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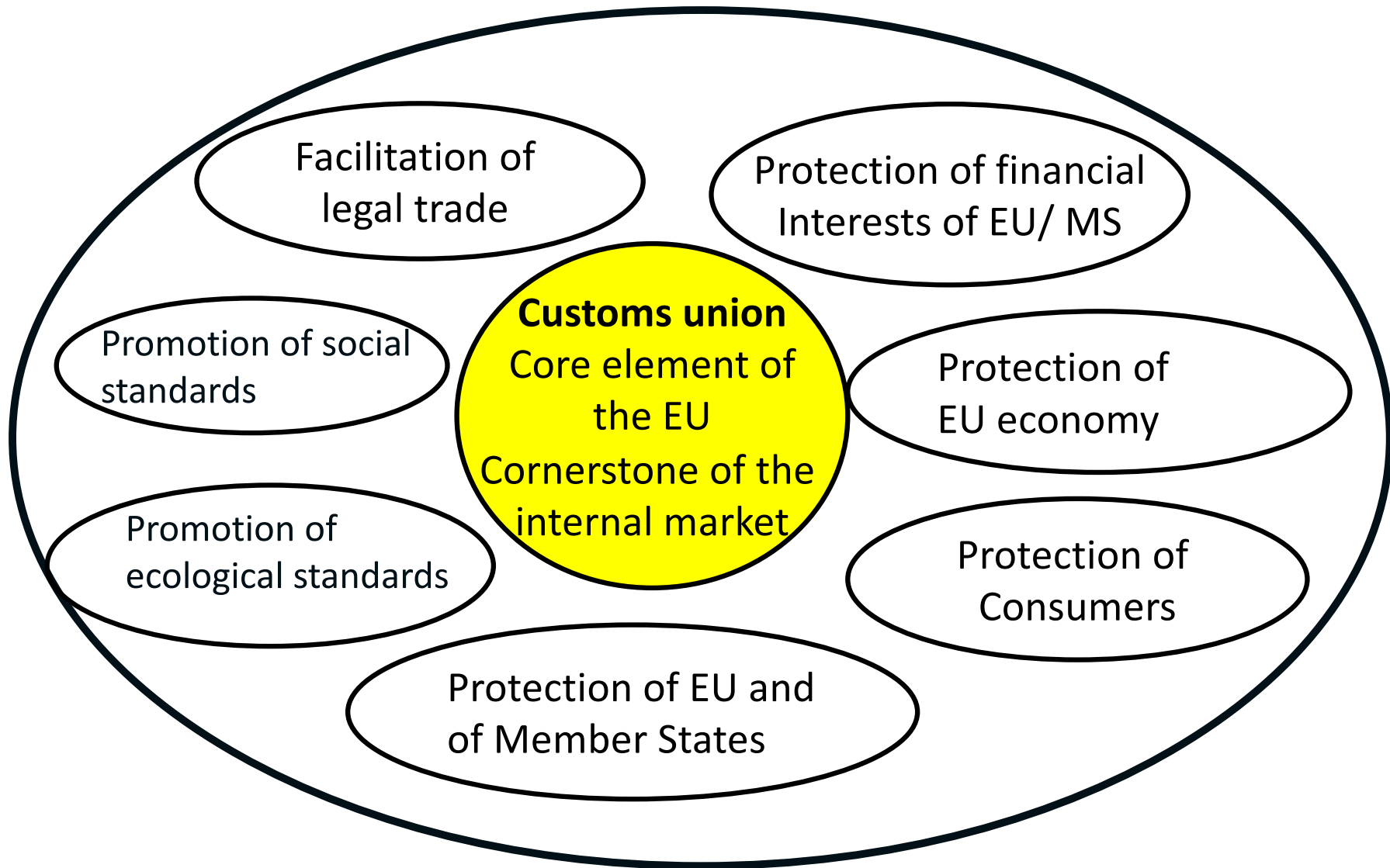
# Reform of the EU Customs Union

Proposal for a  
Modernised Union Customs Code

**October, 4th, 2024**

**Prof. Dr. Hans-Michael Wolfgang**

# Hollistic view of the customs union





## Table of contents

- Initiatives to reform the EU Customs Union
- Overview of the reform package
- Selected aspects of the reform package
- Schedule



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# Initiatives to reform the EU Customs Union

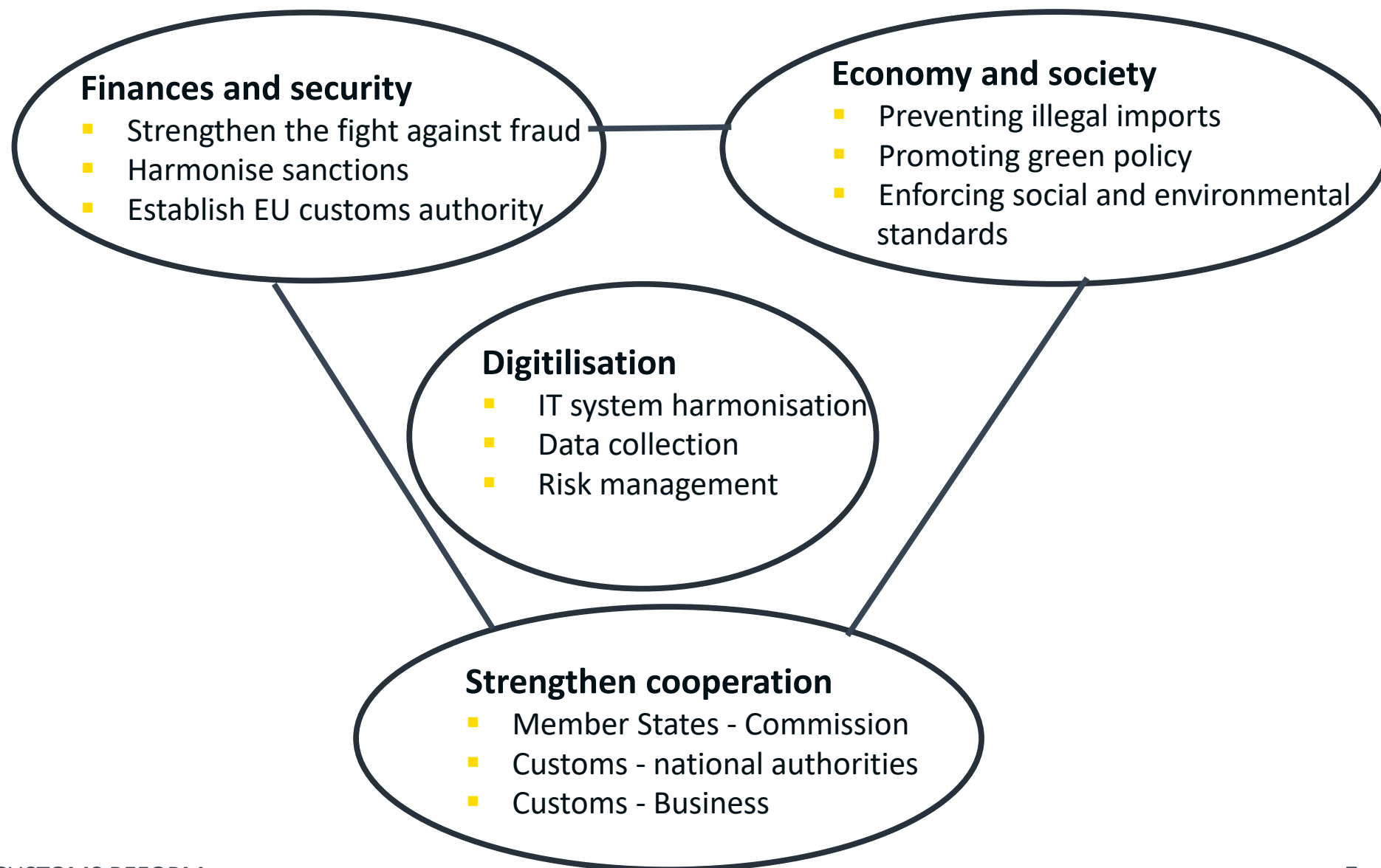
## Political mandate for customs reform

- *“It is time to take the customs union to the next level, equipping it with a stronger framework that will allow us to better protect our citizens and our Single Market. I will propose a bold package for an integrated European approach to reinforce customs risk management and support effective controls by the Member States’.”*
- Von der Leyen; A Union that strives for more - My Agenda for Europe [Guidelines for the next European Commission 2019-2024.](#)

## Preparatory initiatives

- Commission Customs Action Plan (2020)
- Foresight Study: "The Future of Customs in the EU 2040" (2020)
- Wise Persons Group Report (2022)
- Evaluation of the implementation of the UCC by the Commission (2022)
- Study of the European Parliament (2022)
- Special Reports of the European Court of Auditors (2016 - 2023)

## Similarities of the initiatives





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# Overview of the reform package



# The 2023 reform package

- Objectives of the reform
  - 1. increasing the transparency of the supply chain and thereby strengthening controls
  - 2. improving financial controls, particularly in the area of e-commerce
  - 3. creation of a truly unified external border (speaking with one voice/acting as one)
  - 4. reduction of administrative and other burdens
  - 5. simplification of customs procedures and extension of facilitations for economic operators

## New customs law



Modernised Union  
Customs Code (MUCC)

Import VAT

E-commerce

## New customs legislation (drafted legislative acts)

- Proposal for a Regulation of the European Parliament and of the Council laying down the **Union Customs Code and** establishing the **European Union Customs Authority**, and repealing Regulation (EU) No 952/2013 (MUCC)
- Proposal for a Council Regulation amending Regulation (EEC) No 2658/87 with a view to introducing **simplified tariff treatment for the distance sales of goods** and Regulation (EC) No 1186/2009 as regards the **elimination of the customs duty relief threshold**

## New tax law (drafted legislative acts)

- Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate **distance sales of imported goods** and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT

## Link to the proposal and legislative drafts

- [https://taxation-customs.ec.europa.eu/customs-4/eu-customs-reform\\_en](https://taxation-customs.ec.europa.eu/customs-4/eu-customs-reform_en)
- Pickett/ Wolfgang, The European Commission's Proposal for a Modernised Union Customs Code: A Brief Introduction, World Customs Journal, Vol. 17, Issue 2, 2023

# Structure of the MUCC

Title I Art. 1-18 General provisions

Title II Art. 19-28 Obligations and rights of persons with regard to customs legislation

Title III Art. 29-40 EU Customs Data Hub

Title IV Art. 41-55 Customs supervision, customs controls and risk management

Title V Art. 56-78 Placing goods under a customs procedure

Title VI Art. 79-93 Goods brought into the customs territory of the Union

Title VII Art. 94-100 Goods taken out of the customs territory of the Union

Title VIII Art. 101-144 Special procedures

## Structure of the MUCC

Title IX Art. 145-158 Tariff classification, origin and value of goods

Title X Art. 159-200 Customs debts and guarantees

Title XI Art. 201-204 Restrictive measures and crisis management mechanism

Title XII Art. 205-238 The European Union Customs Authority

Title XIII Art. 239-244 Customs cooperation

Title XIV Art. 245-254 Common provisions on customs infringements and on non-criminal sanctions

Title XV Art. 255-265 Final provisions



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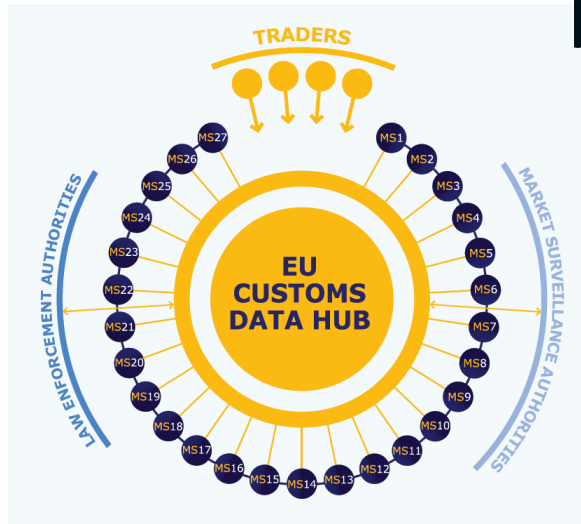


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# Selected topics of the reform package



## Means of the reform



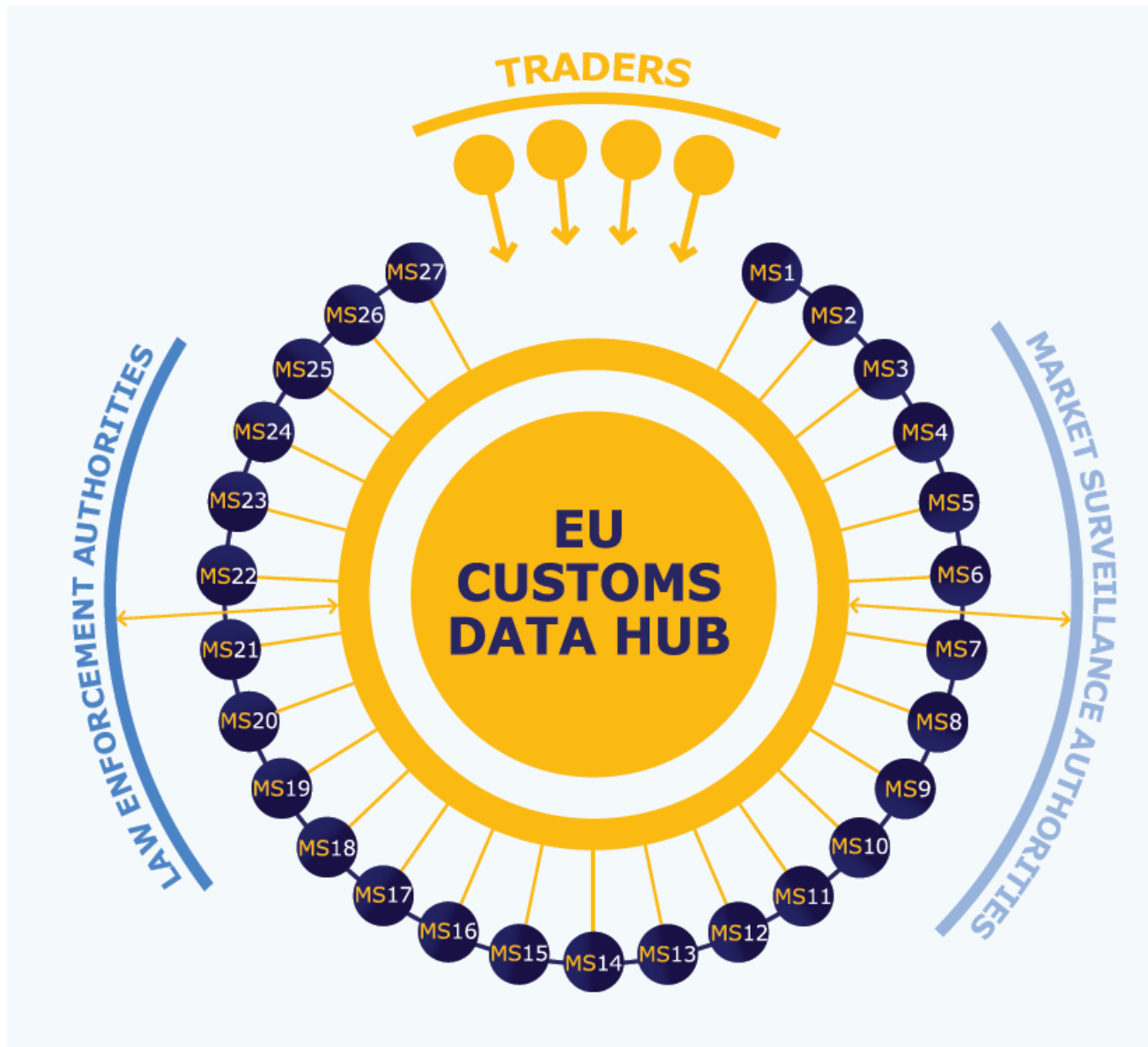
EU- Customs  
Authority



Sanctions



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## EU customs data platform

- EU-wide central data interface for customs
  - All relevant customs data is recorded, processed and stored.
  - All participants in the supply chain must provide data.
  - Data from commercial registers and the Internet are utilised.
  - Risk analysis with artificial intelligence at EU level becomes possible.
  - Exchange of information between authorities and the judiciary is ensured.
  - There is a standardised interface for companies and authorities
  - Long-term: The existing IT infrastructure in the EU member states will be replaced.

# Customs Union

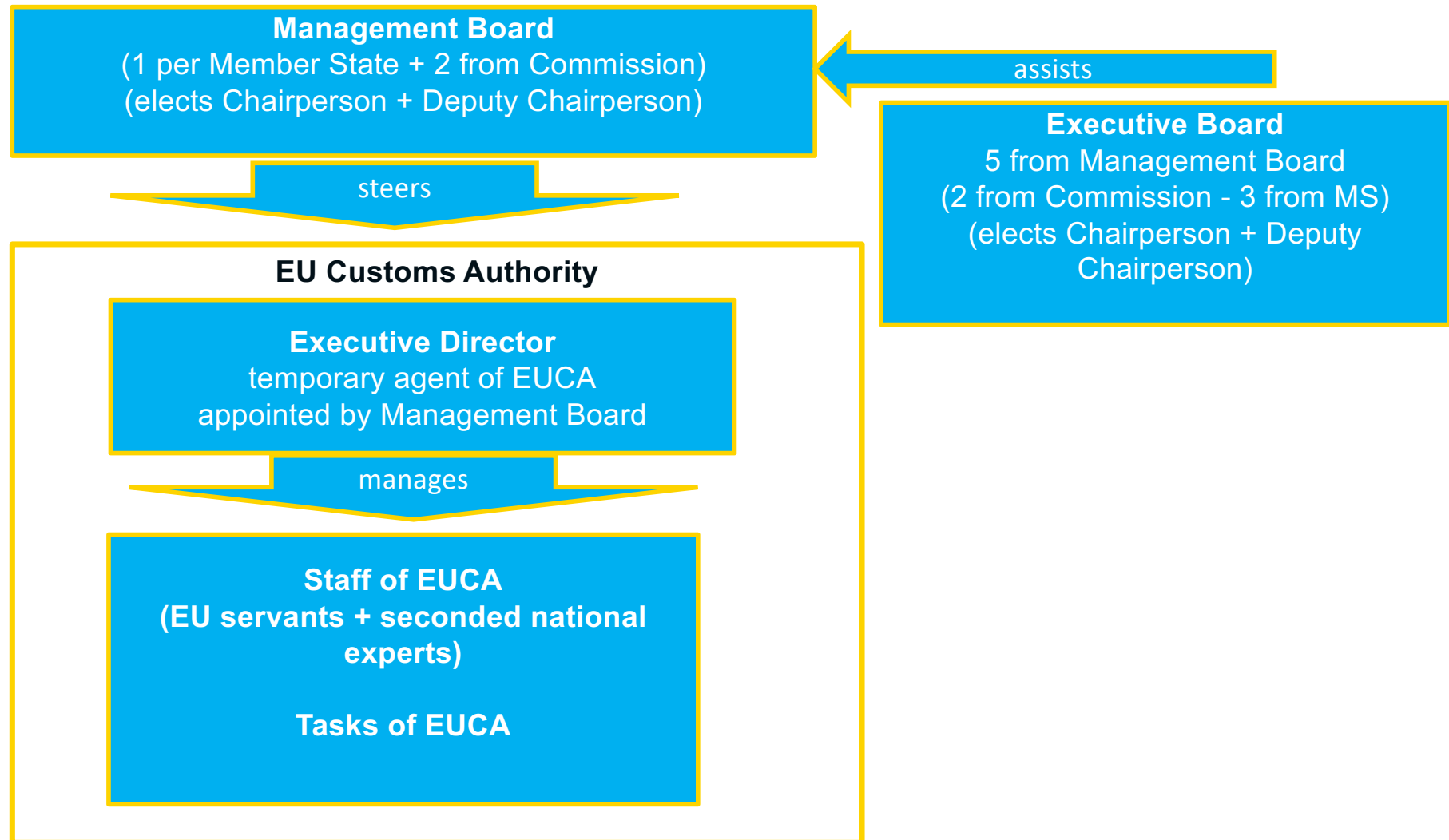
- EU-Customs Authority



## New EU institution - single central interface

- New Union body with its own legal personality (agency?)
- Competencies
  - It coordinates and monitors operational cooperation between the customs authorities
  - It supports the national customs authorities in the fulfilment of their tasks (both tariff and non-tariff measures)
  - It supports the harmonised application of customs law and other legislation
  - It develops, operates and maintains the IT infrastructure

# Structure of EU Customs Authority (EUCA)





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# New partnership between customs and business



## Trust and Check Trader (TCT) / AEO plus

- The customs reform creates a new form of partnership between customs and business:
  - Trust and Check Trader (TCT)
  - ("AEO plus")
- TCT to replace the AEO from 2038
- AEO and TCT will be possible side by side by 2038.



## Conditions for granting TCT status

- The previous requirements for AEO status will be retained but further developed.
- In addition:
  - The applicant must provide an electronic system that supplies or makes available to the customs authorities all data on the movement of goods in real time.
  - (including, for example, customs documents, accounting system, trade and transport documents, licences and authorisations issued under other legislation applied by the customs authorities)

## Advantages of TCT status

- TCTs receive access to the customs data platform; documents only need to be provided once.
- TCT may transport goods without a transit procedure.
- TCT may release goods for a customs procedure themselves (acting in place of customs)
- Customs carries out fewer physical and document-based checks.
- TCT may periodically value incoming goods themselves.
- TCT will receive a deferment of payment.

# E-commerce



## E-Commerce

- Deemed importers are responsible for all customs formalities and payments.
- Customs duties and VAT are levied at the time of sale and must be paid by the deemed importer to the respective Member State.
- Special regulations apply to the information to be transmitted or made available to the customs authority.
- The de minimis threshold of 150 euros for the levying of customs duties is abolished.
- Customs clearance at flat rates is possible.

## Electronic commerce

- Simplified customs treatment through customs tariff by baskets:



**0% (Basket A)**

general  
exemption  
from duty



**5% (Basket B)**

Toys, Household  
goods



**8% (Basket C)**

Silkware,  
Glassware



**12% (basket D)**

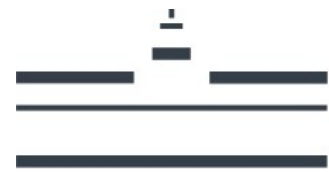
Cutlery, electric  
machines



**17% (basket E)**

Shoes

Importers may alternatively apply for the standard procedure



# Sanctions



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# Sanctions

- Title XIV of the MUCC
  - defines a series of acts or omissions that do not constitute criminal offences;
  - clarifies that Member States may provide that further acts or omissions also constitute offences against customs legislation;
  - sets out the general requirements for sanctions (Art. 253 (1) MUCC: effective, proportionate and dissuasive),

# Sanctions

- Title XIV of the MUCC
  - determines the minimum level of non-criminal sanctions (Art. 254 MUCC), which depend, among other things, on whether
    - aggravating (Art. 248 MUCC) or
    - there are mitigating or exonerating circumstances (Art. 247 MUCC),
  - sets a time frame for the limitation period for initiating proceedings (Art. 249 MUCC: 5 - 10 years; Member States must set the limitation period according to their respective national law)





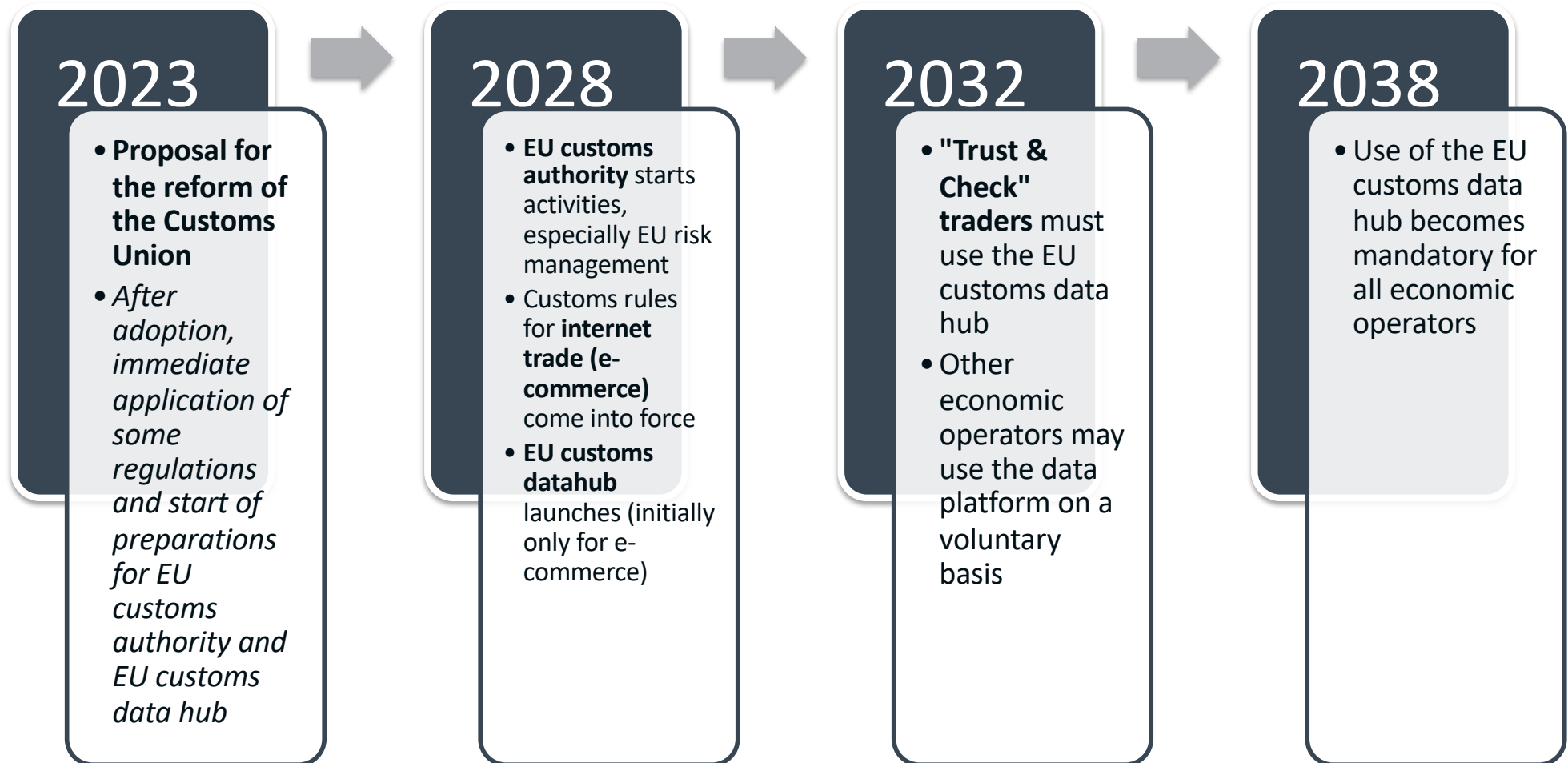
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# Schedule

## Timetable of the customs reform



## The 2023 reform package

- Objectives achieved?
  - 1. increasing the transparency of the supply chain and thereby strengthening controls
  - 2. improving financial controls, particularly in the area of e-commerce
  - 3. creation of a truly unified external border (speaking with one voice/acting as one)
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## Customs Union at the next level? Objectives achieved!



Work on the details is still needed



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