How customs technology works in a platform-based economy:

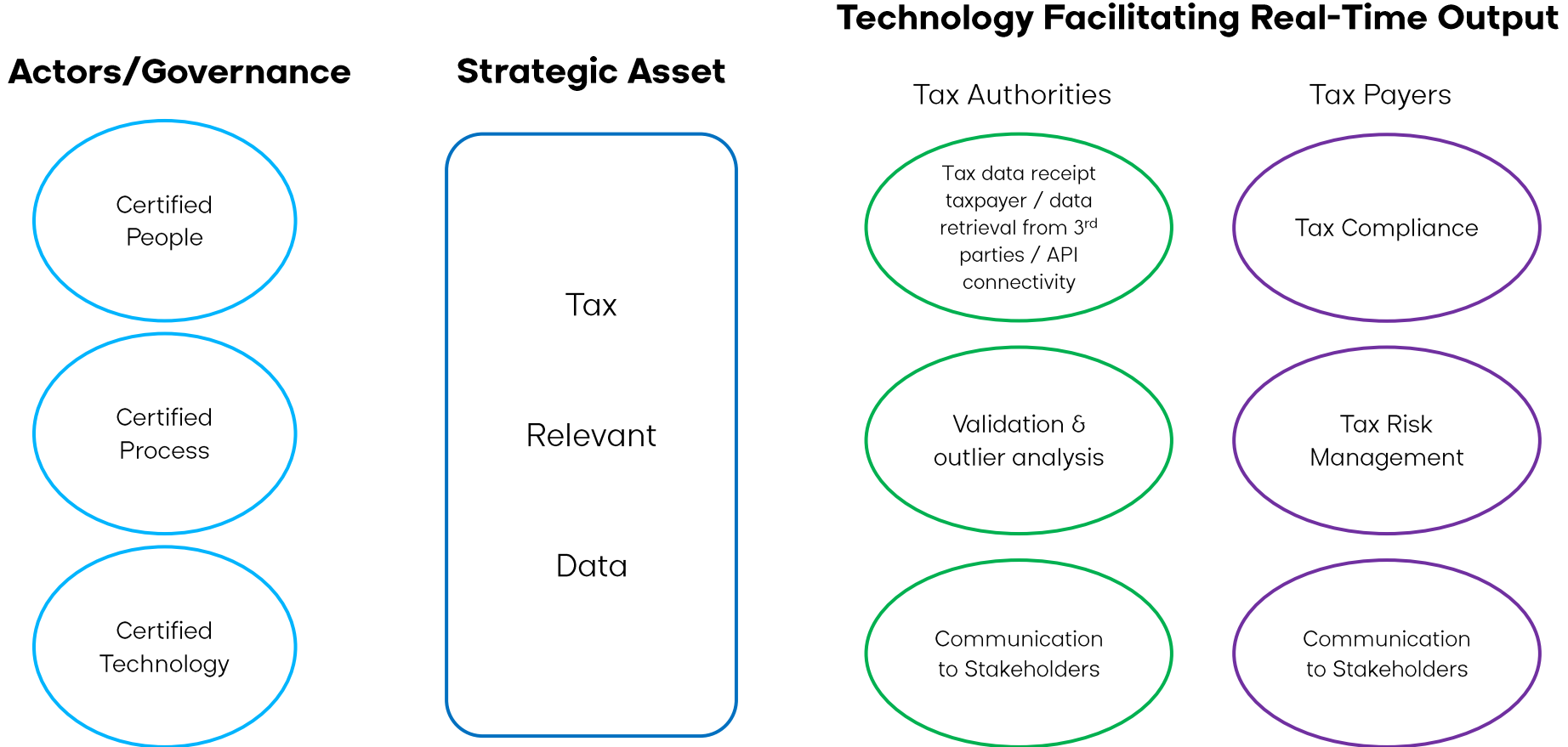Illustration of import in the UK as well as import in the EU

Speakers

Steef Huibregtse, CEO, TPA Global

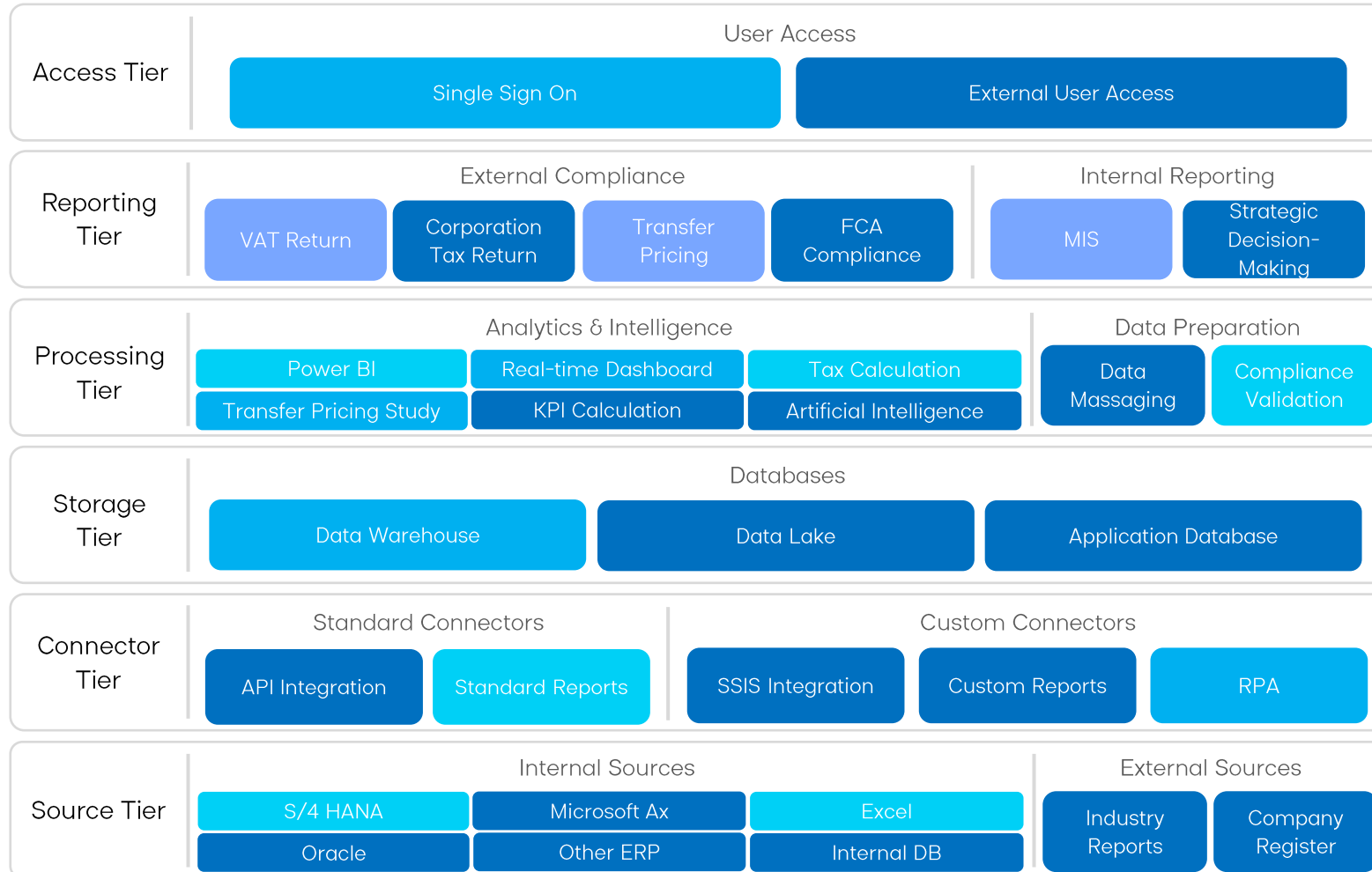Andreas Weidner, Vice President Customs & Trade Compliance, eClear

September 21, 2022

The Actors and Outcomes Involved with Tax-Relevant Data

eClear

Technology Facilitating Real-Time Output

Actors/Governance

Strategic Asset

Tax Authorities

Tax Payers

Certified People

Tax

Relevant

Data

Tax data receipt taxpayer / data retrieval from 3rd parties / API connectivity

Tax Compliance

Certified Process

Validation & outlier analysis

Tax Risk Management

Certified Technology

Communication to Stakeholders

Communication to Stakeholders

Selection Tool for Software

eClear

Access Tier

User Access

Single Sign On	External User Access

Reporting Tier

External Compliance

VAT Return	Corporation Tax Return	Transfer Pricing	FCA Compliance

Internal Reporting

MIS	Strategic Decision-Making

Processing Tier

Analytics & Intelligence

Power BI	Real-time Dashboard	Tax Calculation
Transfer Pricing Study	KPI Calculation	Artificial Intelligence

Data Preparation

Data Massaging	Compliance Validation

Storage Tier

Databases

Data Warehouse	Data Lake	Application Database

Connector Tier

Standard Connectors

API Integration	Standard Reports

Custom Connectors

SSIS Integration	Custom Reports	RPA

Source Tier

Internal Sources

S/4 HANA	Microsoft Ax	Excel
Oracle	Other ERP	Internal DB

External Sources

Industry Reports	Company Register

1. End Uses

What are the end uses of the data?
E.g. VAT compliance, transfer pricing
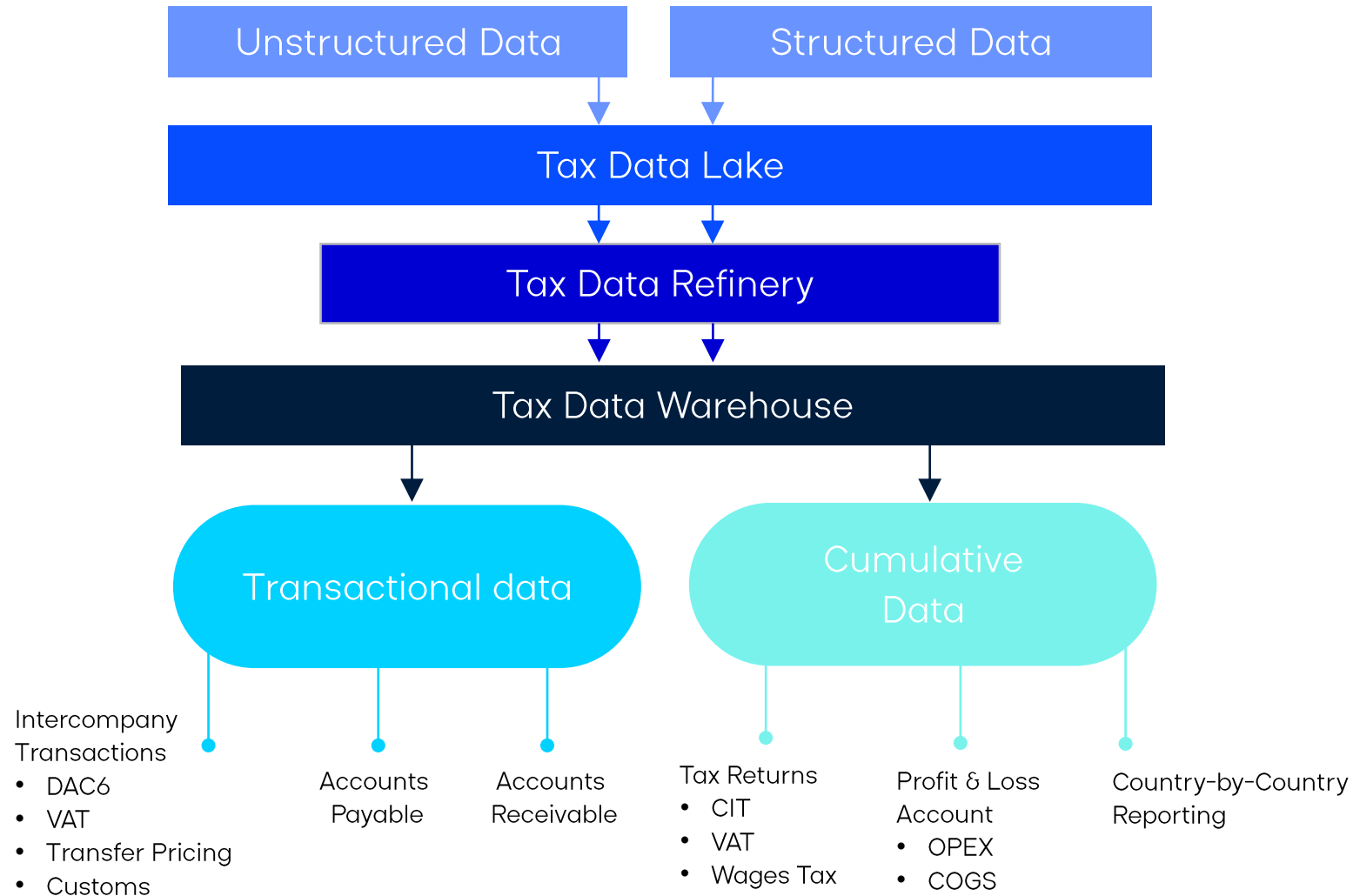
2. Current Systems

Which systems are in place currently?
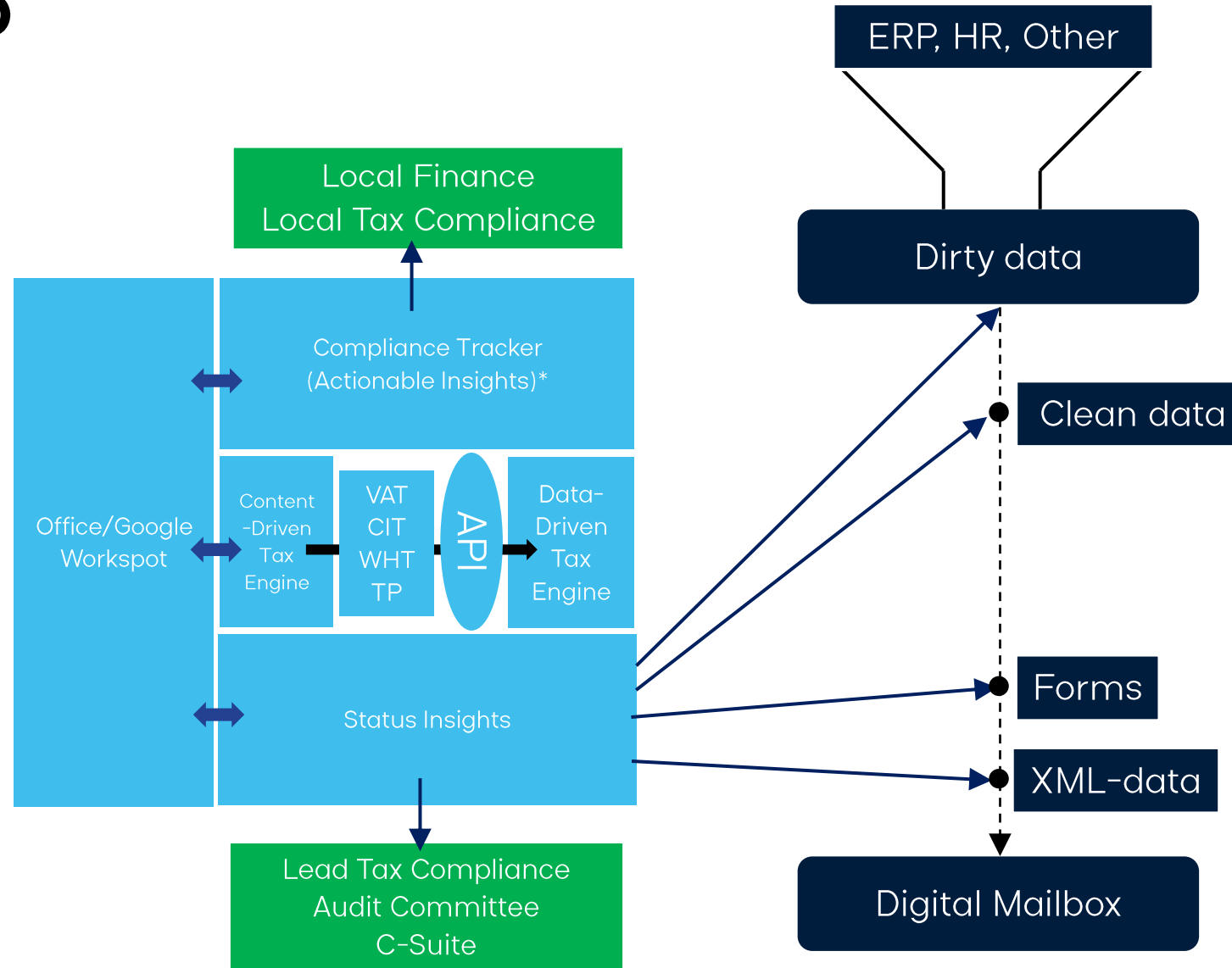E.g. NetSuite, transfer pricing tool.

3. Implementation Approach

Which approach should we implement?
Individual systems or data warehouse.

Smart Data Architecture & Management

eClear

```
┌─────────────────────────┐   ┌─────────────────────────┐
│    Unstructured Data    │   │     Structured Data     │
└─────────────────────────┘   └─────────────────────────┘
              │                           │
              ▼                           ▼
┌─────────────────────────────────────────────────────────┐
│                      Tax Data Lake                        │
└─────────────────────────────────────────────────────────┘
              │                           │
              ▼                           ▼
        ┌───────────────────────────────────────┐
        │            Tax Data Refinery           │
        └───────────────────────────────────────┘
              │                           │
              ▼                           ▼
┌─────────────────────────────────────────────────────────┐
│                   Tax Data Warehouse                      │
└─────────────────────────────────────────────────────────┘
         │                                    │
         ▼                                    ▼
  ┌──────────────┐                     ┌──────────────┐
  │ Transactional│                     │  Cumulative  │
  │     data     │                     │     Data     │
  └──────────────┘                     └──────────────┘
```

Transactional data

Intercompany Transactions
- DAC6
- VAT
- Transfer Pricing
- Customs

Accounts Payable

Accounts Receivable

Cumulative Data

Tax Returns
- CIT
- VAT
- Wages Tax

Profit & Loss Account
- OPEX
- COGS

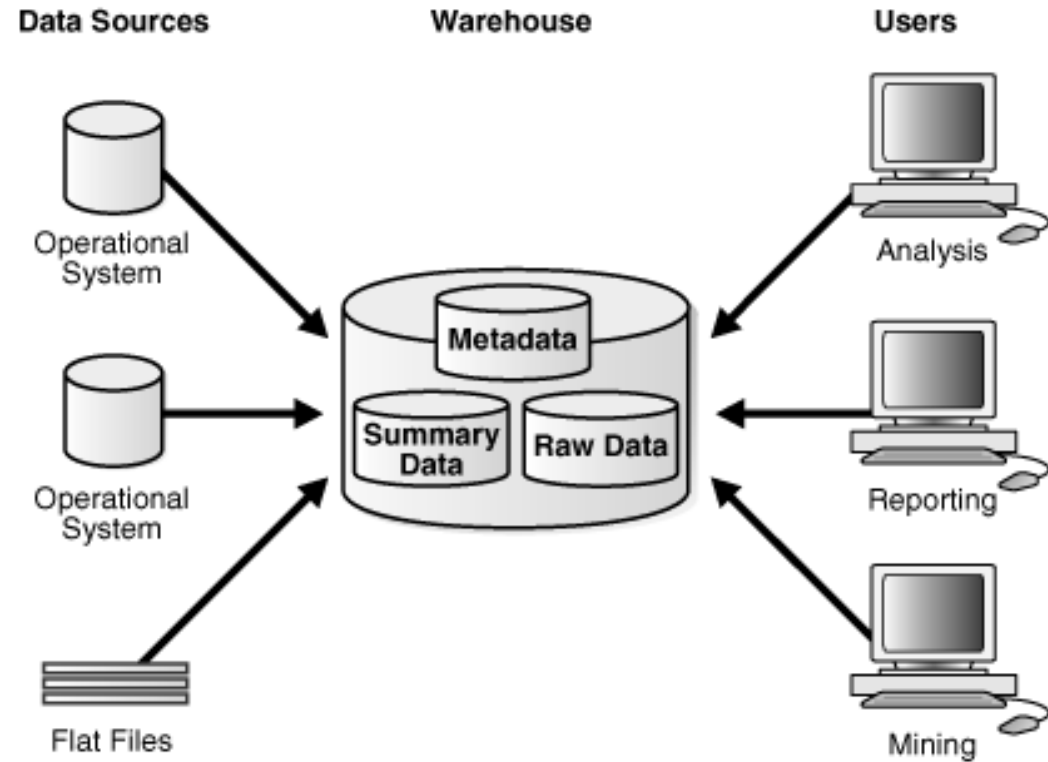Country-by-Country Reporting

4

Single Source of Truth - The Connection Between SSoI and SSoD

*Confirmation of filing completed

Single Source of Truth - The Connection Between SSoI and SSoD (continued)

eClear

Single Source of Information

Single Source of Data

Compliance Tracker

Dual Engines

API

Tax Content Engine ↔ Tax Data Engine

Power BI

Reporting

Mechanized Steering

Tax Data Engine

Tax Content Engine

AI on the Inside

Hybrid or Single Engine Model

Normative Framework

Sourced by Text, Rules and Legislation

Task

Digital Mailbox
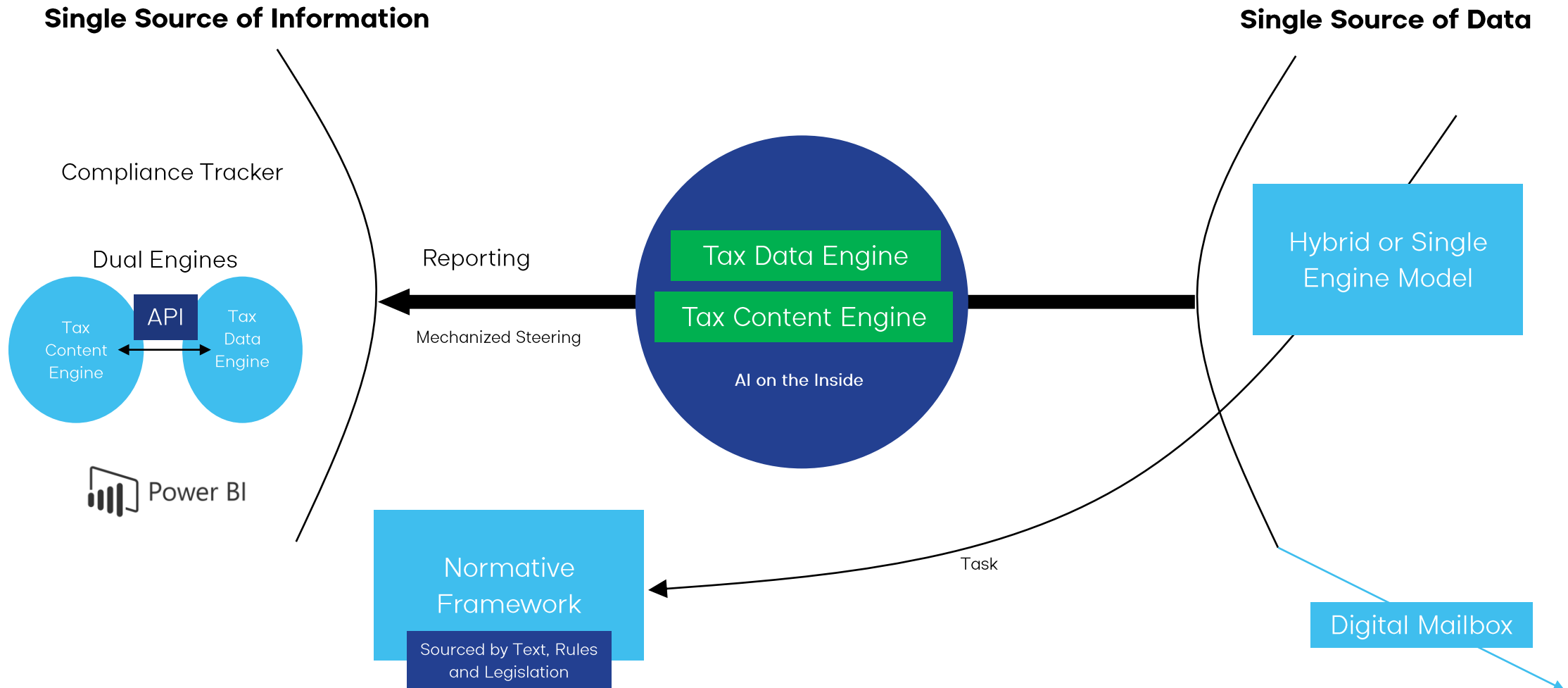
ETL Staging Table

Agenda

01 Introduction

02 Challenges and Integrated Platform Solutions

03 Q & A

Andreas Weidner

> 20 years international experience in global Logistics & Customs

Industries
- Transport & Logistics
- Automotive
- e-Commerce

- VP Customs Compliance
  - eClear AG

Cross-Border E-Commerce
As Easy As Domestic Sales

eClear

is a pan-European banking regulated payment facilitator providing Customs and VAT Clearing as an embedded checkout-solution to e-commerce marketplaces and digital platforms

What We Do
For Marketplaces and Digital Platforms

eClear

FULLY AUTOMATED VAT CLEARING WITHIN THE EU-27

ClearVAT®

We provide automation of VAT payments services in all EU member states, authorised by the German Federal Financial Supervisory Authority (BaFin).

CROSS-BORDER CUSTOMS CLEARING TO THE UK, CH, NO

ClearCustoms®

We provide a border-free shipping experience for marketplaces and merchants to scale into Europe's most powerful markets.

END-TO-END AUTOMATION AND COMPLIANCE MONITORING ON CROSS-BORDER TRADE

SPOT®

We provide permanent transaction control and complex compliance automation on cross-border trade, customs and taxes.

Customs Compliance Challenges
5 major challenges in cross-border trade

eClear

| Customs Tariff Classification | Landed Cost Calculation | DDP Delivery Delivered Duty Paid | Customs and VAT Representation | Data and Data Breaks |

EU-REFORMS ON REGULATIONS BOOST COMPLIANCE REQUIREMENTS

12

How to Determine Correct Tariffs

Different countries have different tariffs and nomenclatures

Product	🇪🇺	🇩🇪	🇨🇭	🇳🇴
T-Shirts 100% cotton, knitted or crocheted	6109 10 00 10	6109 10 00 10 0	6109 10 00	6109 10 00

Challenge 1
How to Determine Correct Tariffs

eClear

It is not harmonized and
it is not always as easy as it seems

Product	TARIC	EZT	TARES	Tolltariff
Cucumbers and gherkins	2001 10 00 11 Without sugar	2001 10 00 11 0 Without sugar	2001 1010 In containers > 5Kg	2001 1001 In airtight containers

How to Determine Correct Tariffs

Customs
Harm Code

| 1 | 2 | 3 | 4 | 5 | 6 |

TARIC
Code

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

eClear ID

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | ... |

All tariffs

All measures

15

How to Determine Correct Tariffs

How to Determine Correct Tariffs

Automated AI supported product classification.

FEATURES

- Upload and assign product master data one time
- Upload product related and relevant certificates
- All European VAT – and Customs Tariffs available
- We keep the data base always up to date

Landed Cost Calculation

eClear
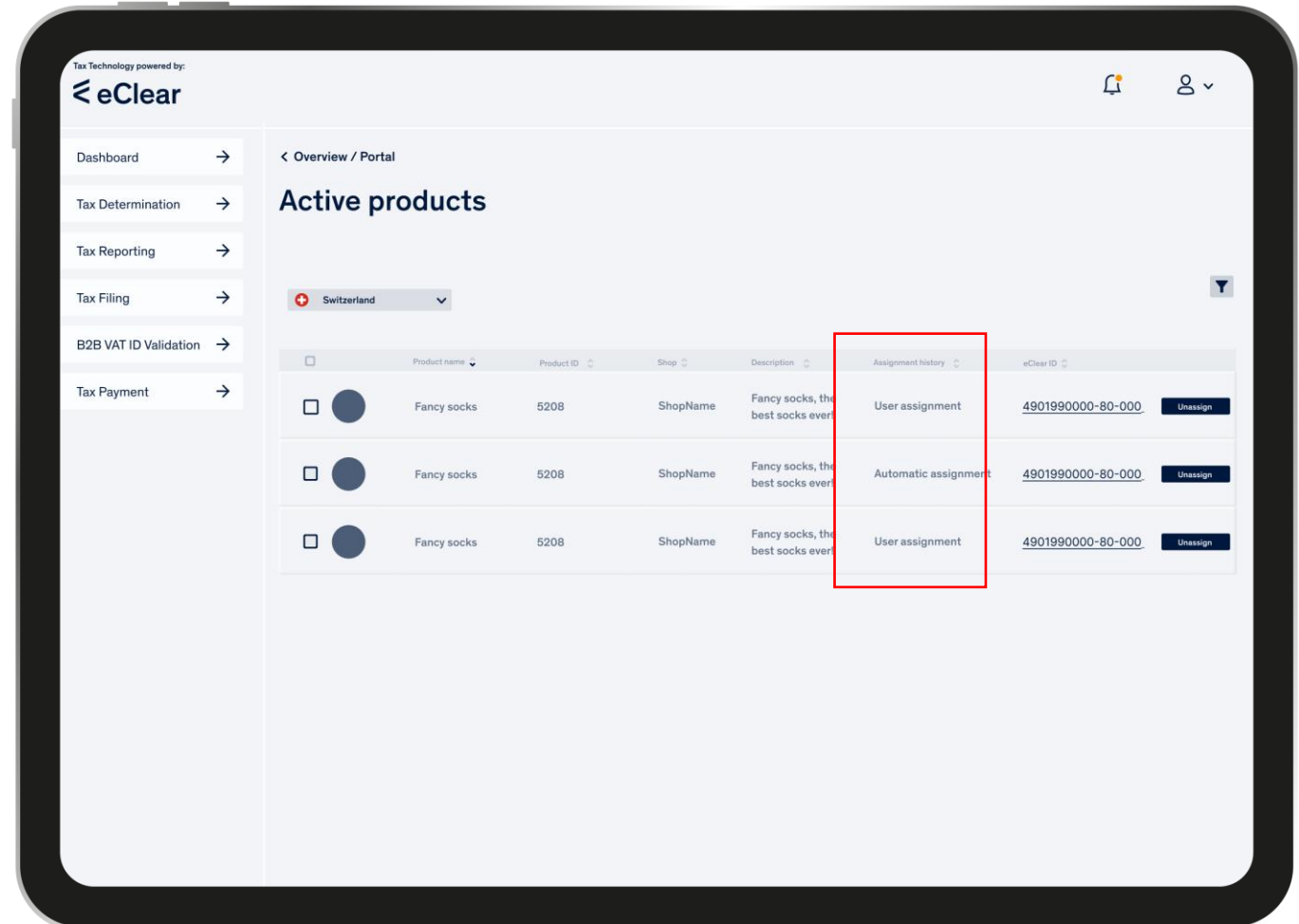
Cost transparency ensures clarity for the consumer, reduces the return rate or refusal of delivery and increase customer satisfaction.

GREATEST CHALLENGES

- Allocation of correct tariffs and their calculation
- Rules and method of calculation
- Avoidance of "cash on delivery" (COD)
- Prepayment of all costs (Duty, VAT, shipping) at the time of check out

Full landed cost calculation on product page and checkout

Sneakers	170,00£
Import Duties	13,60£
Import VAT	36,72£
Total	220,32£

Challenge 3

Delivered Duty Paid (DDP)

To get a better customer experience and satisfaction, shipper must offer a „real" DDP delivery to their consumers.

GREATEST CHALLENGES

- To determine correct costs (landed cost calculation), duty and VAT rate
- No involvement of consumer in customs declaration and VAT filing
- Customs and VAT representative

Customs Broker and Representative

eClear

In order to operate cross-border, e-commerce as easy as domestic trade dedicated (legal) requirements must be taken into account and ensured.

GREATEST CHALLENGES

- Importer of record or customs representative (direct/indirect)
- Customs declaration – automated, fast and correct
- Payment and filing of Import duties and VAT

Direct connection to authorities' IT systems

Good Data In - Good Data Out

We give your data purpose!
Once the SKU upload is done, we take care of your cross-border obligations.

GREATEST CHALLENGES

- Master data - complete, correct and up to date
- Ongoing validation and verification
- Making data efficiently usable
- Availability of correct data along the entire business processes and partners
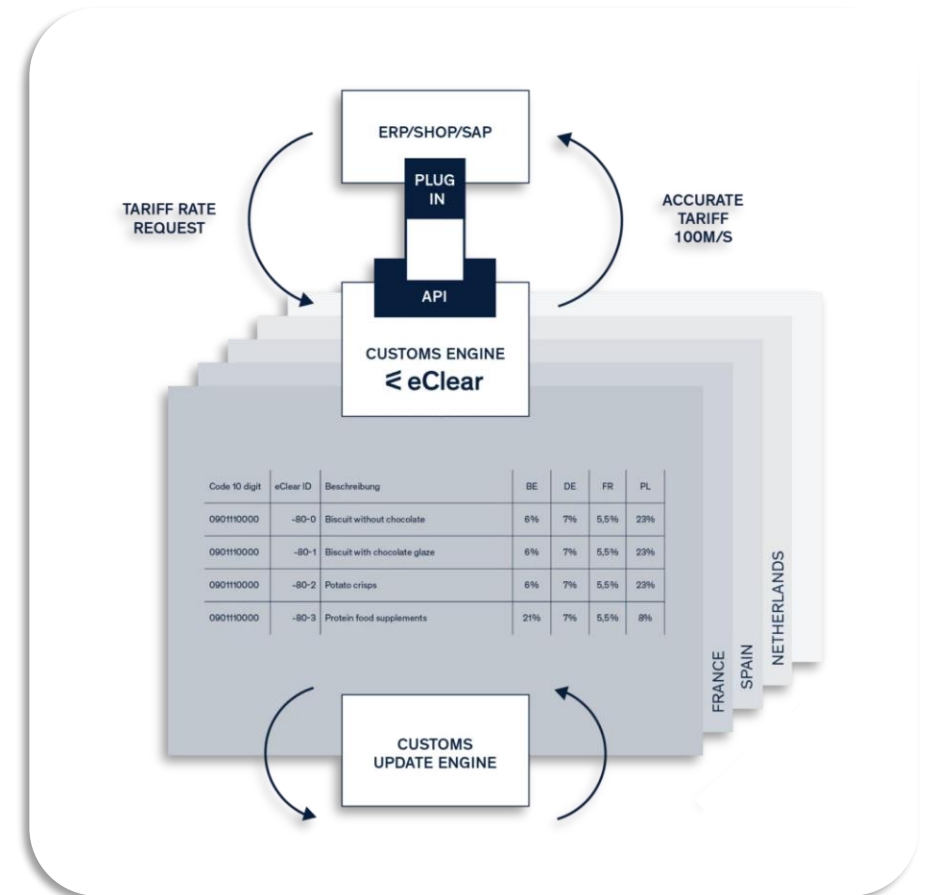
ClearCustoms®

SEAMLESS SHIPPING

BORDER-FREE COMMERCE

Our ClearCustoms® solution provides a border-free shipping experience for your marketplace merchants on orders into Europe's most lucrative markets: the United Kingdom, Switzerland and Norway.
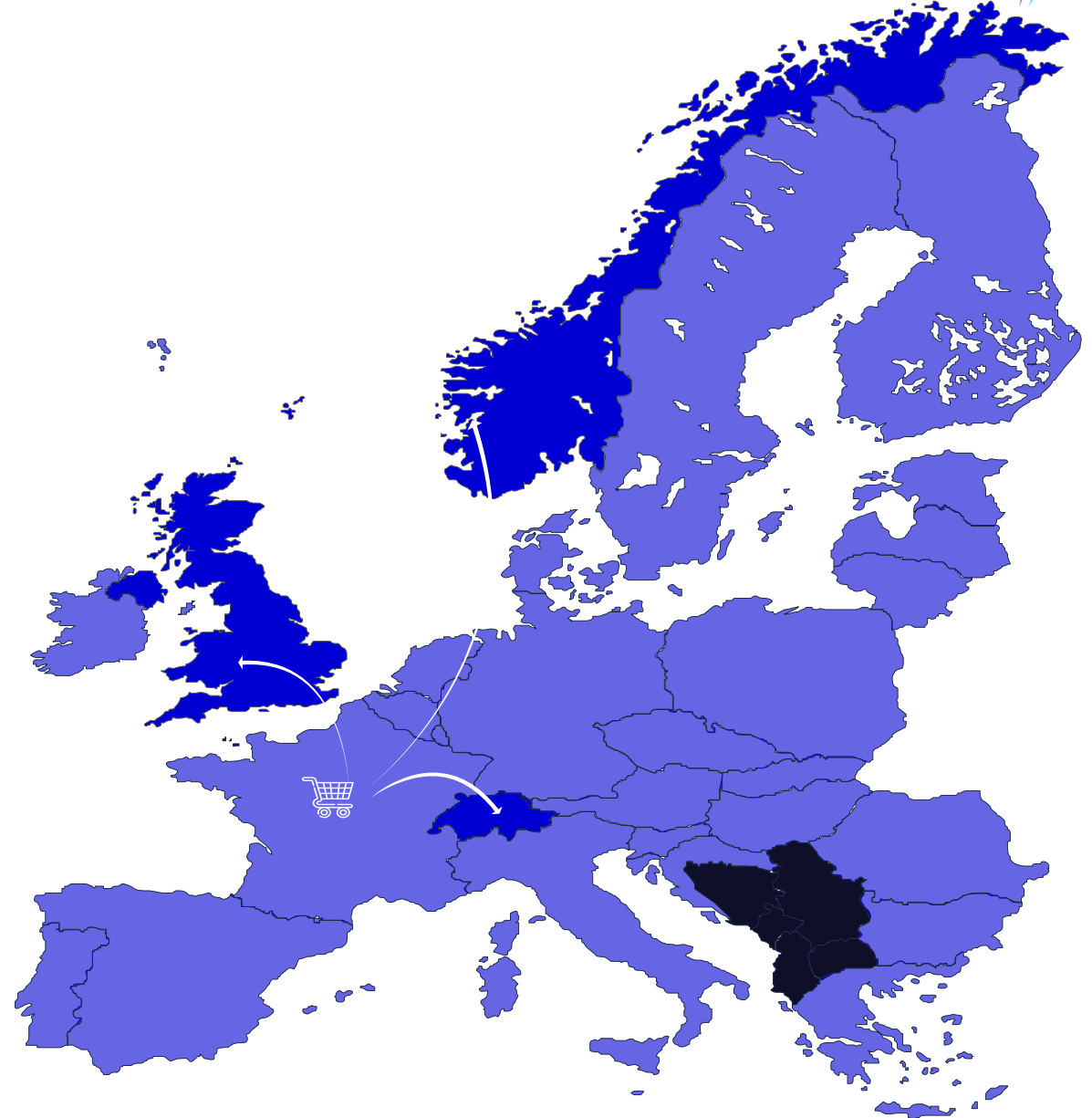
ClearCustoms®

eClear
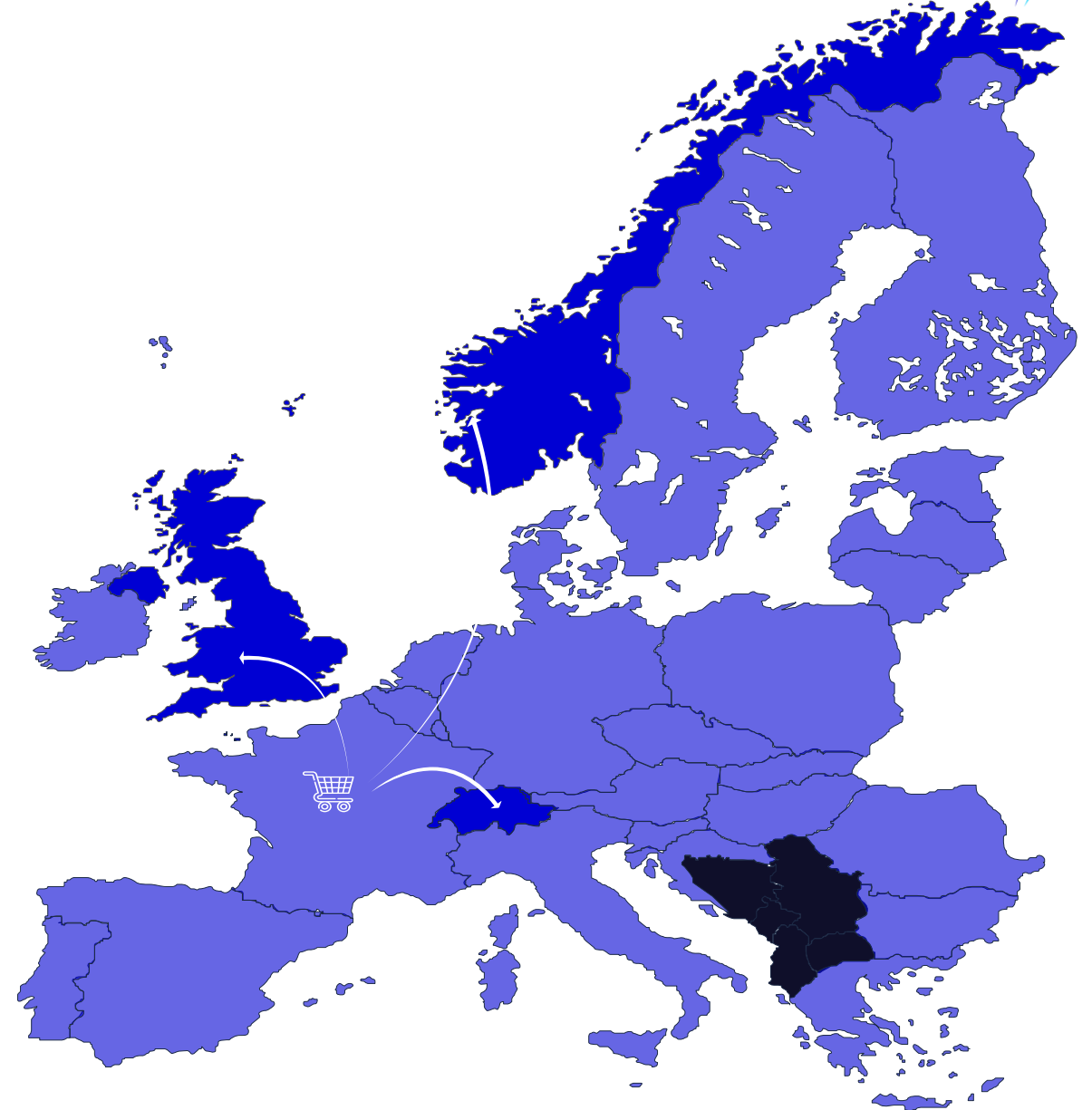
BENEFITS FOR MERCHANTS

- Declaration-free
- End of "doorstep payments"
- Reducing return rates

BENEFITS FOR MARKETPLACES

- Fast lane customs declarations
- Best customs tariffs database
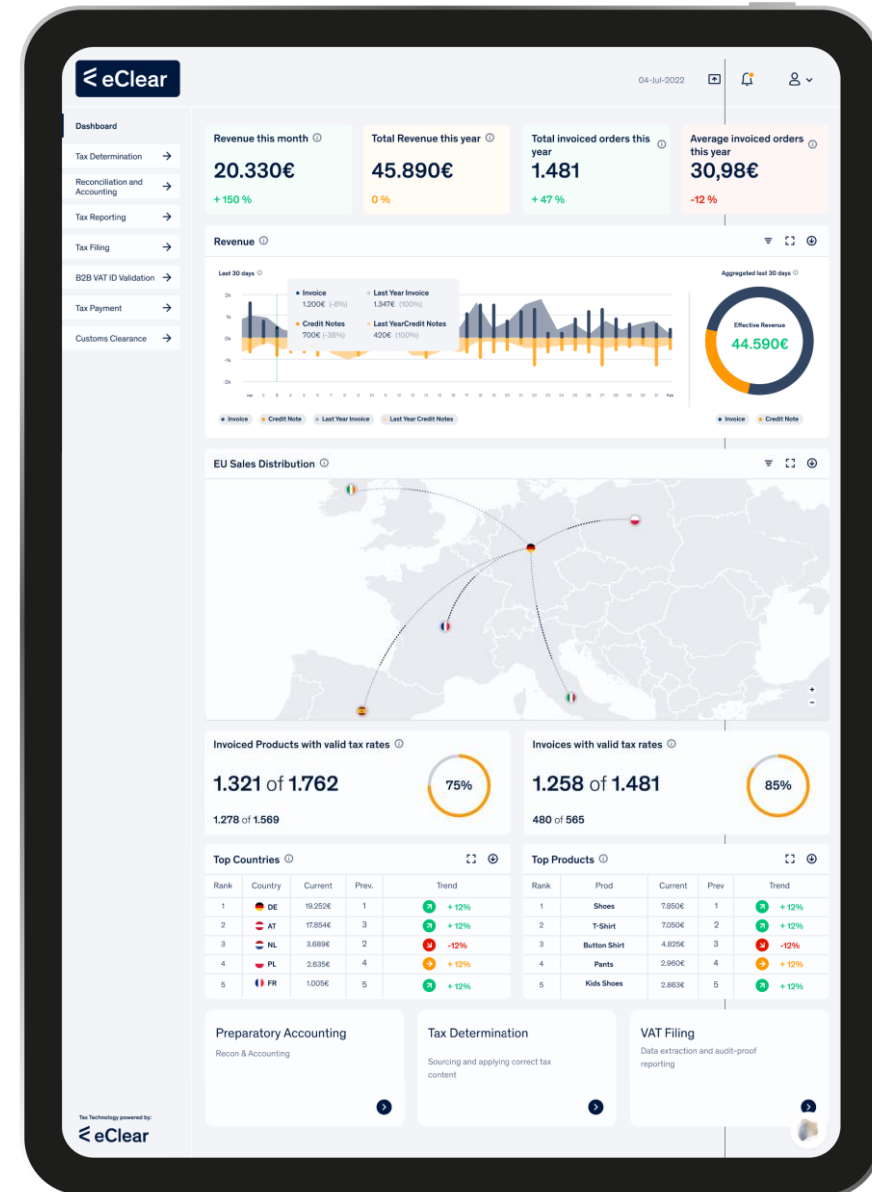- Tariffs assignment to millions of products

REAL-TIME TRANSACTION MONITORING

COMPLETE COMPLIANCE CONTROL

SPOT® is an omnichannel merchant transaction dashboard providing financial control on e-commerce sales with a strong focus on real-time alerts on cross-border tax, customs and compliance issues.
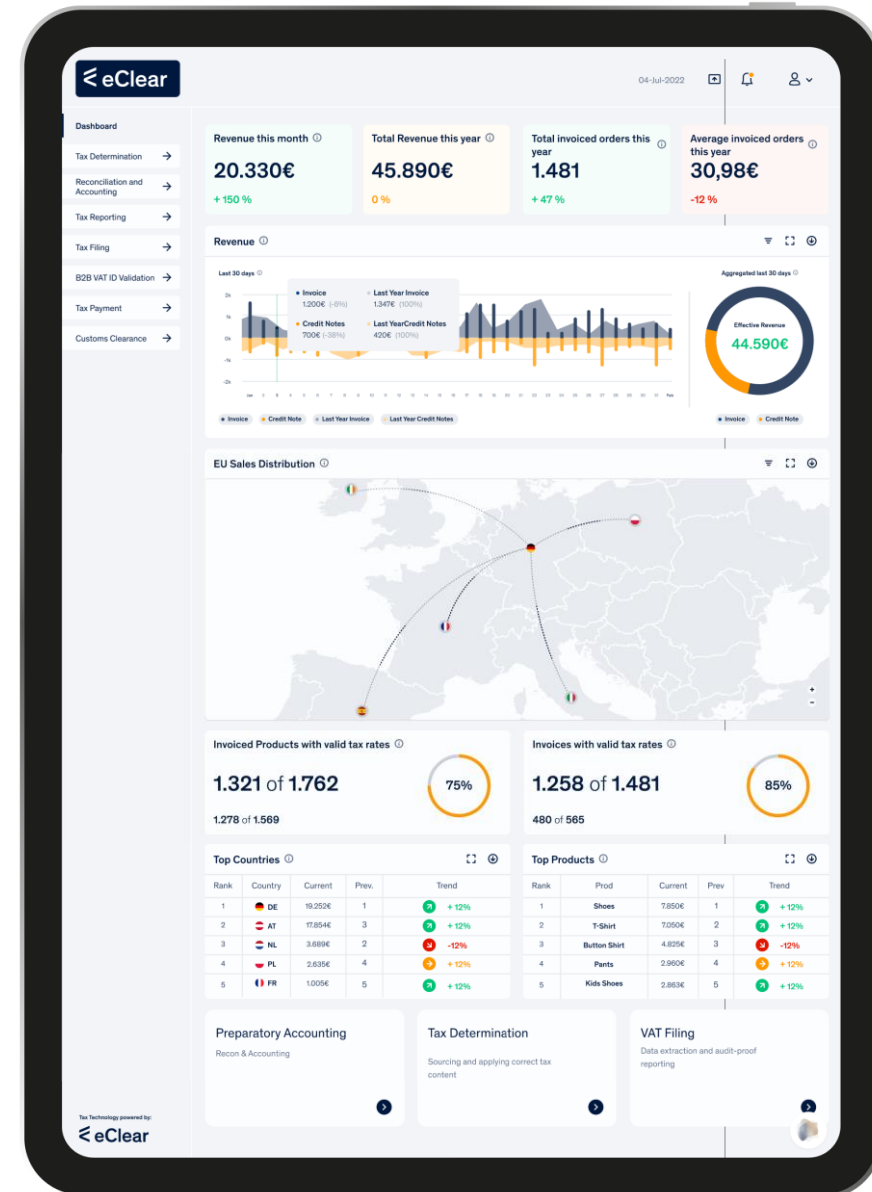
SPOT®

BENEFITS FOR MERCHANTS

- Real-time alerts with AVATAR®
- Centralized Order, Transaction, Payment and Settlement Reports
- Omnichannel monitoring of all marketplaces, POS, payment providers

BENEFITS FOR MARKETPLACES

- Supporting sellers accelerating their cross-border businesses
- Enhancing merchant's loyalty with marketplace
- Increasing seller's touchpoints with marketplace or platform

System Certified to auditors' standards

eClear

BaFin
Bundesanstalt für
Finanzdienstleistungsaufsicht

Payment and Acquiring
License Passported into all
EU-27

BDO

Certified to software,
accounting and bookkeeping
standards, Institute of Tax
Auditors (IDW 880)

SAP
Certified

SAP System (S/4Hana)
Annual Certification

Q & A

Thank you.

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