



The Swedish Post and Telecom Authority strives to ensure that everyone in Sweden shall have access to good telephone, broadband and postal services.

# Session 2: Overcoming borders: Customs and VAT on postal imports

- Import VAT on low value items: the Swedish experience

Anders Hildingsson, Senior Analyst,  
Digitalisation department, PTS

# Background

- No exception\* for items of low value, but different procedures for import VAT declaration
- 2015 The Sw. Customs Authority initiated an internal review of customs procedures and concluded that the handling of low value items needed to be further investigated
- 2016 new customs law, although no operator was designated at this point

\* More specifically, an exception to the exception implemented when Sweden joined the European Union (Community) in 1995

# Stockholm Arlanda December 2017



## Measures taken Nov 2017 – Jan 2018

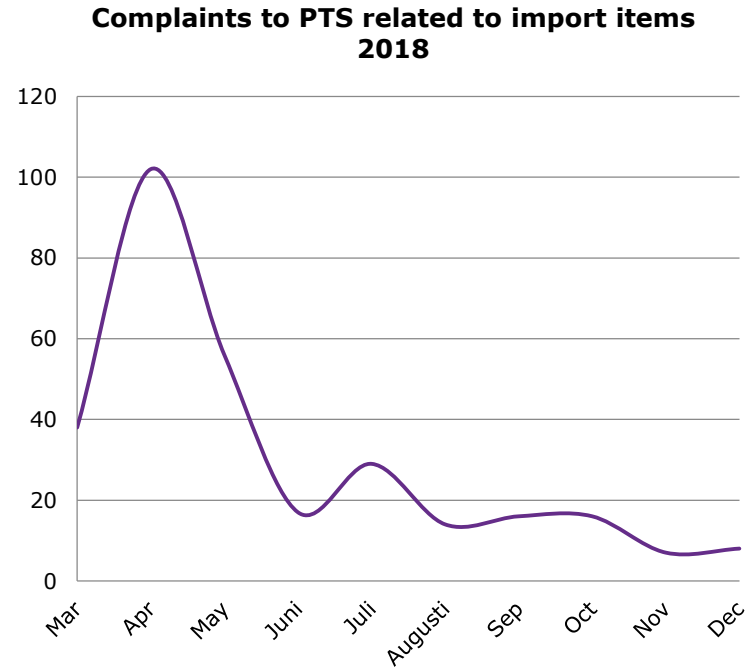
- Nov-Dec 2017: Several meetings and communication between Postnord - Customs Authorities - Department of Finance related to procedures for declaring VAT (inbound; third party countries)
- Jan 18: Decision from Customs Authorities: Postnord to immediately ensure VAT declarations and payments for all items from "the first" SEK
- Negotiated to start as of March 1 2018

# Implementation

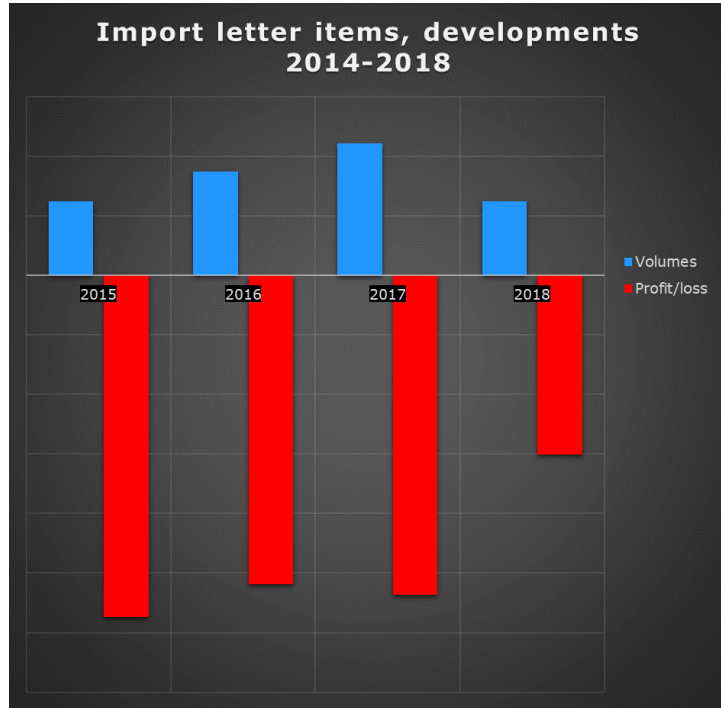
- Reopening a recently closed terminal
- Hiring approximately 450 new employees
- Developing a new IT-system for handling customer notifications and payments, releasing goods for delivery, with a capacity to handle up 150 000 items a day
- Develop and managing routines and procedures for:
  - warehousing and customer service
  - securing compliance with customs regulation related to handling, storing and releasing incoming goods from third party countries

# Consequences

- Severe burden for the national operator
- Initial problems and long delays for all incoming items from third party countries
- Dramatic increase of customer complaints
  - Delays
  - Handling fee
  - Obligation to pay VAT



## Consequences (continued)



- Change of customer preferences in cross border shopping
- Substantial loss reduction due to decreased imports from "low tariff countries"
- Increase in VAT collected (direct and indirect effect)



## Some brief notes on the current situation

- Return to a normalized state
- Relocation to a Stockholm based terminal
- Automated sorting with machine learning implemented



# Thank you for listening!

Questions?