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Subject: Non-paper on the customs formalities related to the return of goods in the context of e-commerce¹

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1. Introduction

Since 1 July 2021 new schemes are in place to collect and pay the VAT for goods released for free circulation and with an intrinsic value not exceeding 150€, like the Import One Stop Shop (IOSS) and the Special Arrangements. In addition, the VAT exemption for the import of non-EU goods with a value not exceeding 10/22€ has been abolished.

At the same time, with the introduction of customs formalities for all goods imported into the EU, the relevant administrative obligations on returned goods to non-EU countries have increased, and so have the requests for either the invalidation of the customs declaration for free circulation and/or the reimbursement of the relevant VAT.

As a result, both customs and business experienced bottlenecks in the relevant customs procedures. To resolve these issues, they recently asked the Commission for more guidance. For the sake of completeness, the formalities applicable to the return of goods with an intrinsic value exceeding 150€ and the rules for the repayment of VAT and customs duty are also included in this non-paper.

2. Legal framework

2.1 Import of the goods

The legal framework for the importation of goods with an intrinsic value exceeding 150€ has not been changed.

Since 1 July 2021, the legal provisions for the collection of VAT for imported goods with an intrinsic value not exceeding 150€ have changed, and new collection models have been introduced as follows:

¹ The definition of 'e-commerce' according to the WCO Cross-border E-commerce Framework of Standards: all transactions which are effected digitally through a computer network (e.g. the internet) and result in physical goods flows subject to Customs formalities.

- the Import One Stop Shop (IOSS): Articles 14(4) 2nd subparagraph, 14a and 369l to 369x of the VAT Directive (2006/112/EC), and
- the Special Arrangements: Article 369y to 369zb of the VAT Directive (2006/112/EC).

For the collection of the VAT on import consignments, the following main scenarios exist:

2.1.1 IOSS

The scope of the special scheme (IOSS) is limited to distance sales of goods in consignments of an intrinsic value not exceeding 150€ at the time of supply, imported from a third territory or a third country into the EU. Goods subject to excise duty as defined in Article 2(3) of the VAT Directive are excluded from the IOSS (these are the so-called harmonised excise goods such as alcohol, alcoholic beverages or manufactured tobacco products whose excise duty rates however depend on the Member State of import). The use of the special scheme (IOSS) is not mandatory for sellers.

The customs declaration for release for free circulation can be made by using the so-called “super reduced data set” according to the constraints set out in Article 143a UCC-DA (column H7, Annex B of UCC-DA). Goods subject to prohibitions and restrictions are excluded from the use of the customs declaration with the H7 dataset. In cases where the customs declaration with H7 dataset cannot be used, a customs declaration with full data set (column H1, Annex B of UCC-DA or the relevant part of the Transitional Delegated Act) must be lodged.

2.1.2 Special Arrangements

The scope of the Special Arrangements is restricted to the importation of goods in consignments of an intrinsic value not exceeding 150€, the dispatch or transport of which ends in the Member State of importation (Article 369y VAT Directive 2006/112/EC). Goods subject to excise duty as defined in Article 2(3) of the VAT Directive are excluded from the Special Arrangements (these are the so-called harmonised excise goods such as alcohol, alcoholic beverages or manufactured tobacco products whose excise duty rates however depend on the Member State of import).

The customs declaration for release for free circulation can be done with the so-called “super reduced data set” according to the constraints set out in Article 143a UCC-DA (column H7, Annex B of UCC-DA). Goods subject to prohibitions and restrictions are excluded from the use of customs declaration with H7 data set. In cases where the customs declaration with H7 dataset cannot be used, a customs declaration with full data set (column H1, Annex B of UCC-DA or the relevant part of the Transitional Delegated Act) must be lodged.

2.1.3 Standard VAT collection mechanism for goods with an intrinsic value not exceeding 150€

The standard VAT collection mechanism may be used for goods with an intrinsic value not exceeding 150€, in cases where the IOSS or the Special Arrangements are not used.

The customs declaration for release for free circulation can be made by using the so-called “super reduced data set” according to the constraints set out in Article 143a UCC-DA (column H7, Annex B of UCC-DA). Goods subject to prohibitions and restrictions are excluded from the use of the customs declaration with H7 dataset. In cases where the customs declaration with H7 dataset cannot be used, a customs declaration with full data set (column H1, Annex B of UCC-DA or the relevant part of the Transitional Delegated Act) must be lodged.

2.1.4 Standard VAT collection mechanism for goods with an intrinsic value exceeding 150€

The standard VAT collection mechanism applies for goods with an intrinsic value exceeding 150€. Due to the value of the goods, the IOSS, the Special Arrangements and the customs declaration with H7 data set cannot be used. Consequently, a customs declaration with full data set (column H1, Annex B of UCC-DA or the relevant part of the Transitional Delegated Act) must be lodged for customs clearance for release for free circulation.

2.2 Export of the goods

The customs export declaration can be made in the following ways, by

- a. Standard export declaration (Article 6(1) UCC and Article 158(1) UCC)
- b. Declaration by any other act:
 - goods in a postal consignment the value of which does not exceed 1.000€ and which are not liable for export duty, shall be deemed to be declared for export by their exit from the customs territory of the Union (Article 141(4) UCC-DA), or
 - goods in an express consignment the value of which does not exceed 1.000€ and which are not liable for export duty shall be deemed to be declared for export by their presentation to the customs office of exit, provided that the data in the transport document and/or invoice are available to and accepted by the customs authorities (Article 141(4a) UCC-DA).
- c. Oral declaration (Article 137(1)(b) UCC-DA)²:
 - goods of a commercial nature provided that they do not exceed either 1 000 € in value or 1 000 kg in net mass.

For goods imported with the IOSS, Special Arrangements, or the standard VAT collection mechanism with an intrinsic value not exceeding 150€, a standard customs export declaration, a customs export declaration by any other act and an oral declaration are possible. For goods with an intrinsic value exceeding 150€ previously imported with the standard VAT collection mechanism, the standard customs export declaration is always possible, the declaration by any other act and the oral declaration are only possible in cases where the value of the goods does not exceed 1000€ [or the weight does not exceed 1000 kg in net mass].

The relationship between the export declaration, the invalidation and the repayment of duties/ VAT, for goods with an intrinsic value not exceeding 150€.

In general, the process is the following: (a) goods are declared for export, (b) application for invalidation of the declaration for release for free circulation, (c) application for repayment or remission of import duties/ VAT.

According to Article 142 (b) UCC-DA, there are three possibilities in case of the return of goods to the non-EU seller:

1. If there is *no* application for repayment of VAT: the goods can be declared for export orally/ by any other act.

² Although from a legal point of view it is possible to declare the goods for export orally, in practice this will rarely be done due to the need to present every single parcel to Customs.

2. If there is an application for repayment of VAT related to the invalidation of the customs declaration for release for free circulation: the goods can be declared for export orally/ by any other act.

3. If there is an application for repayment of VAT not related to the invalidation of the customs declaration for release for free circulation: the goods cannot be declared for export orally/ by any other act.

Article 142 (b) UCC-DA is not applicable if there is an application for remission. Goods in a consignment not exceeding 1000€ can always be declared by any other act according to Articles 135 to 140_UCC-DA.”

In case of IOSS, the VAT at import is exempt. The VAT already paid at the time of the purchase must be reimbursed to the consignee by the seller of the goods. When there is no VAT paid at import, there is no repayment of duty or other charges. Taking this into account, Article 142 (b) UCC-DA does not apply for IOSS consignments. This means that an oral export declaration or the export declaration by any other act is possible for goods previously imported under the IOSS regime.

2.3 Invalidation of the customs import declaration

The legal basis for the invalidation of a customs declaration is Article 174 UCC. It is based on an application made by the declarant.

Article 174(2) UCC states that the customs declaration shall not be invalidated after the goods have been released unless where otherwise provided.

One of the exceptions laid down in Article 148(3) UCC-DA concerns goods which have been sold under a distance contract as defined in Article 2(7) of Directive 2011/83/EU of the European Parliament and of the Council.

According to this provision, the invalidation of the customs declaration for release for free circulation is possible under the following conditions:

(a) the application of the declarant is made within 90 days of the date of acceptance of the customs declaration and

(b) the goods have been exported with a view to their return to the original supplier's address or to another address indicated by that supplier.

- *Is there an EU-format for the application to invalidate a declaration?*

Only applications and decisions included in Annex A of UCC-DA have common data requirements. Applications for invalidation of a customs declaration are not included in Annex A, so there is not a common format for such requests at EU level. There are also no procedural rules laid down in the UCC-IA in relation to the invalidation of the customs declaration. Application requirements and their format are left to the MS customs authorities as long as the provisions of Article 148(3) UCC DA are fulfilled.³

³ See page 51, [guidance customs formalities entry import en.pdf \(europa.eu\)](#)

- Who can apply for the invalidation of a customs declaration?

An application to invalidate a customs declaration can only be done by the declarant (in accordance with Article 174(1) UCC) or by a customs representative acting on behalf of the declarant. This is the person who lodges, or in whose name the declaration is lodged in accordance with Article 5(15) UCC.

According to the above, the application for the invalidation of the customs declaration for release free circulation can be done by or on behalf of:

- the importer (consignee): in case he lodged the import declaration by himself in his own name and on his own behalf, the importer (consignee) or the direct customs representative if the empowerment covers the invalidation of the customs declaration: in case of direct customs representation,
- the customs representative (e.g. express carrier, postal operator, customs broker, etc): in case of indirect customs representation, because the indirect customs representative becomes the declarant.,⁴
- the express carrier, the postal operator, customs broker, etc: in case they lodged the customs declaration for release for free circulation in their own name and on their own behalf.⁵

The request to invalidate the customs declaration for release for free circulation is only possible by the declarant of the *declaration for release for free circulation*. Therefore, in case the importer/consignee/declarant does not want to be involved in applying for the invalidation of the import declaration, they must ensure that the terms of the empowerment for direct customs representation allows the facilitation of representation for the whole lifecycle of the customs declaration (from preparation and submission until invalidation). In cases where the customs representative has an empowerment for indirect representation for the initial customs clearance, he becomes the declarant in the process and, consequently he does not need any further empowerment for the amendment or invalidation of the customs declaration. In case there are different customs representatives involved in the release for free circulation and the export of the goods, there is a need for a separate empowerment for each customs representative.

What is a customs declaration?

Article 222 UCC-IA provides that where a customs declaration covers two or more items of goods, the particulars stated in that declaration relating to each item shall be regarded as constituting a separate customs declaration. There are two exceptions:

- the goods are classified under the same tariff subheading, or
- they are subject to an application for simplification under Article 177 UCC (charge on the whole consignment to the highest rate of import duties).

Based on the above, the following conclusions can be drawn:

1. Invalidation of the customs declaration is only possible when, in case of one item, all goods on that customs declaration are exported and returned to the original seller.

⁴ It is also possible for an indirect representative at import to be represented by another operator for the invalidation of the customs declaration for release for free circulation.

⁵ See paragraph 5.3 [guidance on import and export of low value consignments en.pdf \(europa.eu\)](#)

2. In case the consignment includes more than one item with different tariff subheadings, the various items of the customs declaration can be considered as separate customs declarations. Partial invalidation of the customs declaration, e.g. for one declaration item, is therefore legally possible, but in practice this is generally not supported by the MS's import systems.

How to proceed after the export?

The first step is to determine whether it is *possible to invalidate* the customs declaration for release for free circulation. In cases where this is possible, the declarant of the relevant customs declaration can request the invalidation under the conditions provided for in Article 148(3) UCC-DA. This applies to all customs declarations for release for free circulation, i.e. to goods with an intrinsic value not exceeding 150€ (IOSS, Special Arrangement and Standard VAT collection mechanism) and to goods with an intrinsic value exceeding 150€ as well.

However, there are situations when it is *not possible to invalidate* a customs declaration under the rules laid down in Article 148(3) UCC-DA. For example, the invalidation of a declaration for release for free circulation of a non-commercial consignment (e.g. gift) regardless of the value is not possible, because the goods were not imported in the context of distance sales.

In case the invalidation is not possible, can the import declaration be amended after the release of the goods?

According to Article 173 (2)(c) UCC, the amendment of a customs declaration is not permitted when it is applied for after the release of the goods. Article 173(3) UCC gives the possibility to amend a declaration within 3 years after the release of the goods and upon application by the declarant, in order for the declarant to comply with the obligations relating to the placing of the goods under the customs procedure (e.g. release for free circulation) concerned.

In view of these articles, the export of goods to the supplier after release of the goods for free circulation is not a justified reason to amend the import declaration.

The procedure for the invalidation of the customs declaration in view of the above four import scenarios is the following:

2.3.1 Goods imported under IOSS

In the case of IOSS, the import VAT is exempted. The import VAT will be collected by the seller (or deemed seller) from the buyer at the time of purchase. In cases where the imported goods are returned to the seller (or deemed seller), they will be reimbursed with the relevant VAT amount received from the buyer upon purchase. Therefore the seller (or deemed seller), has to make a corresponding correction in the VAT return of the same or subsequent month.

From a customs perspective, the invalidation of the customs declaration for release for free circulation is not required for the reimbursement of the VAT. Article 142 (b) DA is not applicable and an export-declaration by any other act is always sufficient from a customs perspective.

Nevertheless, the invalidation of the customs declaration for release for free circulation could improve the coherence between the Surveillance monthly reports and the monthly IOSS VAT return.

From a VAT perspective, the invalidation of the customs declaration for release for free circulation, while desirable for the sake of coherence between the Surveillance monthly reports and the monthly IOSS VAT returns, is not actually a prerequisite for

the correction of VAT in the IOSS VAT return. It is probably sufficient that an electronic export declaration is lodged as evidence of the return of the goods and to correct the VAT return.

As an alternative solution, if the customs declaration for release for free circulation cannot be invalidated for IOSS goods that have been returned, then one or more of the following documents could be used as proof to demonstrate an entitlement to make a correction in the IOSS VAT return:

- the communication between the buyer and the seller about the return of the goods;
- the financial consequences such as the repayment of the price including VAT;
- the proof of transfer of the money;
- the electronic export declaration (confirmation of export) or any other proof of export (in case of declaration by any other act);
- if the supplier intends to destroy the goods in the EU after import: the proof that the goods have been destroyed. This is only possible if allowed by and according to the national legislation and regulations in the MS;
- *if the supplier sold the goods within the EU after import. This possibility is under further analysis by the COM.*

2.3.2 Import of goods with an intrinsic value not exceeding 150€ under Special Arrangements or the standard import VAT collection mechanism

From a customs perspective, the invalidation of the import declaration is not required in these scenarios in order to reimburse the import VAT. If the invalidation of the import declaration is waived, an export declaration by any other act is still possible in case of an application for the repayment of the import VAT, if not excluded by Article 142 (b) UCC-DA.

From a VAT perspective, the necessity to invalidate the import declaration in order to reimburse the import VAT, depends on the MS' national VAT legislation.

This means that there are two possibilities:

1. In case the MS VAT legislation determines that the UCC is applicable to the import VAT, for both the Special Arrangements and the standard import VAT collection mechanism, the refund of VAT is only possible if the import declaration is invalidated in accordance with Article (116 (1) UCC). This means that in case the invalidation of the customs declaration for release for free circulation is not possible, the import VAT cannot be reimbursed.
2. In case the national VAT legislation determines specific rules for the refund of the import VAT for both the Special Arrangements and the standard import VAT collection mechanism, the refund of the import VAT is only possible in accordance with the specific MS' rules.

2.3.3 Goods imported with an intrinsic value exceeding 150€

In this case, import duty may be due. In accordance with the 2nd subparagraph of Article 116(2) UCC, the repayment of the import duty (and VAT) is only possible if the corresponding import declaration is invalidated. This means that in case the invalidation of the customs declaration for release for free circulation is not possible, the import duty (and VAT) cannot be reimbursed.

2.4 Repayment / reimbursement of the import duty and/or VAT

Import duty

The relevant legal base for the repayment and reimbursement of the import duty (for example in case of e-commerce returns) is Article 116(1) 2nd subparagraph UCC. It states that where an amount of import or export duty *has been paid* and the corresponding customs declaration is invalidated in accordance with Article 174 UCC, the amount concerned shall be repaid.

In case that the corresponding customs declaration is invalidated according to Article 174 UCC and the amount of import or export duty *has not been paid yet*, it shall be extinguished in accordance with Article 124(1)(d) UCC.

VAT

Invalidation of the customs declaration for release for free circulation is not mandatory in order to request the reimbursement of the VAT collected on the goods with an intrinsic value not exceeding 150€ that were imported into the EU and- subsequently returned. It is up to the declarant to request and justify it.

Generally, from a VAT perspective, there is VAT charged upon importation. An exemption of the import VAT in relation to goods with an intrinsic value not exceeding 150€ is possible if the seller is registered for the IOSS. In that case the VAT will be charged on the distance sale, so not at the moment of import. Consequently, the reimbursement of the VAT will be done in the monthly VAT declaration submitted to the tax authorities of the Member State of the IOSS registration.

In case of non-IOSS (special arrangement and standard VAT collection mechanism), the reimbursement of the import VAT is primarily a tax matter. However, in accordance with the national VAT legislation, in certain MS, it is dealt with by customs. The specific reimbursement rules can differ depending on the specific regime, e.g. monthly payment of the collected VAT, deferred payment of the import VAT or otherwise.

In the case of consignments with an intrinsic value exceeding 150€, the reimbursement of the import duties is only possible after the invalidation of the import declaration in accordance with Article 116(1)-(2) UCC. In case the MSs are treating import VAT as an import duty, the same condition (i.e. mandatory invalidation of the customs declaration for release for free circulation) applies for the reimbursement of the import VAT as for the customs duty.

2.4.1 Goods imported under IOSS

If the reimbursement of the VAT on the returned goods occurs *in the same period* as the supply, i.e. before the IOSS VAT return has been submitted, it can be netted off the total VAT payable for that period. On the other hand, if the reimbursement takes place *in another period*, the VAT can be corrected in part 3 of the IOSS declaration, based on Article 369t (2) VAT Directive. The consequence of this will be that there is a mismatch between the customs systems and the tax authorities systems. It is up to the tax authorities to decide whether this mismatch can be explained and approved. They can use the proposed solution for the documents of proof, e.g. a credit note. The credit note should be dealt with by making a correction to the IOSS VAT return for the period in which the supply was declared. Such an amendment is only possible if the return of the goods leads to an export.

2.4.2 Goods imported under special arrangements

When the special arrangements are used, the person for whom the goods are destined (the importer/consignee) shall be liable for the payment of the VAT (first

subparagraph of Article 369z VAT Directive). The person presenting the goods to customs shall collect the VAT from the person for whom the goods are destined and effect the payment of such VAT (Article 369z (1) subparagraph b VAT Directive). The VAT collected under the special arrangements can be reported in a monthly declaration (Article 369zb VAT Directive). The declaration will show the total VAT that the postal operator, carrier or customs agent collected during that month (Article 369zb VAT Dir). If they were unable to collect the VAT from the consignee, that VAT does not need to be declared. In that case, the goods need to be exported to the original supplier's address or another address indicated by that supplier.

However, in some Member States the already existing system of the deferred payment is also used for imports. In these cases, the import VAT needs to be declared at the moment of import, although the VAT is not collected from the consignee at that moment. The declarant will pay all the import VAT on a monthly basis to customs. If, after the import, the consignment has not been accepted by the consignee or it could not be delivered, or has been sent back after the acceptance of the customs declaration for release for free circulation, the postal operator, carrier or customs agent (declarant) needs to lodge a separate request for the reimbursement of the import VAT. The rules for the reimbursement of VAT will apply (proof of export, credit note, etc).

2.4.3 Import of goods with an intrinsic value not exceeding 150€ under the standard import VAT collection mechanism

In this case, the import VAT needs to be declared and paid at the moment of import, unless the declarant has a deferred payment authorisation. In the latter case, the declarant will pay the import VAT on a periodic (e.g. monthly) basis to customs. If, after the release of the goods, the consignment has not been accepted by the consignee or it could not be delivered, or has been sent back (or destroyed), the postal operator, carrier or customs agent (declarant) needs to lodge a separate request for the reimbursement of the import VAT. The national VAT rules for the reimbursement of VAT will apply (proof of export, credit note, etc).

2.4.4 Import of goods with an intrinsic value exceeding 150€

The reimbursement of the import duties and the import VAT is only possible after the invalidation of the import declaration. In this scenario, the import duty and import VAT needs to be declared upon import. The declarant will pay the import duty and VAT per import declaration or, in case he has a deferred payment authorisation, on a periodic (e.g. monthly) basis to customs. If the consignment has not been accepted by the consignee or has been sent back (or destroyed) after the release of the goods, the postal operator, carrier or customs agent (declarant) needs to lodge a separate request for the reimbursement of the import duty⁶ and the VAT. The rules for the reimbursement will apply (proof of export, credit note, etc).

⁶ https://ec.europa.eu/taxation_customs/system/files/2018-07/rem-rep-guidance-en.pdf

3. Integrated table

	Import	Export	Invalidation	Reimbursement
IOSS	H1/H7	<p><i>Standard:</i> (Article 6 (1) UCC and Article 158 (1) (2) UCC)</p> <p><i>By any other act:</i></p> <ul style="list-style-type: none"> * postal consignments Article 141(4) UCC-DA * express consignments Article 141(4a) UCC-DA <p><i>Oral declaration:</i> (Article 137(1)(b) UCC-DA)</p> <ul style="list-style-type: none"> * goods of a commercial nature provided that they do not exceed either 1 000 € in value or 1 000 kg in net mass. <p>(Article 142 (b) UCC-DA does not apply in case of IOSS)</p>	<p>Regarding VAT</p> <p>From a customs perspective, the invalidation of the customs declaration for release for free circulation is not required for the reimbursement of the VAT.</p> <p>From a VAT perspective, the invalidation of the customs declaration for release for free circulation, is not actually a prerequisite for the correction of VAT in the IOSS VAT return. Alternative proofs may be sufficient to demonstrate an entitlement to make a correction in the IOSS VAT return. This is only possible if allowed by and according to the national legislation and regulations in the MS in question.</p>	<p>Regarding VAT</p> <p>Correction in the <i>same month</i>: netted off in the VAT declaration</p> <p>Corrected in the <i>next month</i>: correction in next VAT declaration</p>
Special Arrangements	H1/H7	<p><i>Standard:</i> (Article 6 (1) UCC and Article 158 (1) (2) UCC)</p> <p><i>By any other act:</i></p> <ul style="list-style-type: none"> * postal consignments Article 141(4) UCC-DA * express consignments Article 141(4a) UCC-DA <p><i>Oral declaration:</i> (Article 137(1)(b) UCC-DA)</p> <ul style="list-style-type: none"> * goods of a commercial nature 	<p>Regarding VAT</p> <p>From a customs perspective, the invalidation of the import declaration is not required in these scenarios in order to reimburse the import VAT.</p> <p>From a VAT perspective, the necessity to invalidate the import declaration in order to reimburse the import VAT, depends on the MS' national VAT legislation. This means</p>	<p>Regarding VAT</p> <ul style="list-style-type: none"> - extinguish in accordance with Article 124 (1) (d) UCC if the corresponding customs declaration is invalidated according to Article 174 UCC and the amount of import or export duty has not been paid yet - separate request for reimbursement VAT if VAT has been paid and the corresponding customs declaration is

		<p>provided that they do not exceed either 1 000 € in value or 1 000 kg in net mass.</p> <p>(Also to take into consideration Article 142 (b) UCC-DA)</p>	<p>that there are two possibilities:</p> <ol style="list-style-type: none"> 1. In case the MS VAT legislation determines that the UCC is applicable on the import VAT, the refund of VAT is only possible if the import declaration is invalidated in accordance with Article (116 (1) UCC). This means that in case the invalidation of the customs declaration for release for free circulation is not possible, the import VAT cannot be reimbursed. 2. In cases where the national VAT legislation determines specific rules for the refund of the import VAT, the refund of the import VAT is only possible in accordance with these specific MS' rules. 	<p>invalidated in accordance with Article 174 UCC.</p>
<p>Standard import VAT collection for goods with an intrinsic value not exceeding 150€</p>	<p>H1/H7</p>	<p><i>Standard:</i> (Article 6 (1) UCC and Article 158 (1) (2) UCC) <i>By any other act:</i> * postal consignments Article 141(4) UCC-DA * express consignments Article 141(4a) UCC-DA <i>Oral declaration:</i> (Article 137(1)(b) UCC-DA) *goods of a commercial nature provided that they do not exceed either 1 000 € in value or 1 000 kg in net mass.</p> <p>(Also to take into consideration Article 142 (b) UCC-DA)</p>	<p>Regarding VAT From a customs perspective, the invalidation of the import declaration is not required in these scenarios in order to reimburse the import VAT.</p> <p>From a VAT perspective, the necessity to invalidate the import declaration in order to reimburse the import VAT, depends on the MS' national VAT legislation. This means that there are two possibilities:</p> <ol style="list-style-type: none"> 1. In case the MS VAT legislation determines that the UCC is applicable on the import VAT, the refund of VAT is only possible if the import declaration is 	<p>Regarding VAT - extinguish in accordance with Article 124 (1) (d) UCC if the corresponding customs declaration is invalidated according to Article 174 UCC and the amount of import or export duty has not been paid yet - separate request for reimbursement VAT if VAT has been paid and the corresponding customs declaration is invalidated in accordance with Article 174 UCC.</p>

			<p>invalidated in accordance with Article (116 (1) UCC). This means that in case the invalidation of the customs declaration for release for free circulation is not possible, the import VAT cannot be reimbursed.</p> <p>2. In case the national VAT legislation determines specific rules for the refund of the import VAT, the refund of the import VAT is only possible in accordance with the specific MS' rules.</p>	
<p>Standard import procedure exceeding 150€</p>	<p>H1</p>	<p><u>Standard:</u> (Article 6 (1) UCC and Article 158 (1) (2) UCC) <u>By any other act:</u> up to €1.000 * postal consignments Article 141(4) UCC-DA * express consignments Article 141(4a) UCC-DA <u>Oral declaration:</u> (Article 137(1)(b) UCC-DA) *goods of a commercial nature provided that they do not exceed either 1 000 € in value or 1 000 kg in net mass.</p>	<p>Regarding import duties</p> <p>Article 116 (1)-2 UCC: invalidation is mandatory for reimbursement</p> <p>Regarding VAT invalidation is mandatory for reimbursement</p>	<p>Regarding import duties</p> <p>Article 116 (1)-2 UCC: reimbursement is only possible after invalidation</p> <p>Regarding VAT reimbursement is only possible after invalidation</p> <p>- extinguish in accordance with Article 124 (1) (d) UCC if the corresponding customs declaration is invalidated according to Article 174 UCC and the amount of import or export duty has not been paid yet - separate request for reimbursement of VAT if VAT has been paid and the corresponding customs declaration is invalidated in accordance with Article 174 UCC.</p>

4. Examples

4.1 IOSS

	<u>Export</u>	<u>Invalidation of the customs declaration for release for free circulation</u>	<u>Reimbursement of the VAT</u>
<p>Mixed consignment (= one parcel containing two different declaration items, e.g. one pair of shoes and one T-shirt)</p>	<p>Electronic declaration</p> <p>Any other act</p> <p>Oral declaration</p>	<p>a) Return of both declaration items Invalidation of the import customs declaration is possible within 90 days of the day when it was accepted.</p> <p>b) Return of only one declaration item Partial invalidation of the customs declaration, e.g. for one declaration item, is legally possible if the conditions are otherwise met, but in practice this is generally not supported by the MS's import systems.</p>	<p>Both for the single and the mixed consignments, the VAT will be reimbursed by correction of the VAT return. Depending on the time of the return of the goods, the correction of the VAT will either be netted off in the IOSS-return of the same month as the sale, or in a subsequent IOSS-return. The consequence of that will be that there is a mismatch between the customs systems and the Tax authorities systems. It is up to the Tax authorities to decide whether this mismatch can be explained and approved. They can use the proposed solution for the documents of proof.</p>
<p>Non-mixed consignment (= one parcel containing two or more pieces of a particular good but the same declaration item, e.g. two pairs of shoes in different sizes)</p>	<p>(Article 142 (b) UCC-DA does not apply in case of IOSS)</p>	<p>a) Return of all goods covered by the customs declaration Invalidation of the import customs declaration possible within 90 days after its acceptance</p> <p>b) Partial return (e.g. only one article is returned) It is legally not possible to invalidate the customs declaration, since the shoes are classified under a single tariff subheading. Therefore, they constitute a single declaration item, i.e. a single customs declaration for both shoes. Since one pair of shoes remains in the EU and is not exported, the invalidation of the customs declaration is legally not possible. An export declaration will be the only step to take for the return of the goods, from a customs perspective.</p>	

Parcel could not be delivered to consignee		Invalidation of the customs declaration for release for free circulation is possible within 90 days of its acceptance.	In both scenarios (i.e. single and mixed consignments), the VAT will be reimbursed by correction of the VAT return. Depending on the time of the return of the goods, the correction of the VAT will either be netted off in the IOSS-return of the same month as the sale, or in a subsequent IOSS-return. The consequence of that will be that there is a mismatch between the customs systems and the Tax authorities systems. It is up to the Tax authorities to decide whether this mismatch can be explained and approved. They can use the proposed solution for the documents of proof.
Return after 90 days		Invalidation of the customs declaration for release for free circulation not possible. An export declaration will be the only step to take for the return of goods from a customs perspective.	The VAT can be corrected in part 3 of the IOSS declaration. A VAT IOSS declaration can be corrected within three years from the date that the original return was required to be submitted. The consequence of that will be that there is a mismatch between the customs systems and the Tax authorities systems. It is up to the Tax authorities to decide whether this mismatch can be explained and approved. They can use the proposed solution for the

			documents of proof.
Goods are exported with a different carrier		The invalidation of the customs declaration is only possible by the declarant of the import declaration. If carrier A is an indirect representative, the invalidation of the import declaration by carrier B is only possible if he acts as a representative of carrier A . In case of direct representation by carrier A, the invalidation can be requested by the consignee if the conditions of Article 148 (3) UCC-DA are met.	If the return payment occurs in the same period as the supply, before the IOSS VAT return has been submitted, it can be netted off the total VAT payable for that period. On the other hand, if the return payment takes place in another month, the VAT can be corrected in part 3 of the IOSS declaration. The consequence of not invalidating will be that there is a mismatch between the customs systems and the Tax authorities systems. It is up to the Tax authorities to decide whether this mismatch can be explained and approved. They can use the proposed solution for the documents of proof.
Goods are returned but not exported to the supplier (warehouse or to be destroyed, or to be re-sold in the EU),		<p>In theory, since the goods are returned to the seller, the seller should refund the VAT charged at the time of the IOSS sale as there is no longer a relevant IOSS transaction. This view supports the idea of making the correction in the IOSS VAT Return. However, the goods are not exported.</p> <p>An issue arises because of the potential to have different VAT rates at play. On the one hand, the VAT charged on the IOSS sale of the shoes is calculated based on the rate applicable in the Member State of consumption. On the other hand, if the company had first imported the shoes into the EU itself, it would have been</p>	<p>IOSS-VAT reimbursement if the goods are not exported to the supplier (warehouse or to be destroyed, or to be re-sold in the EU) is only possible if allowed by and according to the national legislation and regulations in the MS.–</p> <p>The possibility to re-sell the goods within the EU is under further</p>

	<p>liable for import VAT in the Member State of importation – this supply would not have been a ‘distance sales of goods imported’ and Article 221(4) would not apply if the goods were not under a scheme/customs procedure.</p> <p>Assuming the goods were not subject to customs procedure arrangements, the place of supply would have been deemed to be within the Member State of importation of the goods, which may not be the same MS as the MS of consumption. Based on the above – two different rates could potentially be at play.</p> <p>Nevertheless, in any event, if the imported goods are subsequently sold in the EU, the seller is entitled to deduct the import VAT incurred in the course of making the taxable supply (sale of shoes). In this case, one possible solution could be for the seller to correct the VAT in the original IOSS VAT return. He could then account for the VAT on import in the MS of importation (deemed MS of importation - where the customer sends the shoes) by using postponed accounting arrangements – if available. This solution provides for postponed accounting for VAT on imports from non-EU countries and enables the supplier to account for ‘deemed import VAT’ in his domestic VAT return in the MS of importation (deemed as a fiction to be the MS where the customer returns the shoes).</p> <p>If the seller subsequently makes a domestic taxable supply of the shoes in that Member State, he could then account for the output VAT on that sale but also be allowed to reclaim the import VAT at the same time, subject to the normal rules on deductibility. On the other hand, if the seller subsequently makes a taxable supply of the shoes in another Member State, he could then account for the output VAT in the Union OSS. Separately he would have to reclaim the import VAT in the domestic VAT return of the</p>	<p>analysis by the COM.</p>
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		<p>'deemed MS of importation', subject to normal rules on deductibility.</p> <p>It is worth noting that, from a VAT point of view, the sales after import under the IOSS can no longer be considered as distance sales of goods imported but may either be domestic sales or intra-community distance sales of goods.</p>	
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4.2 Special Arrangements:

	Export	Invalidation of the customs declaration for release for free circulation	Reimbursement of the VAT
<p>Mixed consignment (= one parcel containing two different declaration items, e.g. one pair of shoes and one T-shirt)</p>	<p>Electronic declaration</p> <p>Any other act</p> <p>Oral declaration</p>	<p>a) Return of both declaration items Invalidation of the customs declaration for release for free circulation possible within 90 days after its acceptance.</p> <p>b) Return of only one declaration item Partial invalidation of the customs declaration, e.g. for one item, is legally possible, if conditions are otherwise met, but in practice this is generally not supported by the MS's import systems.</p>	<p>In both scenarios (i.e. single and mixed consignments), the VAT can be reimbursed upon application according to the national legislation and regulation in the MS.. Invalidation of the import declaration is not mandatory. It is up to the declarant to request and justify it.</p>
<p>Non-mixed consignment (= one parcel containing two or more pieces of a particular good but the same declaration item, e.g. two pairs of shoes in different sizes)</p>	<p>(Also to take into consideration Article 142 (b) UCC-DA)</p>	<p>a) Return of all goods covered by the customs declaration Invalidation of the customs declaration possible within 90 days.</p> <p>b) Partial return (e.g. only one article is returned) It is legally not possible to invalidate the customs declaration, since the shoes are classified under a single tariff subheading. Therefore, they constitute a single declaration item, i.e. a single customs declaration for both shoes. Since one pair of shoes remains in the EU and is not exported, an invalidation of the customs declaration is legally not possible. An export declaration will be the only step to take for the return of goods from a customs perspective.</p>	

Parcel could not be delivered to consignee		Invalidation of the customs declaration possible within 90 days.	<p>If the consignment could not be delivered, VAT has not been paid, therefore VAT is not declared in the monthly declaration reimbursement is not necessary.</p> <p>In case of a MS imposing deferred payment, the VAT has to be paid on a monthly basis and will be reimbursed upon request according to the national rules of the MS.</p>
Return after 90 days		Invalidation of the customs declaration not possible.	Reimbursement of the VAT is only possible if allowed by and according to the national legislation and regulations in the MS.
Goods are exported with a different carrier		<p>The invalidation of the customs declaration is only possible by the declarant of the import declaration. If carrier A is an indirect representative, the invalidation of the import declaration by carrier B is only possible if he acts as a representative of carrier A . In case of direct representation by carrier A, the invalidation can be requested by the consignee if the conditions of Article 148 (3) UCC-DA are met.</p> <p>As soon as the goods are delivered the return of the goods will then no longer take place under the special arrangement, but in accordance with the generally applicable customs regulations.</p>	VAT can be reimbursed upon application, according to the national legislation and regulations in the MS. Invalidation of the customs declaration for release for free circulation is not mandatory to request the reimbursement of the VAT collected. It's up to the declarant to request and justify it.
Goods are returned but not exported to the supplier (warehouse or to be destroyed, or to			The goods are destroyed, brought to a warehouse or to be re-sold in the EU per request by the supplier: this is only possible if allowed by and according to the national legislation and regulations in the

be re-sold in the EU)			<p>MS.</p> <p>The possibility to re-sell the goods within the EU is under further analysis by the COM.</p> <p>Invalidation is not mandatory to request the reimbursement of the VAT collected. It's up to the declarant to request and justify it.</p>
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4.3 Goods with an intrinsic value not exceeding 150€, imported with the standard VAT collection mechanism

	Export	Invalidation of the customs declaration for release for free circulation	Reimbursement of the VAT
<p>Mixed consignment (= one parcel containing two different declaration items, e.g. one pair of shoes and one T-shirt)</p>	<p>Electronic declaration</p> <p>Any other act</p> <p>Oral declaration</p> <p>(Also to take into consideration Article 142 (b) UCC-DA)</p>	<p>a) Return of both declaration items Invalidation of the customs declaration for release for free circulation is possible within 90 days after its acceptance.</p> <p>b) Return of only one declaration item Partial invalidation of the customs declaration for release for free circulation, e.g. for one item, is legally possible, but in practice this is generally not supported by the MS's import systems.</p>	<p>VAT can be reimbursed upon application according to the national VAT rules. Invalidation of the import declaration is not mandatory to request the reimbursement of the VAT collected. It is up to the declarant to request and justify it.</p>

<p>Non-mixed consignment (= one parcel containing two or more pieces of a particular good but the same declaration item, e.g. two pairs of shoes in different sizes)</p>		<p>a) Return of all goods covered by the customs declaration Invalidation of the customs declaration for release for free circulation is possible within 90 days after its acceptance.</p> <p>b) Partial return (e.g. only one article is returned) It is legally not possible to invalidate the customs declaration for release for free circulation, since the shoes are classified under a single tariff subheading. Therefore, they constitute a single declaration item, i.e. a single customs declaration for both pairs of shoes. Since one pair of shoes remains in the EU and is not exported, the invalidation of the customs declaration is legally not possible. An export declaration will be the only step to take for the return of goods from a customs perspective.</p>	
<p>Parcel could not be delivered to consignee</p>		<p>Invalidation of the customs declaration for release for free circulation possible within 90 days after its acceptance.</p>	
<p>Return after 90 days</p>		<p>Invalidation of the customs declaration for release for free circulation is not possible.</p>	
<p>Goods are exported with a different carrier</p>		<p>The invalidation of the customs declaration is only possible by the declarant of the import declaration. If carrier A is an indirect representative, the invalidation of the import declaration by carrier B is only possible if he acts as a representative of carrier A . In case of direct representation by carrier A, the invalidation can be requested by the consignee if the conditions of article 148 (3) UCC-DA are met.</p>	<p>VAT can be reimbursed upon application according to the national legislation and regulations in the MS. Invalidation of the customs declaration for release for free circulation is not mandatory to request the reimbursement of the VAT collected. It's up to the declarant to request and justify it.</p>
<p>Goods are returned but not exported to the supplier</p>			<p>The goods are destroyed, brought to a warehouse or to be re-sold in the EU, per request by the supplier: this</p>

<p>(warehouse or to be destroyed, or to be re-sold in the EU)</p>			<p>is only possible if allowed by and according to the national legislation and regulations in the MS.</p> <p>The possibility to re-sell the goods within the EU is under further analysis by the COM.</p> <p>Invalidation is not mandatory to request the reimbursement of the VAT collected. It's up to the declarant to request and justify it.</p>
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4.4 Import of goods with value above €150

	Export	Invalidation of the customs declaration for release for free circulation	Reimbursement of the VAT and, if applicable, the import duty
Mixed consignment (= one parcel containing two different declaration items, e.g. one pair of shoes and one T-shirt)	<p>Standard declaration</p> <p>Any other act (if the total value of the consignment is less than €1000)</p> <p>Oral declaration</p>	<p>a) Return of both declaration items Invalidation of the customs declaration for release for free circulation is possible within 90 days after its acceptance.</p> <p>b) Return of only one declaration item Partial invalidation of the customs declaration for release for free circulation, e.g. for one declaration item, is legally possible, but in practice this is generally not supported by the MS's import systems.</p>	<p>a) Whole consignment is returned The declarant needs to invalidate the import customs declaration and lodge a separate request for the reimbursement of the import duty and the VAT.</p> <p>b) 1 item is returned If it is technically possible to invalidate the customs declaration for the one declaration item in the MS of import, the declarant needs to invalidate the customs declaration and lodge a separate request for the reimbursement of the import duty and the VAT. If it is not possible to invalidate the import customs declaration for the one item that was returned, no reimbursement of the import duty is possible. The reimbursement of the VAT will depend on the national legislation and regulations in the MS.</p>
Non-mixed consignment (= one parcel containing two or more pieces of a particular good but the same declaration item, e.g. two pairs of shoes in different		<p>a) Return of all goods covered by the customs declaration Invalidation of the customs declaration for release for free circulation is possible within 90 days after its acceptance.</p> <p>b) Partial return (e.g. only one article is returned) It is legally not possible to invalidate the customs declaration, since the shoes are classified under a single tariff subheading. Therefore, they constitute a single declaration</p>	<p>a) The whole consignment is returned The declarant needs to invalidate the customs declaration for release for free circulation and lodge a separate request for the reimbursement of the import duty and the VAT.</p> <p>b) 1 article is returned Invalidation of the customs declaration for release for free circulation and, therefore, the reimbursement of the import duty is not</p>

sizes)		item, i.e. a single customs declaration for both pairs of shoes. Since one pair of shoes remains in the EU and is not exported, an invalidation of the customs declaration is legally not possible. An export declaration will be the only step to take for the return of goods from a customs perspective.	possible. For the VAT, it depends on the national legislation and regulations in the MS.
Parcel could not be delivered to consignee		Invalidation of the customs declaration for release for free circulation is possible within 90 days after its acceptance.	The declarant needs to invalidate the import customs declaration and lodge a separate request for the reimbursement of the import duty and the VAT.
Return after 90 days		Invalidation of the customs declaration for release for free circulation is not possible.	Invalidation and therefore reimbursement of import duty is not possible. For the VAT, it will depend on the national legislation and regulations in the MS.
Goods are returned but not exported to the supplier (warehouse or to be destroyed, or to be re-sold in the EU)			In case the goods are not exported, the import duty and the VAT cannot be reimbursed.