GEA LVS Duty/Tax Collection
Technical Aspects
Possible Implementation Options:

- For low value B2C shipments, category 3 of the IRG, e.g. 1,000 SDR (~1,400 USD)
- Goods not subject to prohibitions and restrictions
- Simple classification, e.g. using chapter 98
- Simple value and origin verification
- Simple duty or tax rate structure

Option 1 – Technical Aspects

- Most simplified option in cases of no or low de minimis thresholds for both duties and taxes
- Based on WCO Recommendation of 1968
- Threshold set in 1968 at 60 USD (now ~470 USD)
- Combined rate of duties and GST/VAT, if applicable
  -- Reasonable; examples of prohibitive rates

Option 2 – Technical Aspects

- For cases with a more differential duty treatment
- Few “buckets”, ideally no more than three
  - Full rate, reduced rate, zero rate
  - For shipments not covered by a PTA
- Simplified classification based on plain language rather than HS code, e.g. “textiles”, “shoes”, “sports equipment”, etc.

Source: Global Express Association, www.global-express.org
Common Features

- Vendor based; source of information
- Simple vendor registration
- Global duty/tax rate Repository
- Standard Application Programming Interface (API); automated duty/tax rate look-up
- Self-assessment
- Border Process based on TFA (7.1, 7.4, 7.8) and WCO Immediate Release Guidelines
  - Advance electronic data
  - Pre-arrival risk assessment
- Cross-border cooperation among Customs and tax authorities for compliance and enforcement
GEA Proposal for LVS Duty/Tax Collection
Global Duty/Tax Rate Repository and API

Key questions:
- Which data is needed in the Global Repository?
- How much logic should the repository hold?
- How much data is needed to look up the info?
- Which functions/services should the API provide?
- Should there be a web access for public consultation?

Countries provide and maintain their country information through a central Government contact point:
- Web interface
- API
- DLT

Global Repository

Database (or B/C based solution) with Duty&Tax rate information per country:
- Option (flat rate, bucket, GST/VAT)
- Value threshold
- Prohibitions & restrictions
- Commodity list
  - Duty rate, ctry of origin for FTAs
  - GST/VAT rate (if different per commodity)
- GST/VAT rate, if same for all
- Other taxes (e.g. provincial/state tax)

Web interface for public consultation

Web shop looks up duty/tax rate info
- Ctry of destination
- Commodity
- Ctry of origin
- Sales price

API queries repository and returns
- Positive:
  - Duty rate
  - VAT/GST rate
  - Other tax rates, if applicable
- Negative:
  - Sales price exceeds threshold
  - Commodity is prohibited

Web shop/Marketplace/Platform
Global Duty/Tax Rate Repository

- Collection of official duty and tax rate info for LVS
- Official and legally valid/binding
- Each Economy to have official access/contact point
- Could be hosted by WTO, leveraging existing notification channels
Automation: API

- Landed cost for consumer
- Vendor collect; self-assessment
- Reduction of undervaluation risk
- Open source; plug-in for online shops
More details available at
www.global-express.org