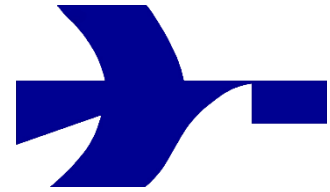


# Report of the Physical Service and E-commerce Working Group

EC 2021 Doc 9

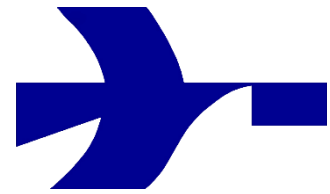
**ASIAN-PACIFIC POSTAL UNION EXECUTIVE COUNCIL MEETING**  
**20 July 2021 , Online Session**

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# 1 Attendance of the meeting and adoption of the agenda



held on 23rd  
June, 2021

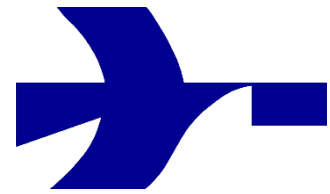
84  
representa-  
tives attended

from 22  
member  
countries

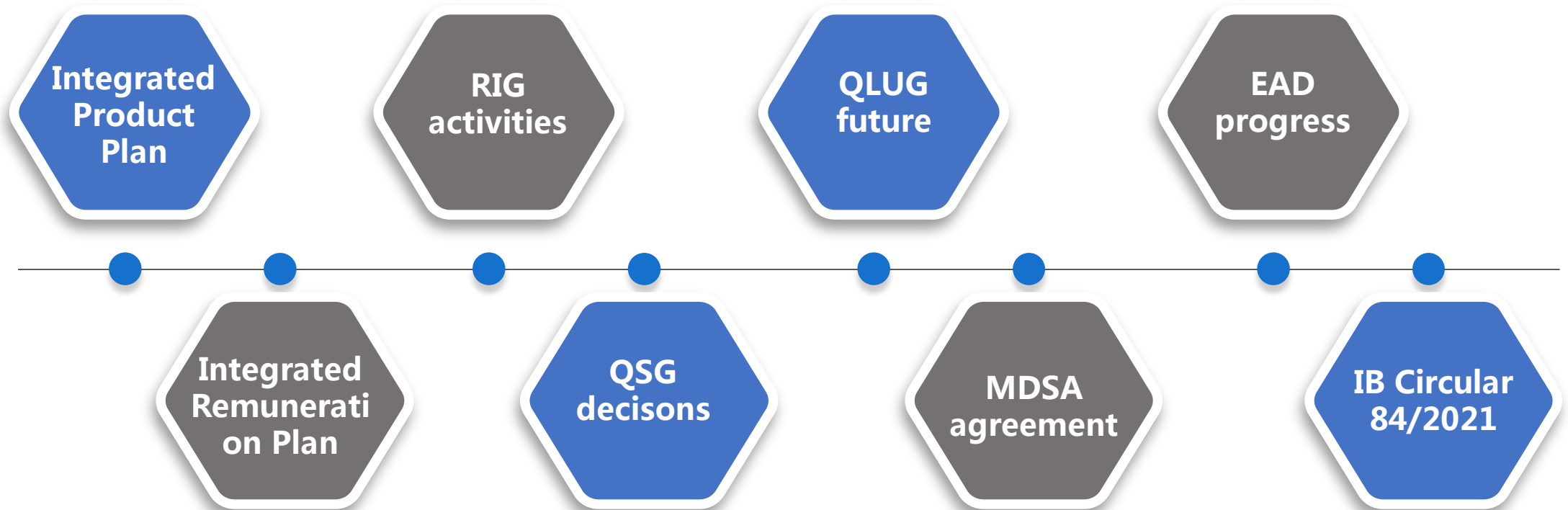
the Bureau  
of APPU  
joined

China(People's Rep.), the Co-chair of the WG and the Co-Chair of POC C2 PSDEIG, opened the meeting and confirmed the meeting agenda which was duly approved.

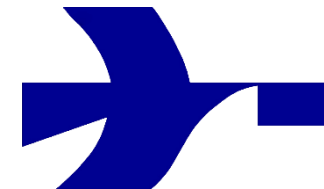
## 2 Update on the related work streams in UPU



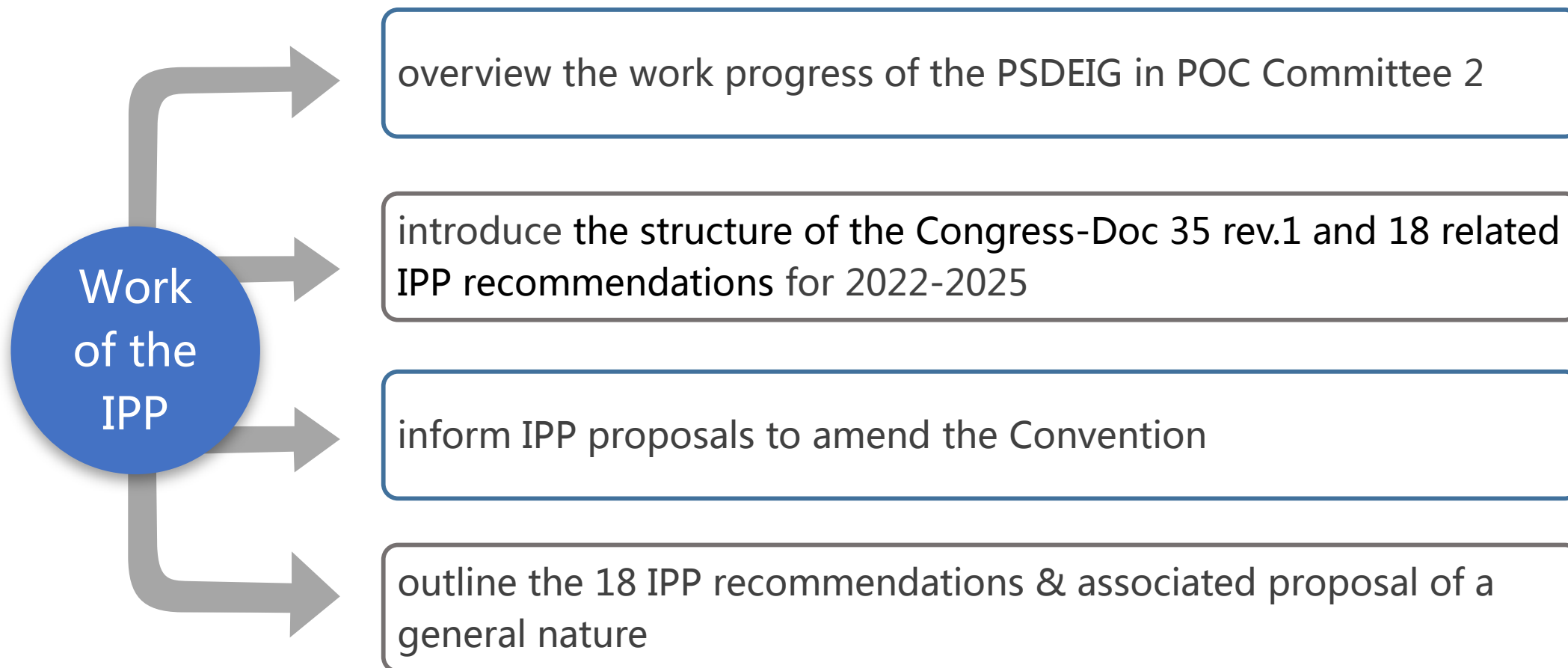
China(People's Rep.) **outlined** the work stream and the recent work done by UPU relating to the Congress proposals and **highlighted** the 8 major activities relating to physical services.



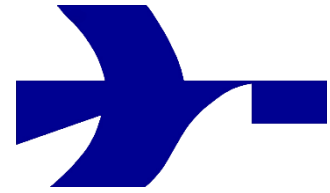
### 3 Update on the progress on the work of the IPP in UPU



Australia, the other Co-chair of the WG and the Co-Chair of POC C2 PSDEIG, presented following content:



## 3.1 IPP proposals to amend the Convention



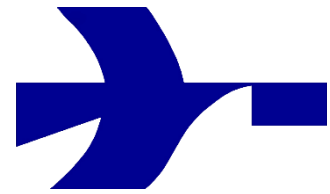
During the presentation, regarding IPP-related proposals to amend the Convention on the **Tracked Delivery Service**, there are currently two proposed amendments to be submitted to the 2021 Congress:

Options	Inbound goods	Inbound documents	outbound goods	outbound documents
01	<b>Mandatory</b>	<b>Mandatory</b>	Optional	Optional
02	<b>Mandatory</b>	Optional	Optional	Optional

**Note 1:** there were two Options being presented, among which if either were approved would make the tracked delivery service mandatory from 2023. If both Options 1 and 2 were rejected the tracked delivery service would remain an optional service, as it is today.

**Note 2:** if tracked delivery service become mandatory, during the grace period 2022-2024 countries in Group IV will receive the surcharge for providing the EMD (instead of EMH/EMI) only and could ask for assistance from the QSF to ensure necessary infrastructure.

## 3.2 IPP-related proposal of a general nature



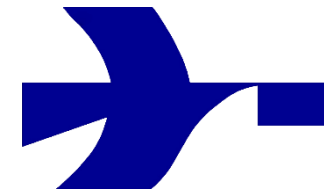
### **This draft resolution instructs the POC to:**

- Ensure that the UPU keeps pace with changes by modernizing the products using an integrated approach;
- Develop and implement POC activities driven by product definition in line with customer, market and supply chain needs;
- Ensure close coordination between the UPU bodies in providing a roadmap for implementation of EAD;
- Ensure the ongoing review of the IPP with a view to submitting an updated version to the 28th Congress.

### **This draft resolution also instructs the CA to:**

- Ensure issues of government policy and regulatory issues are properly addressed, discussed and decided in relation to the IPP.

## 4 Update on the progress on the work of the IRP in UPU



Singapore, as the Co-Chair of POC C2 RIG, presented following POC/CA proposals concerning remuneration to be submitted to the 2021 Congress



### Integrated Remuneration System (IRS) for 2022-2025

Proposals to amend the Convention and Convention Regulations including TDs, ILR, registered/insured letter-post items, tracked delivery service and returned undeliverable letter-post items for 2022-2025

### Integrated Remuneration Plan (IRP) for 2022-2025

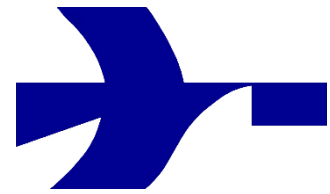
Proposal of a general nature concerning the implementation of the IRP in the 2022-2025 cycle

### Other proposals to 2021 Congress resulting from the work of RIG

Proposals to amend Convention and Regulations concerning implementation of self-declared rates and consequential proposals amending the Convention



## 4.1 IRP-related proposal of a general nature

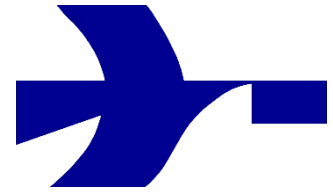


### The proposal of a general nature for IRP (2022-2025) contains:

- Integrated remuneration system (IRS) principles for the next work cycle (2022-2025)
- Country classification system for the next Congress cycle
- Instructions on POC, CA and IB to implement IRP and develop the future remuneration systems in the next work cycle with focus on:
  - Review the remuneration of basic services seeking further modernization, integration and alignment of the remuneration systems, in particular concerning items containing goods;
  - Review the remuneration of supplementary services and services that can be added on to the basic and supplementary services;
  - Simplify remuneration systems and further progress the work towards a single terminal dues system;
  - Incentivize quality of service and operational improvements that enhance the customer, operational and supply chain visibility of all items, in particular those containing goods, in the UPU network.



## 5 Overview of the New EU VAT Policy

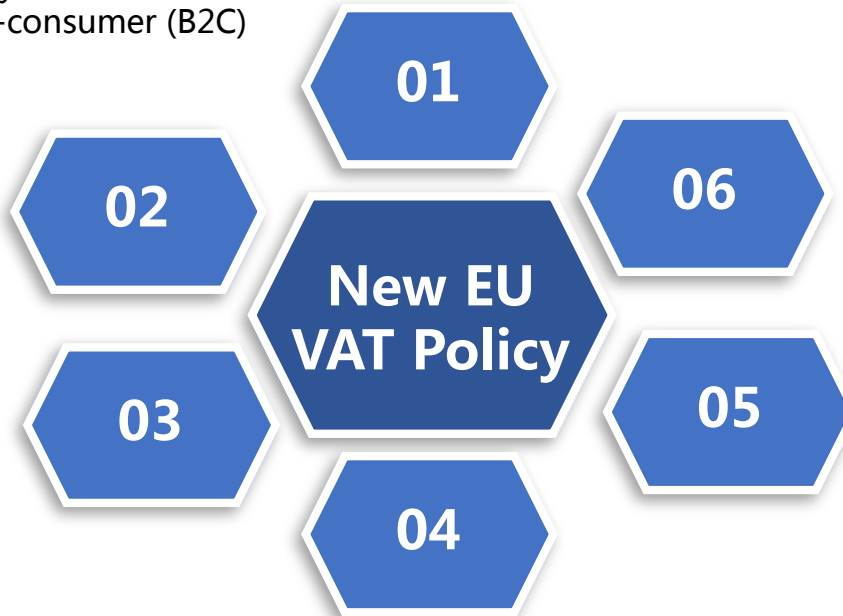


Mr. Gary Carroll, Managing director of APP office, briefly presented the new VAT policy in the EU from 1st July and explained following points:

**Implementation Date:** From 1 July 2021 the VAT rules on cross-border business-to-consumer (B2C) e-commerce activities will change

**VAT Policy:** The VAT exemption at importation of small consignments of a value up to EUR 22 will be removed. All goods imported in the EU will now be subject to VAT.

**Payment of VAT:** 3 options including IOSS/OSS, special arrangements and collection upon delivery. Retailers need to collect the VAT tax from the buyer.



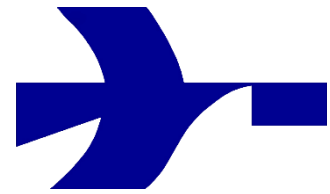
**IOSS solution:** The Import One Stop Shop (IOSS) - A new special scheme for distance sales of low value goods imported from third territories or third countries has been created to simplify the declaration and payment of VAT.

**The role of DO/Courier:** Postal operators and courier use IOSS VAT number registered by online sellers to declare goods upon importation to the customs authorities.

**The responsibility of DO:** DO must get informed and advise, and where possible offer solutions to our customers on how to adapt to the new process.

□ APP have presented solutions from solution providers, evaluated the solutions and offered our members advice and information. APP are ready to assist all APP members for more information.

## 6 Discussion and comments from members

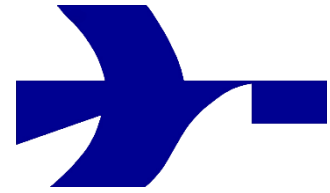


**India** took the floor to express the concern about the remuneration plan increasing at 10% annually at UPU level and further shared the idea of exploring the simple reduced remuneration plan at regional level.



**Singapore** raised a question about the VAT treatment to the mail containing magazine/journal without CN 22/23.

- **IPP&IRP: Australia ,China and Singapore** gave explanations on India's question that it is a compromised package proposal which had been fully discussed and approved by both POC and CA . **China and Singapore** echoed India's comments and urged member countries to join the research for the next work cycle.
- **VAT:** APP clarified that mails with the commercial purpose or with the declared value should be liable to VAT being subject to official explanation of the authorities concerned.



**Thank You Very Much!**