

18th November 2025

AICES Policy Position: Low Value Goods Regime

Global Landscape

There is a clear direction of travel globally to change the customs processing of importation of low value goods. The USA abandoned duty de minimis in August 2025 and the EU proposes a Customs Reform package in 2026 that changes their approach to low value goods removing duty de minimis. The UK announced a review of the low value regime in April 2025 and a consultation is expected to be announced in the Budget on 26 November.

The change in the global low value de minimis landscape is driven by rapidly increasing e-commerce volumes particularly from China, at the same time as reported concerns over the level playing field for High Street retailers, surges in counterfeit goods, consumer product safety issues, environmental aspects and the cost of customs border resourcing to effectively manage this type of shipment. In addition, there are now rapid moves by European countries – lead by France, the Netherlands and Belgium – towards imposition of handling fees for low value shipments potentially ahead of the EU-wide strategic customs reform and separate to any traditional duties and taxes.

Current UK Low Value Regime

The UK has one of the most efficient and cost-effective low value regimes in the world, with under £135 goods being cleared through bulk declarations and supply VAT paid by the overseas seller. There is no duty owing for goods under £135 but supply VAT is owed on the full amount and the current supply VAT regime generates £1.5 billion annually for the Exchequer.

Practical Implications of Removal of Duty De Minimis

Bulk declarations without commodity codes, as we currently have in the UK, mean that low value goods can be moved at speed and low cost. If the duty de minimis were to be removed and individual declarations required for each item, express operators would need to have the shipper provide a commodity code, or contact the customer for instruction or, alternatively, the express operator would have to take liability and apply a commodity code based on the goods description and rules of origin. A declaration would be submitted to CDS to calculate duty owing and this duty would then have to be settled by the UK customer before delivery with a deferment account used to pay any duty. The express operator would need to contact the customer to collect that duty amount plus an administration fee for each shipment no matter how small the duty amount because the administrative cost to this burdensome process is the same.

Our concern is this scenario would be unworkable given the volumes of shipments coming in. It is not feasible for consumers to be notified to arrange payment when the goods are in transit given the speed, or for express operators to hold shipments whilst payment is dealt with. We simply do not have sortation hubs that could hold millions of shipments before delivery – many of which could be refused because consumers do not expect to have to pay additional duties or fees. There is also the risk that consumers could receive scam texts informing them of duty to pay. Collecting small amounts of duty, for example 60p on a £5 t-shirt from China at current rates above £135, would overwhelm customs systems with hundreds of millions of additional declarations. This would also have a knock-on impact on wider trade because it would inevitably delay planned improvements to CDS functionality and damage the resilience of the entire customs system.

AICES has proposed that any future regime in the UK needs to follow three basic principles:

Build on Current Regime with No Individual Declarations Required: Building on current well established supply VAT arrangements is preferable to attempting a more radical move to an IOSS type regime. Under IOSS, the EU requires individual declarations for low value goods with simplified commodity codes and an IOSS registration number. This would therefore add additional cost and friction and would overwhelm UK customs systems. It also took a significant amount of time and effort to establish the current supply VAT regime and to ensure the understanding and compliance of overseas sellers. To move to a completely new regime could put current revenues at risk. We understand the need to have better visibility at the Border, but VAT registration numbers could be a simpler solution than a completely new IOSS style registration system and would still leave liability for compliance and remittance of VAT, duties and fees with the overseas seller. This approach would meet the Government's policy goal of leveling the playing field whilst minimising any administrative burden which is so important to avoiding negative impact on trade more broadly as recognised in the recent trade strategy.

Collection of Duties and Any Handling Fee Upstream with the Overseas Seller: Overseas sellers are already remitting supply VAT and therefore it would be relatively simple to put in place a process to collect at the same time any "supply" duties owing below a threshold and flat handling fees. This collection mechanism would avoid the need for individual declarations and for express operators to try to collect any duties or fees owing from UK customers before delivery. This mechanism to collect revenue from the overseas seller is the most efficient way forward if the Government decides to reduce or remove the duty de minimis threshold. The overseas seller could collect the duty at checkout so there would be visibility upfront for the consumer or business. The Government could opt to simplify duty below a certain threshold into 'buckets' of rates to streamline the process further. If the Government were to decide to also collect a flat handling fee per item or shipment, check-out is also the most simple and transparent method.

Any Change to the Low Value Regime is a Package with No Separation of Handling Fees: Currently in the EU there is the possibility of individual countries separately introducing handling fees of €2 per item or line item for low value goods and the proposal seems to be that the declarant would collect this fee. This new handling fee is currently in addition to a separate customs duty collection regime removing the de minimis proposed by the Commission. AICES strongly urges HMG to avoid imposing two separate changes to the low value regime. There should be a package of measures, as set out above, covering duties, VAT and any handling fee. The simplest most cost-effective collection mechanism would be through the overseas seller at check-out based on the current supply VAT regime.

The practical issues around declarants collecting separate handling fees include:

- It would cause complete consumer confusion which could leave to parcels being held and rejected
- There are no systems in place to enable such calculation or collection either in terms of government or express operators or consideration of imposition of liability
- It would impact severely on costs and flow of goods across the border.

About AICES:

The Association of International Courier & Express Services (AICES) is the UK trade association for the international express parcels sector. Express operators provide fast, time-definite door-to-door movement of international shipments, which are tracked and controlled throughout the journey.

Our members import and export over 450 million international shipments to and from the UK each year. These consignments range from legal documents and spare parts to pharmaceuticals and medical equipment, to e-commerce goods. Our model relies on picking up consignments throughout the day, then moving them by road to hubs so they can be shipped overnight to their destination by road or air dependent on the final destination and customer delivery requirements.

Our members include DHL, DPD, Evri, FedEx, Parcelforce and UPS, in addition to our extensive SME membership.