

Iiro Lompolojärvi
Bulletproofing the Usability of the IOSS System
Finnish Customs

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ABSTRACT

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The task of this thesis is to make suggestions for Tulli. The recently implemented program is based on a framework known as Import One Stop Shop, commonly referred to as IOSS. The criterion of the system pertains to the importable object's valuation, which should not exceed 150€, and is specifically targeted towards private individuals. The theoretical component of the thesis examines the customs and fiscal area of the European Union, offering the reader insights into the taxes that are considered when importing goods. The thesis also provides insights into the previous value-added tax (VAT) collection mechanism that was in place before to the implementation of the Import One-Stop Shop (IOSS) system. The study also addresses the contemporary state of importing parcels valued below 150€, specifically examining the implementation of the IOSS system.

The study was conducted utilizing qualitative research approaches. The thesis incorporates a semi-structured interview conducted with a cohort of five experienced customs officials at the senior level. The officers employ and provide guidance on the system daily. The study was undertaken with the Finnish customs, focusing on the employer's perspective, with the aim of benefiting both the customer and the employer.

The research commences by presenting its findings. The findings derived from the conducted interviews yielded substantial insights pertaining to the topic matter. The findings also unveiled the prevailing concerns pertaining to the novel IOSS system. Based on the findings of the investigation, the author formulated practical and feasible recommendations for enhancing the system.

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Keywords: IOSS, Parcel, VAT, Import, Tax

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1 INTRODUCTION

The summer of 2021 witnessed a significant transformation in cross-border online shopping beyond the European Union (EU), as a new regulation came into effect on July 1, 2021. Under this regulation, any purchase made within the EU borders and delivered from outside EU borders is subject to customs procedures and necessitates the payment of value-added tax (VAT) on the specified products. The triggering event can be attributed to the modification of European Union (EU) legislation, which was implemented with the objective of safeguarding the competitiveness of both EU and non-EU enterprises, independent of the European Commission. Furthermore, the legislation was enacted with the dual purpose of promoting equitable competition and augmenting state tax collection via the implementation of Value Added Tax (VAT).

The alteration experienced by consumers resulted in heightened engagement with the Finnish customs and additional financial burdens. Prior to the modification, the declaration and payment of value-added tax (VAT) were solely applicable to purchases with a value over 22 euros. To facilitate the process of transformation, Finnish customs have implemented an Import-One-Stop-Shop (IOSS) system. Once a retailer has successfully completed the registration process to become a participant in the Import One-Stop Shop (IOSS) system, consumers are able to remit the value-added tax (VAT) for a specific goods through the same system. For the purchase to be processed in this manner, there exists a maximum of 150 euros. Subsequently, the store has the option to remit the tax payment directly to the European Union.

The objective of this thesis is to accomplish the assignment provided by Tuli. The aim of the thesis is to provide logical and practical recommendations to the employer for improving the usability of the system. The primary emphasis of this study will be on imports with a value below 150 euros, which typically do not incur customs fees. The thesis also examines the potential benefits of implementing the Import One-Stop Shop (IOSS) system for consumers and evaluates its influence on imports originating from countries outside the European Union (EU).

2 EUROPEAN UNION

The European Union is a supranational organization consisting of 27 member countries, encompassing both economic and political dimensions. In the year 1992, a total of eight primary treaties (Table 1) were established to delineate the principal objectives of the European Union (EU). These treaties govern the establishment of institutional regulations, decision-making processes, and the relationships between the European Union (EU) and its member states.



FIGURE 1. Most notable EU treaties (Adapted from the European Commission, Founding Agreements 2023).

The Maastricht Treaty holds particular significance within the context of this thesis. The Maastricht Treaty, which was enacted in 1993, served as the foundation for the establishment of the European Union's internal market. The Maastricht Treaty facilitates the unrestricted movement of services, individuals, and capital within the European Union.

In conjunction with the Treaties, commercial activities involving non-European Union (EU) countries are regulated by various agreements and regional divisions, including the classification into the customs and fiscal territory of the EU. The subsequent chapter will present the separation between the customs and fiscal area of the European Union, which holds relevance to this study. (European Union)

2.1 EU Customs and Fiscal Territory

The distinction between the customs area of the European Union and the fiscal territory represents two distinct notions. The customs territory of the Union is governed by a unified customs and trade policy when engaging with nations that are not part of the European Union. This implies that customs duties are generally applicable to imports and exports from all member countries of the Union. Imported goods from non-Union sources are subjected to identical trade policy measures, including but not limited to quotas and other restrictions on imports.

The tax jurisdiction of the European Union, conversely, is governed by Community legislation pertaining to standardised indirect taxes, including value-added tax (VAT) and excise charges. These regulations have been incorporated into the domestic VAT and excise laws of the individual Member States. In addition to the implementation of harmonised excise charges, it is important to acknowledge the existence of national excise duties that fall beyond the scope of Community legislation. Harmonisation refers to the process of achieving tax uniformity within the tax jurisdiction of the European Union.

A customs union refers to a collective association of nations wherein a shared commercial policy is implemented among its member states. The customs union imposes a standard customs tariff, but it does not exempt customs requirements, in contrast to the customs territory of the Union. (Tulli 2023.A.)

3 GOODS IMPORTED FROM OUTSIDE OF THE EU

3.1 Online Shopping & Ecommerce

The concept of online shopping, often known as ecommerce, has been widely recognised and is now ingrained in everyday discourse as a commonly understood term. The World Trade Organisation (WTO) introduced an ecommerce work plan in 1998, wherein ecommerce is delineated as the utilisation of electronic means for activities such as marketing, sale or supply of products and services, distribution, and production. According to the World Trade Organisation (WTO, 1998),

The popularity of online shopping has been steadily expanding in the 21st century, driven by advancements in technology. Many marketing professionals anticipate that the Millennial and Gen Z cohorts are more inclined to engage in online purchasing rather than physically visiting a brick-and-mortar business to get a product. (Harvard Business Review 2022)

It is worth mentioning that the period from 2019 to 2020 witnessed a modest impact of Covid-19 on the volume of online sales and Ecommerce, due to the promotion of remote work and distance learning. The impact was observable both beyond the European Union and within its borders. During the specified time frame, it was seen that Canada experienced a substantial growth of 75% in its online sales, as reported by eMarketer in 2021. Similarly, Germany witnessed a notable increase of 29% in its ecommerce sector. (Statista 2022)

3.2 Online Purchases from Outside of the EU

It is a requirement for all cargo originating from non-European Union (EU) countries to undergo customs clearance procedures. Customs clearance refers to the process wherein the individual or entity importing goods from a foreign country is required to formally declare the said items to the relevant Customs authority. Additionally, the importer is

obligated to fulfil the payment of import duties levied on the imported products. The sole exception is to downloaded services obtained over the internet, such as games, software, and music. These services are excluded from the customs clearance process and, as a result, are not subject to the payment of import charges.

The assessment of import duties is contingent upon both the declared value of the cargo and the nation from which it is dispatched. The import tariffs imposed on a consignment upon importation encompass value-added tax (VAT), customs duty, and excise duty. (Tulli 2023.B.)

3.3 Distance Selling of Imported Goods

A distance sale of imported goods refers to a transaction in which the seller, or a representative such as a carrier acting on behalf of the seller, conveys products from a location outside the European Union (EU) VAT territory to a buyer located within the EU. In situations where the seller's involvement in the transportation of products is indirect, it is nonetheless regarded that the goods have been transported on behalf of the seller.

The notion of distance selling of imported products pertains to scenarios wherein the transportation of the items to the buyer ends up within the importing member state. In the event that a transportation ends up in a European Union (EU) country that is different from the member state of importation, the principle of distance selling is also applicable.

The use of the distance sales concept is not relevant in cases where the items are already located within the European Union at the time of sale to the consumer. This scenario would occur if, for instance, a seller was to import products into the European Union (EU) and thereafter release them for free circulation inside the EU, followed by their sale to the end consumer. (Verohallinto 2021)

3.4 The Problems in Ecommerce Taxation

Determining the precise geographical position of a retailer only based on an examination of the Uniform Resource Locator (URL) provided on the retailer's website is not feasible. This may give rise to challenges in determining the specific location of the transaction. The absence of intermediaries fulfilling the role of tax collectors results in a lack of clarity within the trade transaction chain. The uncertainty around the binding nature of electronically executed transaction contracts might provide challenges in the verification process. According to Penttilä (1998, p. 47),

The amendment to the Value Added Tax (VAT) Act enabled customs authorities to address a gap that had arisen because of the previous VAT collection system. Under the previous system, it was possible for a consumer to receive an imported product without incurring any taxes if its worth was below 22€. The implementation of this measure was intended to serve as a means of alleviating the relatively elevated transaction expenses related to the collection of taxes on low-value items. (Copenhagen Economics)

This provided a means for retailers to exploit a loophole by dividing a single parcel, worth at 80€, into four separate parcels, each valued at 20€, so circumventing tax obligations. The recently enacted legislation mandates the imposition of taxes on all parcels falling within the threshold of 150€. This facilitated a competitive advantage in the realm of international distance selling beyond the European Union. (Iltalehti)

4 IMPORT TAXES

4.1 Import taxes are determined based on customs value

First and foremost, it is crucial to comprehend the concept of "customs value" in relation to a product. The determination of the customs value of commodities involves the summation of the price of the products along with the associated transportation expenses. The value serves as the foundation for both customs duty and import value-added tax (VAT). Initially, the customs value refers to the transactional worth of the products, specifically the price at which the importer has acquired the commodities prior to their entry into the European Union. In the European Union, customs charges are often levied based on the value of the imported goods, known as ad valorem. The term "ad valorem" refers to a proportionate measure of a product's customs worth. It is noteworthy to mention that the import value-added tax (VAT) is also determined by the customs value.

Upon reaching the customs clearing stage, it is necessary for the customer to provide Customs with a commercial invoice. The invoice ought to encompass many elements, including the cost of the merchandise and the conditions pertaining to its transportation, among other pertinent details. It is noteworthy that the customs value encompasses not only the intrinsic value of goods, but also the expenses associated with transportation up to the moment of entry into the European Union. The term "point of entry" pertains to the specific location within the European Union (EU) where imported goods initially enter. (Tulli 2023.C.)

4.2 Customs Duty Is Levied on Goods Worth More Than 150 euros.

The assessment of import duties on commodities procured from non-European Union (EU) sources is contingent upon the monetary worth of the items acquired. Conversely, consignments valued below 150 euros are subject solely to the payment of value-added tax (VAT). The sole exemption pertains to alcohol, wherein an online subscriber may be required to remit excise duty in conjunction with value-added tax (VAT) and any applicable customs charge.

If the monetary worth of the package above 150 euros, additional customs duties will be levied. The Customs duties are determined by the 10-digit commodity code. Every importable item is assigned a unique commodity code, which may be accessed and searched for on the official Customs website. The nomenclature of customs adheres to a coherent sequence that encompasses the classification of materials in their raw state, as well as their journey towards becoming semi-finished and ultimately finished items. This study does not delve into the intricacies of the customs nomenclature, as its primary focus is on customs clearance for individual consumers. The Finnish Customs has developed a customs calculator with the aim of facilitating the customs process. This tool enables consumers to conveniently search for goods by giving a description of the items. Further discussion on the customs calculator will be included in the subsequent section. (Tulli 2023.D.)

4.3 VAT On Importation

Value-added tax (VAT) is levied on the entry of products into the country of Finland. The term "import of goods" refers to the act of bringing items into the European Union (EU) through the process of importation. If the commodities are located inside the borders of Finland at the time of their importation into the European Union, it can be determined that the importation of those items occurs within the territory of Finland.

Imports refer to the acquisition of goods originating from regions beyond the customs and tax jurisdiction of the European Union (EU), such as direct imports from China to Finland. The present information focuses on the imports originating from the Aland Islands

and destined for the rest of Finland, as well as the imports originating from the rest of Finland or another European Union (EU) country and destined for the Aland Islands. Additionally, it examines the imports to Finland from the EU customs area that lie outside the EU tax territory. It is noteworthy to acknowledge that the Aland Islands, despite their geographical proximity to Finland, are not encompassed inside the EU VAT and excise region.

Value Added Tax (VAT) is a tax system that has been standardised inside the European Union (EU), meaning it is regulated by the individual member states' national VAT and excise laws. In practical terms, this implies that member states exercise their discretion in determining their own general rates, which may differ among nations.

In the context of Finland, it is noteworthy that the prevailing tax rate imposed on commonly consumed goods and services stands at 24%. A discounted rate of 14% is levied on food and feed, along with other commodities. In Finland, the minimum value-added tax (VAT) rate is set at 10%. The lowest tax bracket is applicable to items such as books, magazines, and pharmaceuticals. The relevance of this matter to imports lies in the fact that these percentages are similarly applied to imported goods. (Vero 2021)

4.4 Postal Handling Fee

The value-added tax (VAT) of the imported goods encompasses the handling fee charged by the postal service. A postal handling fee is a cost imposed by Posti on all of its clients as a prerequisite for the release of a cargo from a non-EU origin to the customer. The payment of the handling fee (€2.90 per package) must be made to Posti within a period of 20 days from the day the customer receives the arrival notification from Posti. The imposition of this handling fee is exclusively limited to shipments sent through postal services. According to Posti's 2023 policy, no handling costs will be imposed on shipments that are carried by commercial carriers like as DHL or FedEx. (Posti)

4.5 To Whom is VAT On Importation Paid?

The responsibility for Value Added Tax (VAT) on imports by businesses that are registered for VAT lies with the Tax Administration. The responsibility for the control and collection of Value Added Tax (VAT) in accordance with the provisions outlined in section 160 of the VAT Act lies with the Customs department. The collection of Value Added Tax (VAT) on imports is carried out by the Customs department, targeting both ordinary consumers and enterprises that are not registered for VAT.

Value Added Tax (VAT) is a mandatory payment that is required when customs authorities approve a customs statement for products that are being released for free circulation, originating from a location outside the customs and tax jurisdiction of the European Union (EU). For people and firms that are not registered for Value Added Tax (VAT), the practical implication is that they will be required to pay VAT at the time of customs clearance. As an illustration, prior to the release of goods for unrestricted circulation by Customs. (Tulli 2023.D.)

5 CUSTOMS DUTY CALCULATOR

The Customs duty calculator, available within the personal import clearance services, enables customers to proactively estimate the import taxes that will be imposed on their shipment during the customs clearance process. The search function within the calculator encompasses a comprehensive inventory of cleared products, with the automatic transmission of the corresponding commodities' names to Customs.

The user is required to input the country of origin, price, transportation expenses, and a detailed description of the merchandise. The calculator is designed to retrieve the commodity code associated with a given goods and determine the corresponding amount of duty, if applicable, that is to be imposed on that commodity.

The provided image (Picture 2) depicts the estimated value assigned by the customs counter for the headphones that were procured from China, valuing at 150 euros. It is important to acknowledge that in the given illustration, the price of the product exceeds 150 euros. The goods in question are subject to a customs duty rate of 0%. Consequently, the sole amount payable is the VAT of 36.65 euros, which is levied at the maximum rate of 24% in Finland. (Tulli 2023.E.)

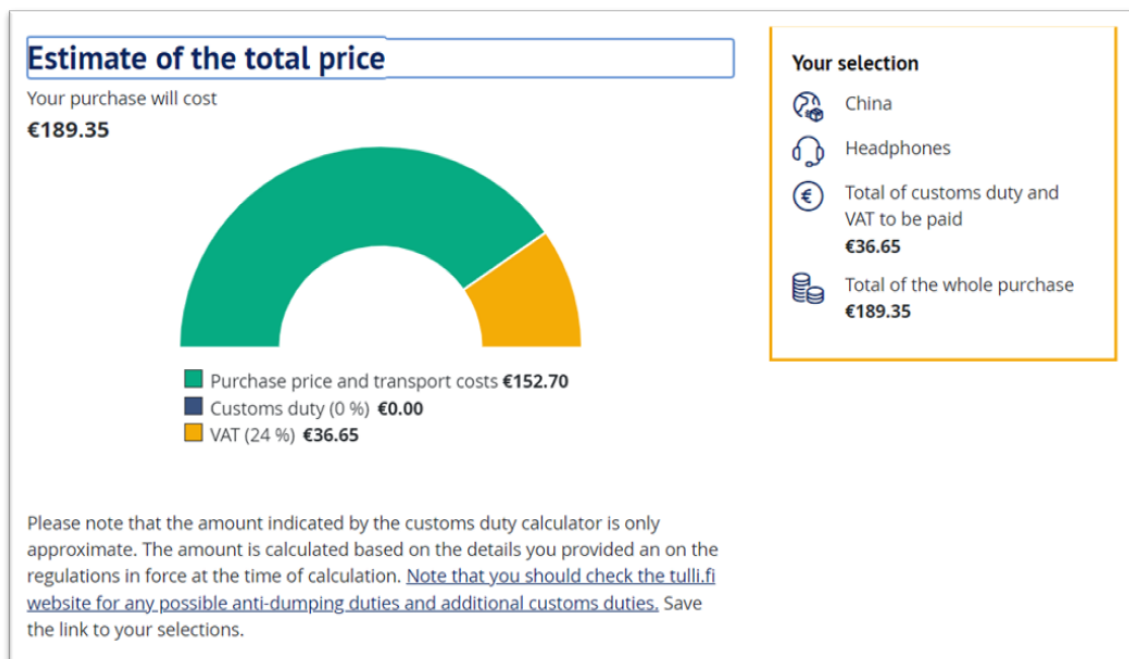


FIGURE 2. Customs Duty calculator (Tulli 2023.F.).

6 TRADITIONAL VAT COLLECTION SCHEME

In accordance with conventional practises, value-added tax (VAT) is typically levied upon the acceptance of a customs declaration by Customs authorities outside the European Union (EU) customs and territory. This applies specifically to items that have been released for free circulation, denoting the arrival of the consumer's product at Customs and its subsequent acceptance. For persons and parties who are registered with the Value Added Tax (VAT) register, it is necessary to remit the VAT payment in order to release their parcel into the open market area. The provided image (Figure 3) illustrates the procedural steps involved in purchasing a product from a website that operates beyond the jurisdiction of the European Union's Tax and Customs region. If the Finnish post office is responsible for delivering the purchase, the consumer is obligated to pay an additional posting fee. This requirement remains applicable even when the post office delivers the item directly to the buyer. (Tulli 2023.B, G.)

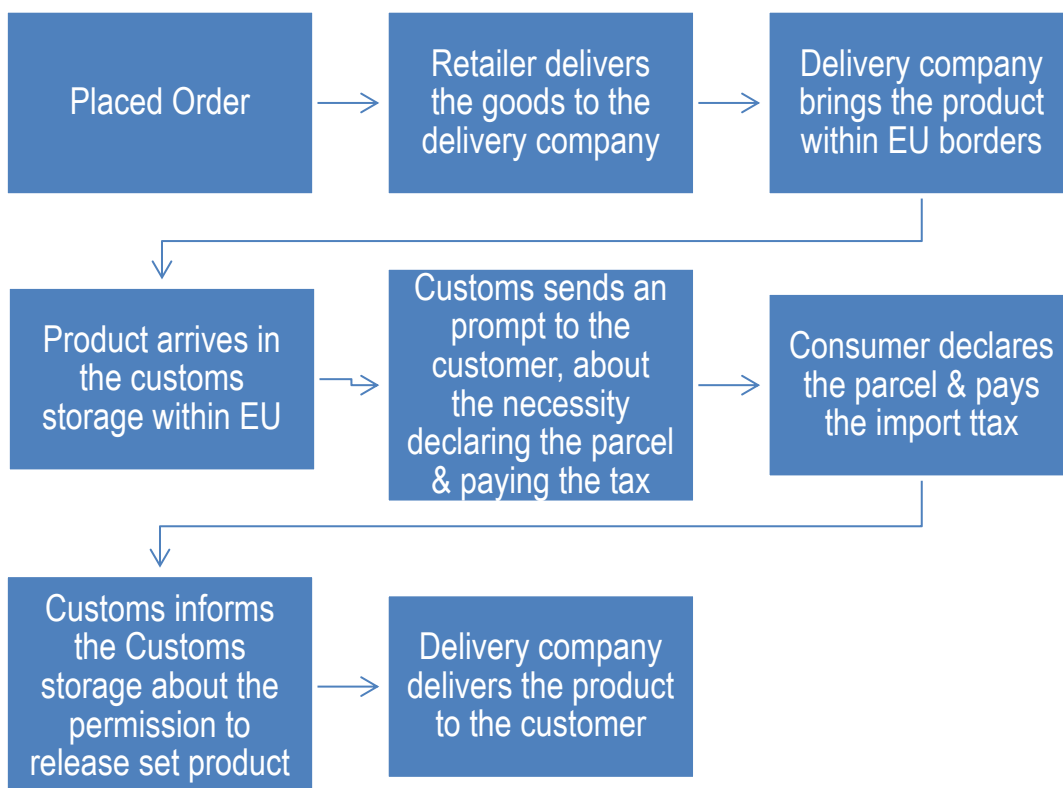


FIGURE 3. Traditional VAT Collection Scheme from the buyers point of view. (Tulli 2023.I.)

7 THE IOSS SYSTEM

“A special scheme for distance sales of goods imported from third countries or third territories into the EU has been created for the declaration and the payment of VAT on distance sales of imported goods, the so-called Import One Stop Shop (IOSS).” **(European Union, 2020,3.1.1.)**

Distance sales, sometimes known as e-commerce, pertains to the operation of online retail platforms that enable consumers to conveniently place orders for desired products. The Import One-Stop-Shop (IOSS) facilitates a change wherein the purchaser assumes responsibility for paying the Value Added Tax (VAT) at the time of purchase. However, it is necessary for the seller to be a participant in the Import One-Stop Shop (IOSS) system. In this scenario, it is important to note that the Customs agency does not directly impose the value-added tax (VAT) fee; rather, it is the responsibility of the online shop to include and collect this charge. This alteration in the purchasing procedure eliminates the imposition of VAT or tax obligations on the consumer, potentially leading to a more negligent approach towards making purchases.

The implementation of the Import One-Stop Shop (IOSS) system is not obligatory for e-commerce companies. To utilize the Import One-Stop Shop (IOSS) system, retailers are required to complete the registration process and apply for an IOSS Value Added Tax (VAT) identification number.

The following figures (figures 4 and 5) depict the contrasting features of the conventional VAT collection scheme and the IOSS.

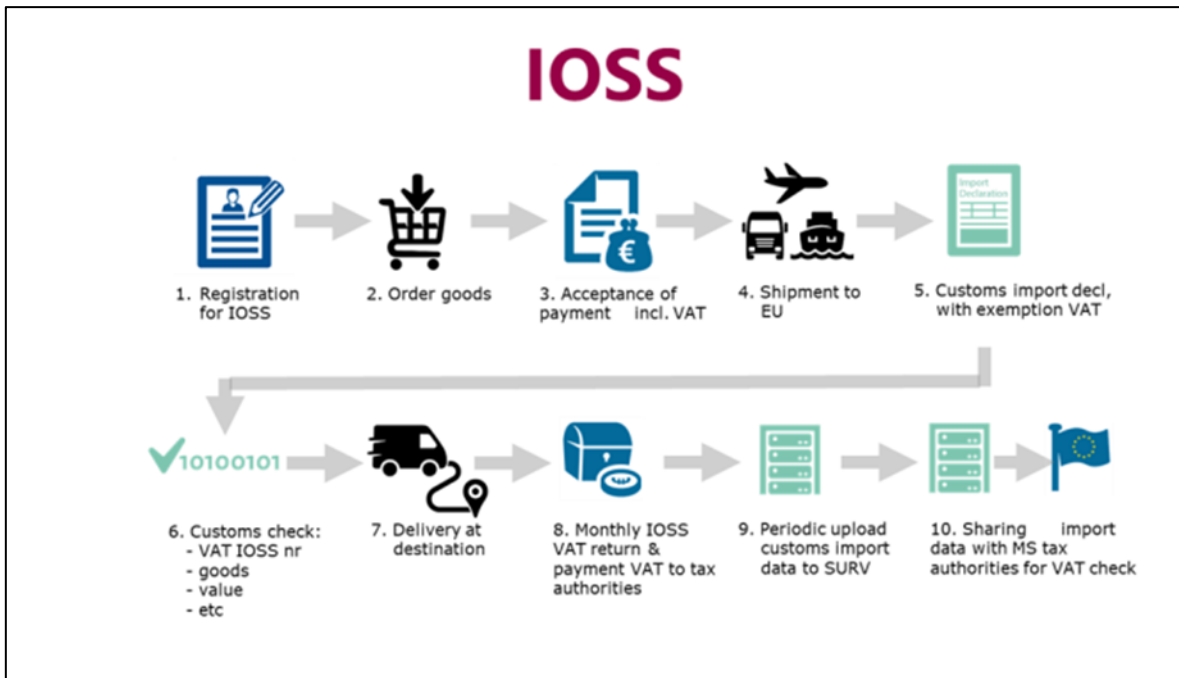


FIGURE 4. IOSS System from the seller's point of view. (Tulli 2023.J.)

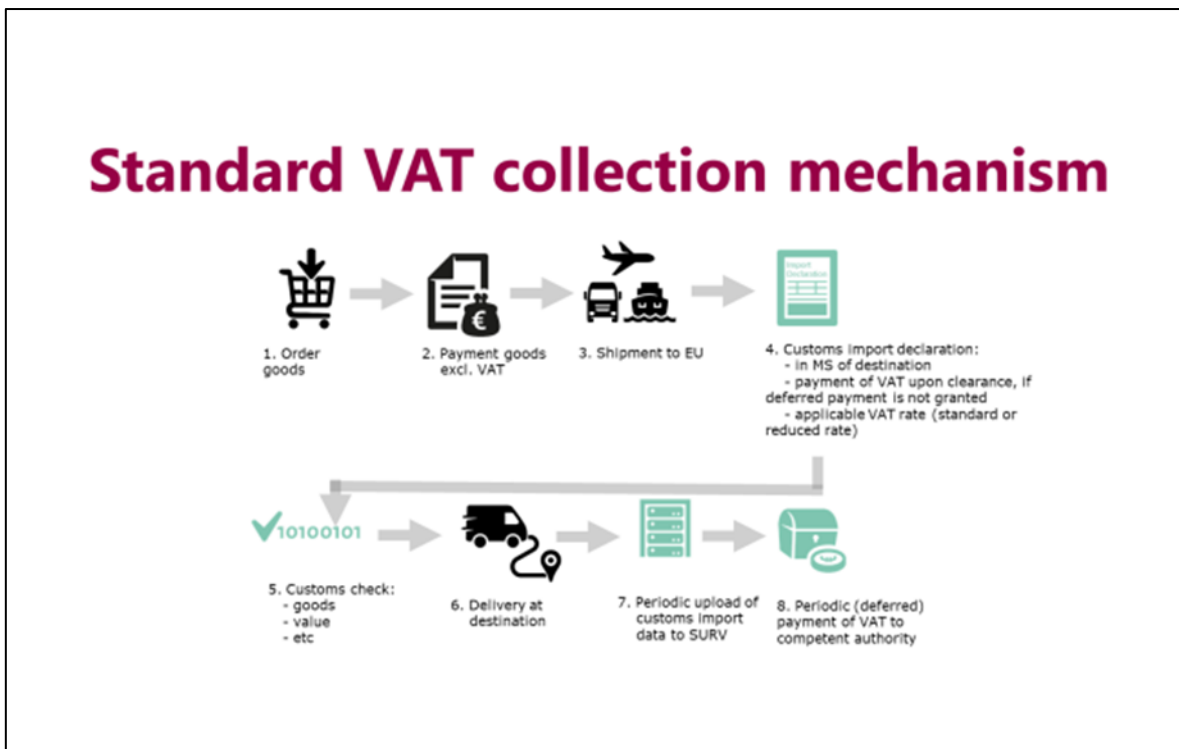


FIGURE 5. Traditional VAT Collection Scheme from the seller's point of view. (Tulli 2023.I.)

The utilization of the Import One-Stop Shop (IOSS) necessitates that the recipient of the purchase is either an individual or another entity that is not registered for Value Added Tax (VAT).

It is important to acknowledge that excise commodities, such as alcoholic drinks or products containing alcohol, are not eligible for declaration using the Import One-Stop Shop (IOSS) system. Alcoholic commodities acquired from non-European Union (EU) sources are exclusively subjected to taxation in Finland alone upon their clearance through customs.

Furthermore, it should be noted that specific restricted commodities, such as certain gun components that do not necessitate a license, are not eligible for importation under the IOSS purchase scheme. In such instances, it is advisable for the consumer to seek assistance from the customs advising service, which provides guidance on matters related to customs clearance, or alternatively, opt to procure customs clearance services from Posti or another reputable carrier. Additionally, it should be noted that these items are not eligible for clearance under the IOSS (Import One-Stop Shop) scheme through the Personal Customer Import Clearance Service. This is due to the requirement for customers to pay VAT once again during the clearance process.

Nevertheless, the IOSS system, which pertains to online transactions below 150€ conducted outside the European Union, has certain loopholes. In certain instances, customers may mistakenly assume that they have remitted Finnish value-added tax (VAT) to an online retailer during the purchase process, when this is not the case. (European Commission 2020)

7.1 The seller does not possess an IOSS Identifier

In the absence of an IOSS identification, customers of the shop are unable to make direct payments for Finnish VAT at the time of purchase. The burden of paying value-added tax (VAT) and customs fees is placed on the consumer. This condition is also applicable to transactions above 150€, as the system is designed to handle purchases within the 150€ limit.

If a buyer possesses the inclination to personally declare their package, the buyer has the option to declare the purchase using the Import Declaration Service or alternatively grant authorization to the carrier to declare the purchase on their behalf. If the consumer is

unable to declare the transaction electronically, they have the alternative of either completing a form or physically visiting a customs office. (Tulli 2023.J.)

7.2 Retailer Possesses an IOSS ID

The implementation of the Import One-Stop Shop (IOSS) system signifies that individual consumers will no longer have the responsibility of paying Value Added Tax (VAT) during the process of customs clearance. This exemption applies specifically to purchases made from online retailers that are affiliated with the IOSS system for VAT and own their own unique IOSS identification number. The value-added tax (VAT) in Finland is already incorporated into the price of the product. To ascertain the inclusion of a particular webstore within the IOSS System and the appropriate payment of Finnish VAT, what measures can be taken to instill confidence in the customer?

Online shops have various methods available to communicate their IOSS-ID to their clients. In the event of potential errors, there exist multiple modes of communication. In the event that the IOSS-ID provided by the merchant is deemed invalid, the consumer has the option to request a legitimate IOSS-ID from the store. To instill confidence, it is advisable for consumers to get the IOSS-ID of a retailer prior to completing a purchase.

If the online retailer has not provided the IOSS ID or if there is a lack of necessary information for customs clearance, the customer has the option to declare the IOSS ID through the Personal Customer Import Customs Service. The IOSS ID enables customers to provide evidence of VAT payment for a product at the time of purchase. If an Import One-Stop Shop (IOSS) identification (ID) is not provided during the declaration process, value-added tax (VAT) must be remitted.

In instances where double payment occurs, specifically when a website charges the consumer for VAT and the Customs also charges the customer for VAT during the declaration procedure, it is the responsibility of the online retailer to reimburse the client for the VAT amount that has been paid. (Tulli 2023.K.)

7.3 Correction of import taxes

If a customer seeks to return something purchased from an online retailer located outside the European Union (EU) to the seller, whether due to a defect or cancellation of the transaction, they may be eligible for a modification of import tariffs. The act of returning items refers to the consumer's decision to cancel the transaction and thereafter relinquish the goods to the seller in a permanent manner. In the case of products being returned from outside the European Union (EU), customers can seek reimbursement for import duties that have already been paid, utilizing the adjustment process. The initial step involves the customer initiating the return of the product to the seller and subsequently completing a distinct export declaration for the return. Subsequently, they proceed to request the annulment of their customs declaration.

If a product is sold by a seller who is not affiliated with the Import One-Stop Shop (IOSS) system, the reimbursement for the Customs Value Added Tax (CVAT) is sought directly from the Customs authorities. In instances when the seller is affiliated with the Import One-Stop Shop (IOSS) system, the Value Added Tax (VAT) is subsequently reclaimed from the retailer. Table 5 provides a comprehensive overview of the customs procedures involved in the export and re-export of low-value consignments. The final column of the table outlines the process for refunding the value-added tax (VAT) to the purchaser. (Tulli 2023.L.)

7.4 IOSS In Other EU Countries

Germany was selected as the exemplar country for this chapter. The regulatory modifications implemented in 2021 exerted an impact not solely limited to the realm of Finnish online commerce. The Import One Stop Shop (IOSS) was implemented to cater to German consumers seeking to acquire diverse goods from regions beyond the jurisdiction of the European Union. The objective of the system in question mirrored that of Finland, aiming to streamline the taxation procedures associated with importing goods as an individual. Similar to Finland, Germany likewise permits the processing of product declaration through its national postal service, Deutsche Post. (eClear)

8 RESEARCH METHODOLOGY

8.1 Research Objectives

The objective of this thesis is to analyze the current and past state of the IOSS system and offer relevant recommendations to enhance the usability of the IOSS system and mitigate the potential for system misuse. The examination of the issue will be approached from Tulli's perspective, with the objective of offering a practical recommendation for enhancing the IOSS System and its use. The primary aim of this study is to address prevalent challenges associated with the IOSS system, with the goal of enhancing the system's functionality and user experience for consumers. The recommendations will aim to tackle the prevalent challenges encountered by consumers while utilizing the system, with the intention of offering a resolution to the concerns.

8.2 Research Methods

The author employed a qualitative research methodology for the research chapter of this thesis. In the context of this study, it was deemed suitable to employ semi-structured interviews. The interview was conducted in November 2023 and consisted of five participants. All participants in the study were identified as Senior Customs Officers currently employed at Tulli. All the participants are working in the Customs Information Service and assisting daily consumer's regarding customs clearance, including IOSS-questions. The interview encompassed six distinct inquiries in the Finnish language and can be in their unaltered format as well as translated in the appendix 1 of this thesis.

It is important to acknowledge that this research method exhibited a vulnerability. The existing privacy regulations in Finland impose limitations on the extent to which interviewees can provide detailed responses, including prohibiting the use of specific cases as references to answer questions. The questions could only be addressed through the process of generalization, drawing upon the extensive body of instances observed by the Senior Customs officials.

9 RESULTS AND CONCLUSIONS

9.1 Data Analysis

The interviews encompassed a set of six distinct questions pertaining to the topic of IOSS. The questions were formulated in a manner that aimed to elicit comprehensive information regarding the improvement of IOSS and identify any existing deficiencies in the system. Additionally, several questions prompted the respondents to articulate their perspectives regarding potential modifications and enhancements that could prove advantageous for the system. The primary issue that emerged from the interviews was the consumers' insufficient understanding of the system. One additional issue highlighted by the interviews pertained to the deficiency in customer capacity to verify the authenticity of an IOSS (Import One-Stop Shop) identification. The available data could not yield a definitive conclusion regarding the overall impact of implementing the system, as it did not unequivocally demonstrate either a wholly negative or wholly good outcome. The findings substantiated the notion that the implementation of the IOSS system yielded both adverse and favorable outcomes for the users of the system. The data presented in the study offered the author a clearer understanding of the kind of things that are commonly acquired through the system such as common electronic supplies. The findings derived from the conducted interviews are outlined in the subsequent section.

9.2 Interview Results

Firstly, the author initiated a discussion regarding IOSS with the interviewees. The system has elicited diverse perspectives, as evidenced by the wide array of discussions engaged in by the author. The interviews conducted in this study do not provide sufficient evidence to ascertain if the implementation of the Import One-Stop Shop (IOSS) system has a good or negative impact on the Value Added Tax (VAT) procedure. The system elicited both favorable and unfavorable answers from the participants included in the demographic interview. The main tipping point between a positive review of the IOSS and a negative review of the IOSS was the realization about how much of the work done by the system is not seen by the officer.

The interviewees who perceived that the system had diminished their workload by operating in the background expressed a more favorable perspective towards the implementation of the system, in contrast to the officers who emphasized the inquiries raised by the system. Prior to the interviews, the author possessed a sophisticated idea aimed at enhancing the utilization of the systems. Following the completion of five interviews, the author has identified two enhancements to incorporate into the subject matter. The productivity of the discussions was around the usability of the system, as well as the perceived level of consumer understanding regarding VAT and import taxes.

9.3 Conclusion

Although the Tuttu software verifies the IOSS ID within its interface to prevent customs clearance with an inaccurate ID, the problem for the buyer is the lack of a search engine to validate the IOSS ID. In other words, the party making the transaction does not have the capability to inspect the provided IOSS ID and verify its authenticity.

The IOSS, being company-specific rather than transaction-specific, introduces the potential for misuse. An illustrative instance of this scenario would involve a retailer furnishing an IOSS identification of a seller who is presently deemed invalid.

There exists a motivating factor to do additional study that may delve into the desires of customers or online retailers regarding the advancement of IOSS or customs reform. Customs reform entails a proposed reformation aimed at fundamentally altering the procedures for declaring parcels in the future. (Tulli I)

9.4 Suggestions

Upon careful examination of the prevailing issues pertaining to the Import One-Stop Shop (IOSS), the author presents three recommendations to Tulli, with the aim of facilitating the utilization of IOSS.

One potential recommendation is to focus on the development of a transaction-based Import One-Stop Shop (IOSS) system. The current operational framework of the system is structured on a business-oriented model, wherein the identification (ID) is allocated to a corporate entity. The utilization of this identification (ID) is recommended for all transactions initiated by the firm. Implementing a transactional-based system would provide a more comprehensive examination of each individual transaction generated by a business. The utilization of transactional based identification systems facilitates the efficient flow of communication among various stakeholders, including the seller, the delivery business, the European Union (EU), and the customs authorities of the recipient country. The clarification would result from the conversation between all parties involved in the context of a single shipment.

Another recommendation is the inclusion of a guidebook that incorporates a section dedicated to addressing commonly asked issues. The author observed a consistent pattern in the responses obtained during the interview phase, which indicated a clear correlation between customer understanding and the importing process. The level of consumer awareness on the necessary taxes involved in the importation procedure is limited. The dissemination of information necessary for consumers to comprehend each stage of the importing process is fragmented. The level of effort demanded from the client to comprehend the procedure is excessively high. Tulli has the capacity to develop a comprehensive guideline pertaining to the process of importing goods from non-European Union (EU) countries. The guidebook specifies a criterion for density. The objective of this approach is to minimize the resources and time required by consumers to achieve a comprehensive understanding of the process. The section dedicated to frequently asked questions would consist of the posed question along with a concise response. The inclusion of a frequently asked questions section is warranted due to the inherent repetitiveness of the inquiries received by senior customs officials, necessitating the provision of repeated responses to the same questions.

One recommendation is to develop a search engine. The primary purpose of the search engine is to provide consumers with the capability to verify the validity of an IOSS ID assigned to them. Tulli frequently encounters the issue of expired or erroneous IOSS IDs assigned to customers. Enabling the public to assess the legitimacy of an IOSS ID would serve two distinct objectives. The initial proposal aims to alleviate the workload of customs officials by eliminating their responsibility for processing incorrect identification documents. This would transfer the accountability to the consumer. The proposed approach would potentially impose additional tasks on the consumer during the importation procedure; nevertheless, it would concurrently instill confidence in the authenticity of the seller's identification.

10 DISCUSSION

The author selected the thesis topic based on their professional curiosity of the field. This facilitated the author's engagement in the thesis research and study, rendering it both intriguing and valuable. The author found the process of thesis writing to be both demanding and enjoyable due to the opportunity to apply acquired knowledge in practical contexts in the future. The author's understanding of the individual component of the taxation process was not as comprehensive prior to writing the thesis, as it is now.

During the initial stages of formulating the research question and delineating the subject matter of the thesis, the author encountered difficulties in identifying a specific focus for the thesis. Additionally, the scope of the research was initially too expansive. The author's first objective was to comprehensively examine the overall influence of the IOSS system and its implications for all member countries within the European Union. By doing so, the author aimed to enhance the IOSS system. The scope of this subject matter exceeds the limitations of a bachelor's degree thesis. Nevertheless, the author expresses satisfaction with the outcome.

The author perceives the outcome of the thesis as successful. The thesis supervisor expressed a need for practical and feasible recommendations to enhance the IOSS system, and this requirement was effectively fulfilled. The initial assignment provided by Tulli entailed proposing enhancements to the IOSS system. In response, three potential solutions were put up to address various issues pertaining to the system. Despite facing time constraints, the author managed to complete the thesis, albeit with some haste. Nonetheless, the author is now able to confidently present their work.

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APPENDIX 1

Interview 1: 5 Senior Customs Officers of Tulli

Topic: The IOSS, and Issues & Opportunities regarding it

Question 1: What are the 2-3 most common questions customers ask about IOSS?

Question 2: What are the 2-3 most common problems customers report/complain about IOSS?

Question 3: What products do customers order using IOSS?

Question 4: What potential IOSS feature that has not yet been implemented/implemented would benefit your work the most?

Question 5: What potential IOSS feature that has not yet been implemented/implemented would most benefit (And facilitate) the customer experience in your opinion?

Question 6: Do you feel that IOSS has been a positive or negative change for your work? And how? Compared to the old system?