

The impacts of non-EU distance selling on businesses and society

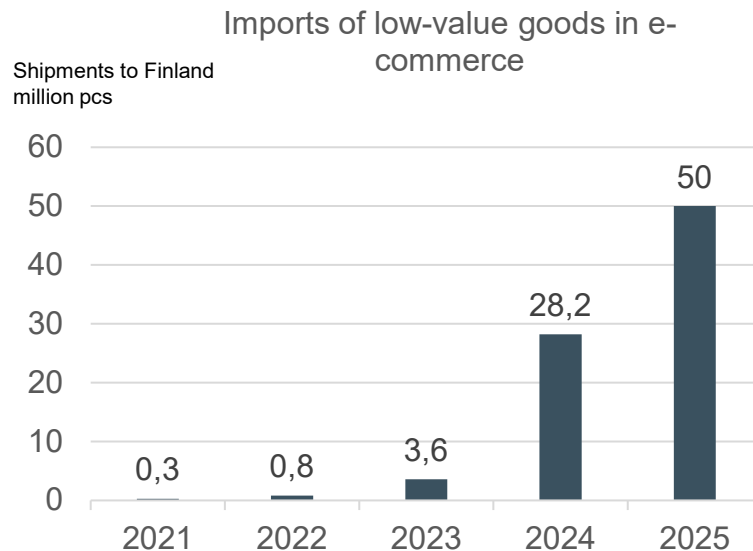


The volume of small goods flowing from China has increased explosively over a couple of years

Customs estimate that the volume of e-commerce shipments flowing from China is no longer manageable: appropriate inspections to ensure the safety of products have become impossible.

*"We can no longer ensure that the products are safe. No separate intensive monitoring would pay itself back," says **Sami Rakshit**, Director General of Customs.*

The concern of Customs is understandable, as a total of more than 28 million e-commerce shipments arrived in Finland last year. 98 per cent of these shipments came from China, and this year, the volume is expected to exceed 50 million parcels.



The statistics apply to shipments worth less than EUR 150.

Source: Customs

Source: [Tullin pääjohtaja esittää villin idean – Kielto iskisi Temuun | Kauppalehti](#)





Third country ecommerce avoids regulations and cost that apply to shops operating in the EU



Different sales channels

In case of third country ecommerce, consumer is the importer



Third country ecommerce avoids the costs that apply to stores operating in the EU



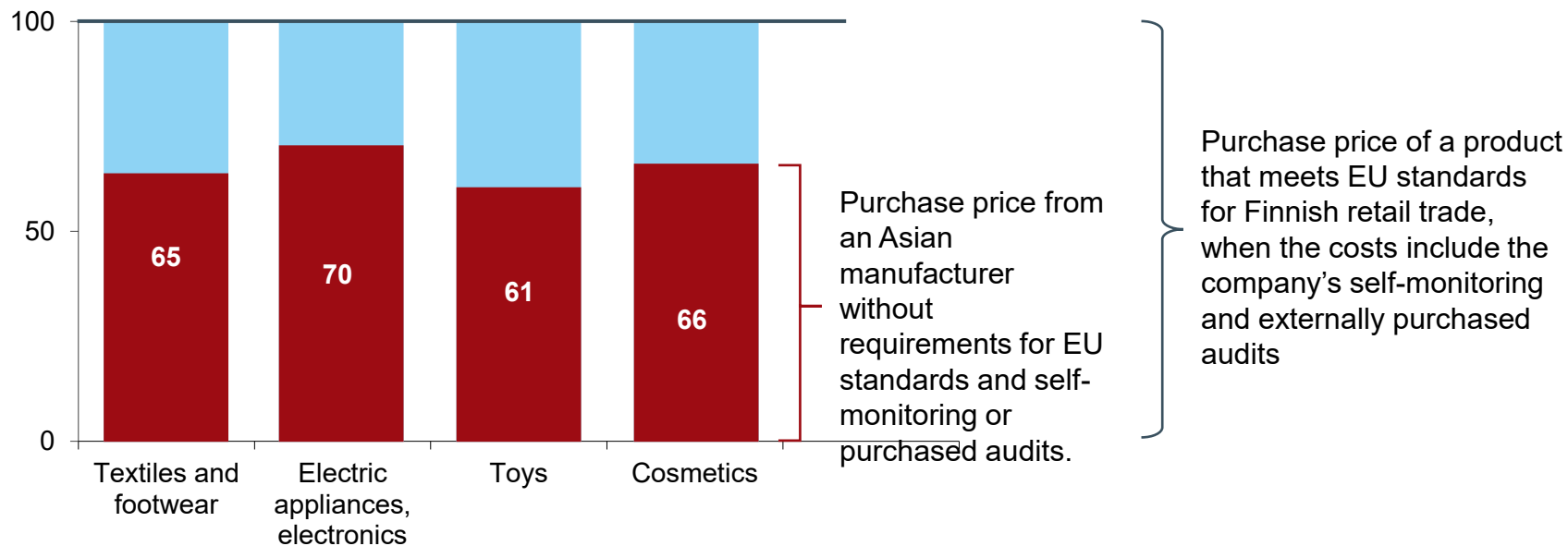
Distortion of competition is caused by, among other things:

- € Product safety related costs
- € Recycling costs
- € Compliance with consumer protection
- € Compliance with intellectual property rights
- € Compliance with data protection
- € Relief from customs duty for distance selling up to EUR 150



Complying with product safety causes significant costs for stores

Average purchase price of a similar product from an Asian manufacturer compared to the purchase price paid by a Finnish company

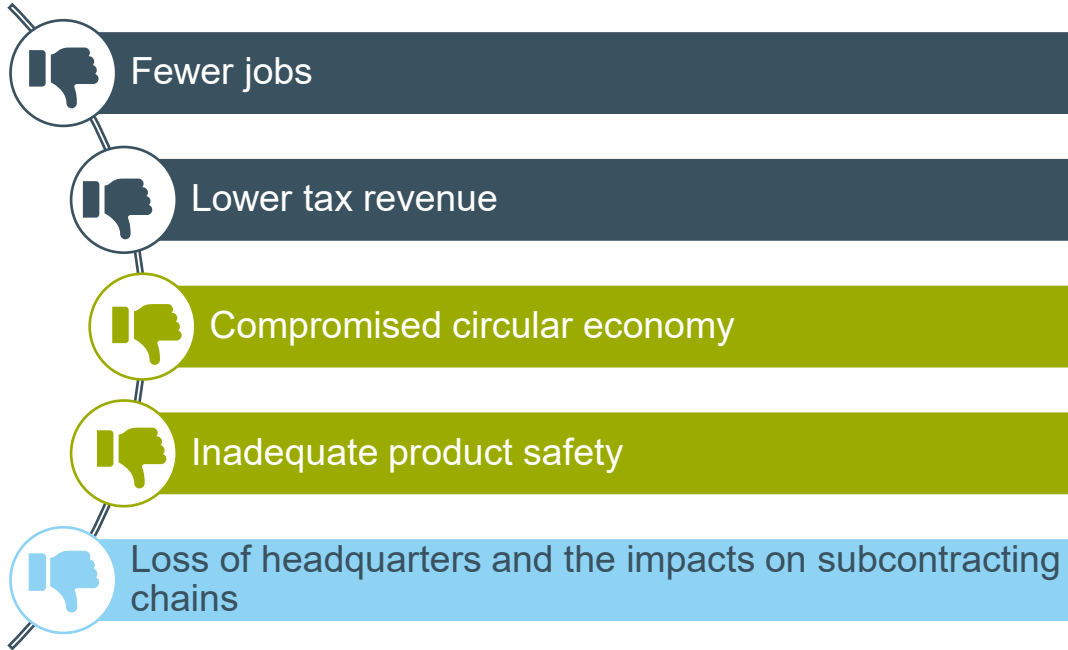




Third country ecommerce causes problems to Finnish society



Third country ecommerce causes problems in Finnish society



Background to the calculations

- Basis for calculating the potential loss of VAT revenue:
 - Customs' statistics on the distance selling of low-value products worth less than EUR 150 to Finns in 2024.
 - In the assessment, the 100 most purchased commodity codes were used and the price of a product representing a class of goods was searched from Statista's service and the online stores operating in Finland: Prisma, Tokmanni, Kärkkäinen, Motonet, Glitter, Keskisen Kello, LevykauppaÄx, Verkkokauppa.com and Suomalainen Kirjakauppa.
 - The average general VAT rate in 2024: 24.5 per cent (the rate was increased from 24 to 25.5 per cent on 1 September 2024)
- Basis for calculating the potential loss of income tax revenue:
 - Share of labour by sector: Statistics Finland's input-output statistics.
 - Income tax bases and tax-like payments in 2025.
 - Corporation tax rate 20 per cent.

Chinese junk decreases the tax revenue of Finland

Note! The calculations do not take into account any taxes paid on the shipping fees for consumer parcels to Finland. The calculation would have been difficult to implement because the shipping fee is often EUR 0 for orders placed through Temu, for example.



Last year, the tax revenue received by Finland from online purchases worth less than EUR 150 made from outside the EU was **EUR 29.4 million.** **

If **only 30 per cent** of the online purchases had been replaced by **purchases made in Finland**, the tax revenue* remaining in Finland would have been **EUR 97.2 million**, which is **more than three times higher** than the tax revenue received by Finland.

If **100 per cent** of the online purchases worth less than EUR 150 made from third countries had been replaced by **purchases made in Finland**, the tax revenue* remaining in Finland would have been **EUR 324.2 million**, which is **more than 11 times higher** than the tax revenue received by Finland.



Example: Women's shirt



Price in a Chinese online store:

EUR 11.24 *

Taxes to Finland:

EUR 2.29 **



Price in a domestic specialty goods store:

EUR 32.00

Taxes to Finland:

EUR 13.10 **


* The shipping fee for the consumer is typically EUR 0.

** Labour taxes and corporation tax EUR 0, VAT EUR 2.29.

** Labour taxes EUR 6.1, corporate tax EUR 0.5, VAT EUR 6.5.
In addition, a possible online store delivery fee of EUR 4.5-6.9.

Background to the example calculations

- Basis for the cost breakdown for a women's shirt made in Asia:
 - The impact of costs related to compliance with EU standards on the purchase price: Finnish Commerce Federation member survey 2024.
 - Posti's price list for the transport costs of e-commerce.
 - The distribution of costs in specialty goods trade: Finnish Commerce Federation, 10 February 2025.
- The tax handprint of a women's shirt purchased through different channels in Finland.
 - Share of labour by sector: Statistics Finland's input-output statistics.
 - Income tax bases and tax-like payments in 2025.
 - VAT rate 25.5 per cent.
 - Corporation tax rate 20 per cent.



**The problems must be
addressed both on EU
level and nationally.**

There are solutions to the problems of distance selling outside the EU

At the EU level

Increasing the responsibility of platforms

Accelerating the customs reform

Increasing the Commission's supervisory powers

Improving implementation and coordination

In Finland

Clear responsible party in the central government

Targeting and enhancing supervision

Solving the producer responsibility problem

Supporting the innovations and competitiveness of commerce

Educating consumers

Strengthening purchasing power



Holding platforms responsible and enforcing rules on EU level

- **Online marketplaces must be assigned more responsibility for the products and services sold via them.**
 - Key tools are Digital Services Act (DSA) and New Legislative Framework (NLF)
 - Nordic White paper on [E-commerce from 3rd countries - The role of online market places](#)
- **Bringing platforms more closely under producer responsibility**
 - through Extended Producer Responsibility (EPR)
- **The removal of the EUR 150 duty-free limit for goods purchased from outside the EU must be urgent and other reforms under customs reform**
 - Threshold implementation should be effective during 2026
 - However, proper implementation may take years.
 - The scope and responsibilities of the “deemed importer” concept remain unclear also the amount of handling fee
- **The Commission’s enforcement powers should be extended to the market surveillance of e-commerce outside the EU.**
 - The national authorities do not have sufficient prerequisites to intervene in their operations or address any issues that have emerged.
 - Key tools are Consumer protection cooperation regulation (CPC) and Market Surveillance Regulation (MSR)



More information from the experts of the Finnish Commerce Federation

EU Affairs and corporate legislation:

Tiina Vyyryläinen, Chief Policy Adviser

tel. +358 50 606 74, tiina.vyyrylainen@kauppa.fi



Circular economy and environmental legislation:

Marja Ola, Chief Policy Adviser

tel. +358 50 383 7711, marja.ola@kauppa.fi



Customs and tax legislation:

Toni Jääskeläinen, Chief Policy Adviser

tel. +358 50 533 0619, toni.jaaskelainen@kauppa.fi



Calculations and their analysis:

Jaana Kurjenoja, Chief Economist,

tel. +358 40 820 5378, jaana.kurjenoja@kauppa.fi



Thank you!

Finnish Commerce Federation
Eteläranta 10
00131 Helsinki

kauppa@kauppa.fi

[@kauppafi](https://twitter.com/kauppafi) / kauppa.fi



FINNISH COMMERCE
FEDERATION