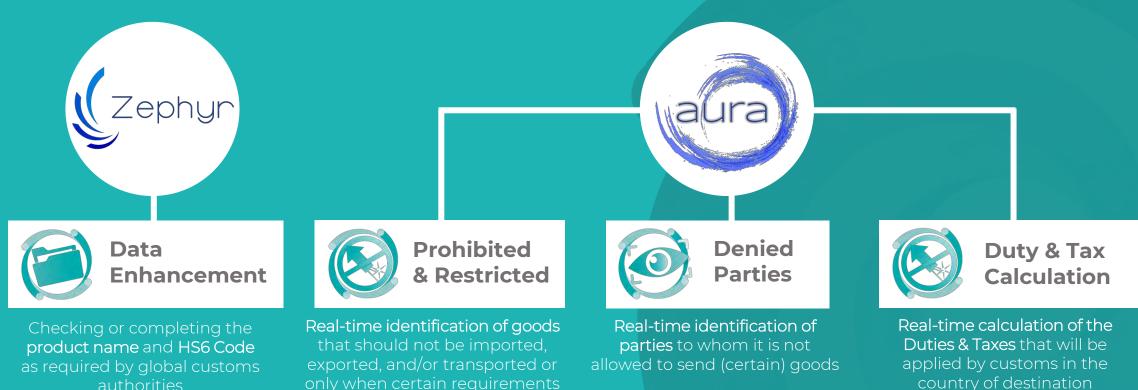
Denied Parties

The BIS has ruled that every party in the supply chain is responsible for the transaction, including the retailer, marketplace and carrier. If you are found facilitating a transaction to a denied party, you can face hefty fines and even jail time.

The bottom line

From the customer's perspective, it doesn't matter if they or the carrier are technically responsible for goods being held up in customs. If the retailer hasn't made the process smooth, easy and transparent, the customer is likely to never shop with that retailer again.

We Are Hurricane



Zephyr

Quick Check – An API that allows bulk clearance facilities to check the accuracy of consignment data.
 It can also provide missing information.

are fulfilled

- Quick HS6 Provides a most likely or suitable HS6 code based on the provided description. Or generates a 'most likely' or 'suitable' HS6 if only a description is provided or the HS6 is invalid.
- Quick 10-digit This function checks that the HS6 and description validate providing a status code if not. It also provides the most likely or suitable 10-digit import code from the source and destination country if the countries are provided.

Thank You!



Martyn Noble Chairman & CEO

Bram Buijs eCommerce Platform Track Leader



To get in touch with us Go to <u>our website</u> Contact <u>sales@hurricanecommerce.com</u>



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