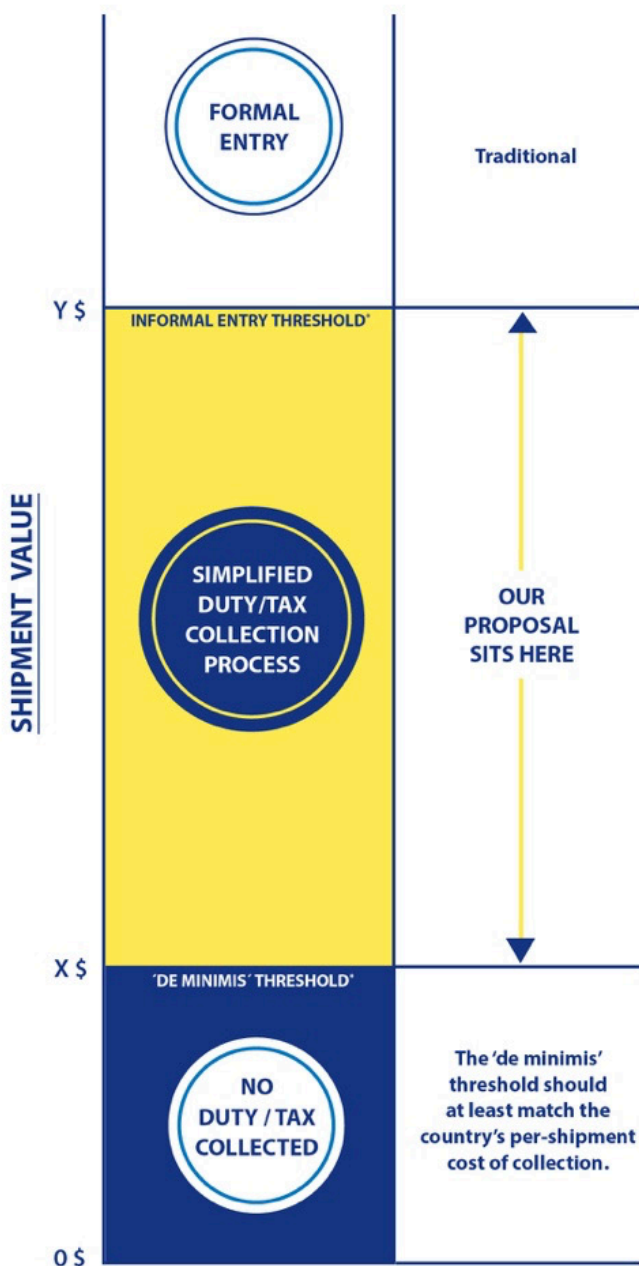


A Proposal to Simplify Duty and Tax Collection on Imported Low-Value Shipments



MSMEs often find import tax/duty rules at foreign markets too complex and give up on export opportunities. To help with revenue collection and exports, a group of countries could:



1.

- INTRODUCE A LOW-VALUE SHIPMENT BAND**
Between 'de minimis' and formal entry procedures
- Thresholds set by each country
 - Based on individual circumstances
 - Not for on-line transactions only

2.

- SIMPLIFY THE CALCULATION OF DUTY OR TAX FOR SHIPMENTS IN THAT BAND**
- Introduce a vendor-collect model
 - Foreign vendors register easily
 - With destination country authorities
 - Collection takes place away from the border
 - Border formalities focus on:
 - Safety, security and health
 - Not on revenue

3.

- FOR DUTIES, SET UP A REDUCED NUMBER OF "BUCKETS" (DUTY BANDS)**
- With plain language descriptions and a dedicated HS code
 - Canada has operated such a system for shipments under 500 CA\$ since 2012

4.

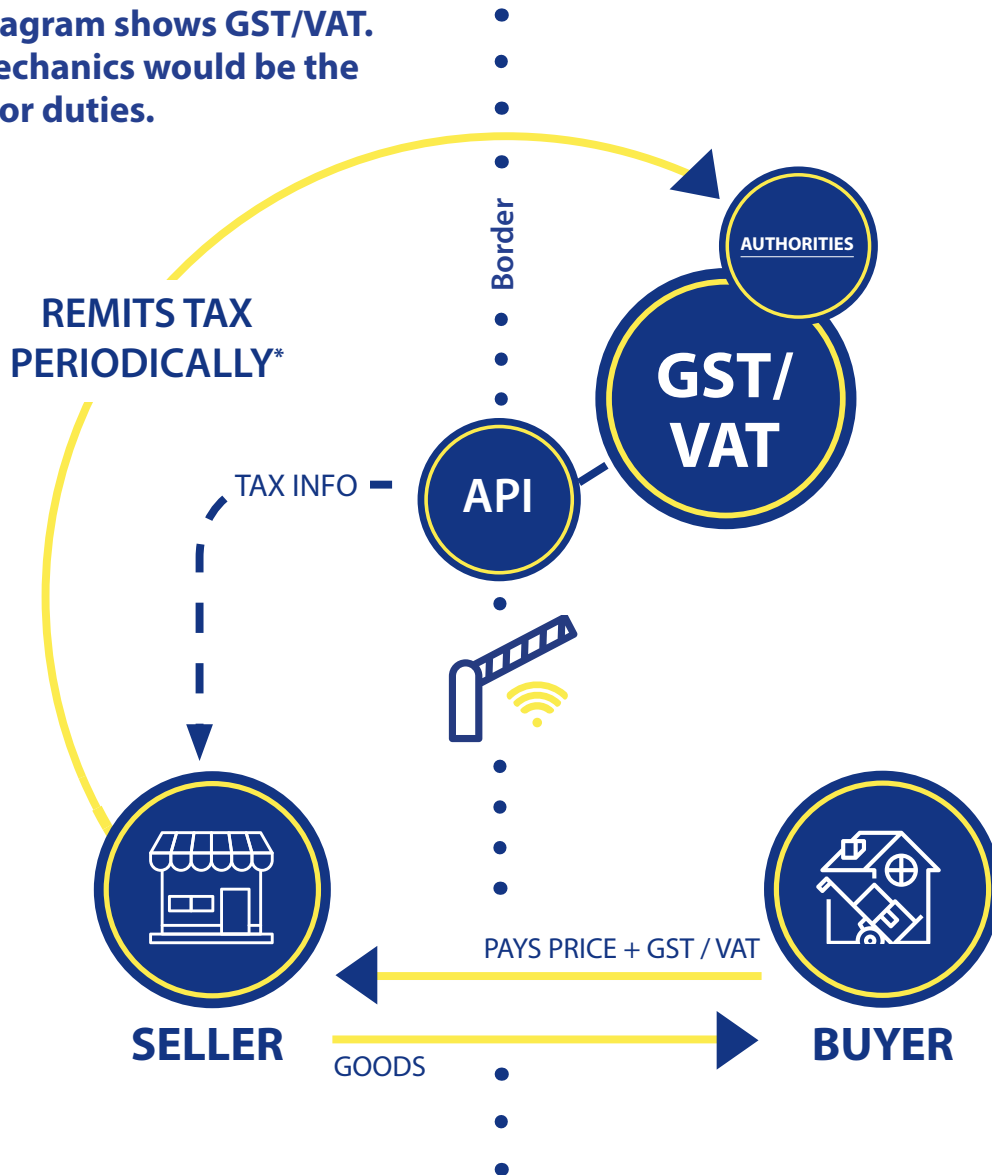
- FOR TAXES (GST, VAT)**
- A high de minimis applies for duty but
 - Tax is collected the same way for domestic or foreign vendors
 - Australia and NZ have such systems in place

* The two thresholds (de minimis, under which no duty or tax is collected, and informal entry, under which the simplified collection process applies) would be for each country to set depending on their individual circumstances.

Automate the process

A software link (API) between the vendor's site and official on-line information on tax and duty would help foreign vendors automate the process, based on the price paid (fights undervaluation).

This diagram shows GST/VAT. The mechanics would be the same for duties.



Adoption by a critical mass of countries would:

- Facilitate MSME Exports
- Help with new revenue collection in import countries (LDC, developing)
- Support economic development