Overhauling EU customs system

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The European Union (EU) has agreed on the largest overhaul of its customs system since 1968 (see our Insight in July). While the reforms will be rolled out over time, the direction of travel is already clear: responsibility for customs compliance is increasingly shifting toward e-commerce platforms.

This reform will reshape how goods enter the EU market, with notable implications for international exporters – particularly Canadian businesses.

A fundamental re-think of who bears responsibility

Under the new framework, e-commerce platforms are no longer treated as neutral intermediaries sitting between sellers and consumers. Instead, they will increasingly be treated as “importers for distance sales”, with direct responsibility for customs compliance.

Platforms will be required to report sales to EU consumers through a new, centralised EU Customs Data Hub – often as soon as the transaction takes place. That real-time reporting allows customs authorities to assess risk and intervene before goods even reach the EU border.

This marks a sharp departure from the current model, where responsibility for customs duties and compliance has largely been pushed down the supply chain – to individual consumers.

That model, in the EU’s view, no longer reflects commercial reality.

Centralisation, at last

At the heart of the reform is centralisation.

The EU will establish a new EU Customs Authority (EUCA), based in Lille, France. While national customs authorities will continue to operate and conduct their own national risk analysis, the EUCA introduces EU-level coordination and oversight.

The EUCA will:

- Oversee the EU Customs Data Hub;
- Conduct EU-wide risk analysis; and
- Promote consistent application of customs rules across Member States

In practice, this is expected to mean fewer national divergences, more coordinated enforcement, and increased scrutiny of platforms that show repeated or systematic non-compliance.

One data hub to replace many systems

The EU Customs Data Hub is the operational centrepiece of the reform.

Today's customs processes rely on fragmented, transaction-based reporting to multiple systems at different stages of importation. That fragmentation has limited authorities' ability to conduct meaningful, system-wide risk analysis.

The Data Hub is designed to change that. It will provide a single-entry point for customs data, regardless of where goods enter the EU.

The rollout will be phased:

- **2028:** Data Hub operational for e-commerce imports
- **2031:** Extended to other businesses
- **2034:** Becomes the mandatory customs entry point across the EU

As part of a legislative proposal (which has not yet been formally adopted), Member States would also be able to develop their own digital applications to access and use Data Hub information for national customs purposes. To speed up rollout, Member States may choose to entrust the EU Customs Authority with both the finances and the mandate to build these applications. Where that occurs, the EU Customs Authority would develop shared applications for use across all Member States, including through the development of open-source code applications under the EU's Share and Reuse Framework.

The end of de minimis

If the Data Hub changes *how* information is collected, the removal of the de minimis threshold changes *who* pays.

The long-standing exemption from customs duties for parcels valued under €150 will be eliminated. Low-value goods will no longer move through the EU customs system duty-free by default.

To bridge the gap before the Data Hub is fully operational, interim measures will apply:

- From **July 1, 2026:** a €3 customs duty on goods under €150
- By **Nov. 1, 2026:** an additional €2 handling fee per parcel

The intent is clear – address volume and scale, particularly in the e-commerce sector, and level the playing field between online platforms and traditional retailers.

Enforcement has teeth

The reform is not just about new obligations – it is about enforcement.

Member States will be able to impose financial penalties based on the value of goods imported in the preceding year:

- 1 per cent – 4 per cent for initial infringements
- 3 per cent – 6 per cent for repeated non-compliance

Authorities may also designate platforms as high-risk operators, withdraw access to simplified customs procedures, or – in cases of systematic non-compliance – temporarily restrict access to the EU market altogether.

Repeated issues across a platform's seller base are likely to attract particular attention.

What this means for e-commerce operators

While full implementation will stretch well into the next decade, the direction is unmistakable. E-commerce operators importing goods into the EU will be expected to:

- **Pay or guarantee applicable customs duties** at the point of sale;
- **Ensure the accuracy and completeness of customs data** provided by sellers;
- **Maintain an EU customs presence,** either by being established in the EU or by acting through an EU-based representative holding recognised customs status (such as AEO or trust-and-check trader status); and
- **Ensure compliance with EU product and safety legislation** across their platforms

As part of the reform, e-commerce operators will increasingly be required to rely on EU-based representatives holding recognised customs status. Two such designations are central to the new framework: Authorised Economic Operator (AEO) status and trust-and-check trader status.

AEO status is an EU designation for trusted traders that signal a high level of compliance and reliability across the supply chain. Under the Union Customs Code, applications are open to economic operators established within the EU customs territory that can meet the standards set out in Article 39. In practical terms, AEO status is reserved for operators that are able to demonstrate to customs authorities that their customs-related activities are supported by robust processes and controls. Once granted by one Member State, AEO status is recognised by customs authorities across all EU countries.

The reform also introduces a new category of **trust-and-check** traders, reserved for the most transparent and compliant operators. Businesses in this category are expected to provide, amongst other things, comprehensive information on the movement and compliance of goods. In return, qualifying operators may benefit from simplified customs procedures, particularly in relation to temporary storage and transit.

What is next?

Early-stage obligations, including interim charges, begin in 2026. Implementation will proceed on a phased basis, with major milestones extending through 2034. The legislative text still awaits final legal review and publication, but the policy decisions have been made.

BLG's International Trade and Investment group continues to monitor these developments closely and is available to assist clients in assessing compliance risks, navigating platform-level obligations, and preparing for the phased implementation of the EU Customs Data Hub.

For more information, please reach out to the key contacts below.

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