

E-commerce at the Border

Understanding customs and indirect taxes for
United States and European Union markets



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About the paper

This report helps small businesses comply with trade rules when selling goods through e-commerce to the European Union and the United States. It addresses related import conditions and the role of customs authorities in collecting duties for e-commerce. In addition, the report covers the importance of correctly accounting for and paying indirect taxes. It also explains the new procedures that the European Union is introducing from July 2021 implying new obligations for sellers and marketplaces.

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Foreword

If e-commerce was not previously a priority for many micro, small and medium-sized enterprises around the world, the COVID-19 pandemic dramatically changed that. Firms that were unprepared for online sales faced a stark choice: watch sales dry up or innovate quickly.

At the International Trade Centre, we have been heartened by the many stories of resilience, with a number of entrepreneurs in developing countries making that switch to e-commerce as a means of making sales. This has allowed many to survive, and quite a few to thrive.

This report stems from our work supporting women entrepreneurs and business owners in Central America, many of whom look to the United States and Europe to capture demand and better prices through e-commerce. We offer our insights from this work, so that a wider range of small enterprises understand how to comply with trade rules when selling goods through e-commerce channels to Europe or the United States. With changing rules and regulations, small enterprises need to be aware and anticipate any new requirements.

Yet even success stories can be fragile. As small businesses build an international clientele via e-commerce, they may grow more quickly than their capability to manage compliance in different markets. Getting it wrong can lead to significant fines or closure of international operations.

This is where the benefits of trade facilitation can be most directly experienced: ensuring that small enterprises are not barred or discouraged from taking part in international trade through a lack of understanding and application of the appropriate procedures.

Increasingly, we see the power of networks – and the value that small enterprises place on learning from their peers. We hope that these insights from our own networks are useful to a wider audience, and we can continue to broaden exchanges among peers, as we have seen in our ecomconnect.org platform.

We stand ready to work with all small businesses and to share our learning for the benefit of future e-commerce champions from developing countries.



Pamela Coke-Hamilton
Executive Director
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