

# The new rules of **cross-border commerce**

How to protect margins, stay compliant  
and continue growing internationally

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# Introduction

For years, international eCommerce growth followed a relatively straightforward model.

Low-value import reliefs, de minimis thresholds and direct-to-consumer shipping made it easier for brands to reach customers around the world without the complexity traditionally associated with international trade.

That model is changing.

Across the US, EU and UK, governments are reforming the rules that have underpinned cross-border commerce for decades. While each market is moving at a different pace, the direction of travel is clear. Greater customs oversight, increased compliance requirements and fewer low-value exemptions.

For brands, this is about far more than duties and taxes.

It affects profitability, customer experience, inventory strategy and the operational foundations required to scale internationally.

This guide explores what is changing, what it means for your business, and how to protect margins, stay compliant and continue growing with confidence.

## The end of arbitrage

For years, cross-border commerce benefited from low-value import reliefs, simplified customs processes and direct-to-consumer shipping models that reduced cost and complexity.

Those advantages are fading. The next generation of international growth will be shaped by compliance, data quality, landed-cost visibility and strategic fulfilment.

### Yesterday's model

Low-value import reliefs and de minimis thresholds

DDU (Delivered Duty Unpaid) shipping models

Direct-to-consumer shipping from origin markets

Limited customs and product data requirements

Focus on reducing shipping costs

### Today's model

Landed cost visibility and margin management

DDP (Delivered Duty Paid) customer experiences

Customs-ready product and inventory data

Greater compliance and tax obligations

Strategic inventory placement and regional fulfilment

Focus on profitability, speed and customer experience



# Part A

## Understanding the shift

### Why Is de minimis ending?

Governments are reconsidering low-value import reliefs, known as de minimis thresholds, which previously facilitated international eCommerce by allowing low-value goods to enter without duties or full customs procedures.

As global eCommerce sales rise, these frameworks are deemed unsustainable due to increased parcel volumes and the need for higher customs revenues.

This shift aims to create fairness for domestic businesses and improve oversight of imported goods. The era of low-value import exemptions is ending, leading to greater emphasis on compliance and transparency in customs data. Three key factors are driving this policy change.

#### 1 Revenue protection

With the growth of cross-border eCommerce, governments are pressured to recover tax revenues lost from low-value import exemptions.

In response, many markets are reforming regulations, such as the EU's 2021 decision to remove VAT relief on shipments under €22, now subjecting all commercial imports to VAT. These reforms aim for consistent collection of duties and taxes amid rising international trade volumes.

#### 2 Fair competition

Domestic retailers and manufacturers have long argued that de minimis regimes create an uneven playing field, allowing overseas sellers to benefit from cost advantages unavailable to local businesses.

Policymakers in the US, UK and EU are increasingly reviewing whether existing thresholds remain appropriate in today's global eCommerce environment.

#### 3 Visibility and product safety

Customs authorities are seeking greater visibility over the goods entering their markets.

As parcel volumes continue to rise, governments are placing greater emphasis on accurate product classification, richer customs data and stronger importer accountability. These measures help identify unsafe, counterfeit or non-compliant products while improving the efficiency of customs processes.



*Brands should stop asking which market will remove de minimis next. The more important question is whether their operating model still works when low-value relief disappears altogether.*

**Antony Day**  
Global Logistics & Carrier Manager, IFGlobal



## Market updates

### US, UK and EU

#### United States

The US operated one of the world's highest de minimis thresholds, allowing commercial shipments valued at up to \$800 to enter under Section 321 with limited customs formalities.

That model changed significantly in August 2025 when duty-free de minimis treatment for commercial shipments was suspended. Shipments that previously entered under Section 321 now require formal customs processing and are subject to applicable duties and taxes.

For ecommerce brands, the implications are significant.

- Greater customs formalisation
- Increased customs brokerage requirements
- Higher landed costs
- Increased importance of accurate product classification and country-of-origin data
- Greater pressure to adopt transparent landed-cost and DDP models

#### United Kingdom

The UK continues to review its low-value import regime alongside wider customs modernisation initiatives, with the current £135 customs duty relief on low-value imports set to be removed by October 2028.

Brands should prepare for:

- Potential changes to existing low-value relief structures
- Greater customs data requirements
- Increased importer accountability
- More formalised import processes

#### European Union

The EU has removed the long-standing customs duty exemption for consignments valued below €150. A temporary flat customs charge on low-value imports will apply while wider customs reforms are implemented.

Other key developments include:

- Introduction of IOSS (Import One-Stop Shop)
- Increased customs data requirements
- Greater enforcement activity
- Ongoing reforms to modernise customs processes

Date	Market	Change
January 2021	UK	New VAT rules introduced for B2C imports ≤ £135
July 2021	EU	€22 import VAT exemption abolished; IOSS introduced
August 2025	US	Commercial Section 321/de minimis treatment suspended
July 2026	EU	€150 customs duty exemption removed; new low-value duty regime introduced
October 2028	UK	£135 customs duty exemption scheduled to end

**Although the US, EU and UK are implementing reforms differently, all three markets are moving in the same direction.**





## Why cross-border costs are about to rise

The end of de minimis affects far more than duties and taxes.

As customs requirements become more stringent, brands should expect additional costs across areas such as customs brokerage, clearance administration, product classification, compliance management and technology.

Customer service and returns processing may also become more complex as international orders face greater scrutiny.

For many brands, this will require a shift in mindset.

The true cost of cross-border commerce is no longer transportation alone. It is the total landed cost of serving each market, encompassing every cost incurred from checkout to delivery, returns and ongoing compliance.

Understanding that cost will become increasingly important as brands look to protect margins and scale internationally with confidence.

- ▶ Duties and import VAT
- ▶ Customs brokerage
- ▶ Clearance administration
- ▶ Product classification
- ▶ Compliance management
- ▶ Returns processing
- ▶ Customer service
- ▶ Technology investment



# Part B

## Protecting profitability

### How to identify margin risk

International revenue growth does not always translate into international profitability. Many brands continue to evaluate overseas performance using sales alone, without fully understanding market-level economics. As regulatory complexity increases, this approach becomes increasingly risky.

International performance should be measured at three levels.



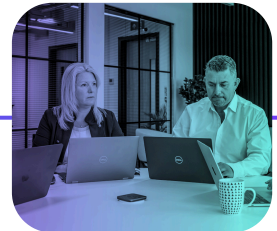
#### Market profitability

Which countries generate sustainable contribution margin after all costs are included?



#### Product profitability

Which SKUs remain commercially viable once landed costs are applied?



#### Customer cost-to-serve

Which markets generate disproportionate customer support, returns or failed deliveries?

### Indicators of hidden margin erosion

- High DDU refusal rates
- Heavy or oversized products
- Low-margin product categories
- High-return markets
- Significant customs intervention
- Frequent customer service escalations

Brands should also model future scenarios. Questions to ask include:

- What happens if duties increase?
- What happens if de minimis thresholds disappear?
- Which products become unprofitable?
- Should inventory move closer to customers?
- Is marketplace fulfilment becoming more attractive?

Brands that answer these questions early will adapt more successfully to future market changes.



## DDP vs DDU: Which model should you choose?

Historically, many ecommerce brands opted for Delivered Duty Unpaid (DDU), now often referred to as Delivered At Place (DAP), as it facilitated rapid international expansion with minimal initial complexity.

In a DDU/DAP model, brands send orders internationally, placing the responsibility of paying duties, taxes and clearance fees on the customer upon the parcel's arrival in the destination country. For years, this approach was effective because customs intervention on low-value shipments was limited, and de minimis thresholds reduced the chances of additional charges.

However, this is no longer the case.

With customs authorities implementing stricter regulations and withdrawing low-value reliefs, unexpected charges at the point of delivery have become increasingly troublesome. Surprise import fees rank among the leading causes of cart abandonment and delivery refusals in cross-border ecommerce.

Pain point	DDU / DAP	DDP
Duty and tax payment	Customer pays on arrival	Merchant pays upfront
Customer experience	Unexpected charges possible	Fully transparent
Delivery success	Higher refusal risk	Higher delivery completion
Checkout experience	Lower transparency	Landed costs shown upfront
Returns costs	Typically higher	Typically lower
Chargeback risk	Higher	Lower
Customs formality readiness	Weak	Strong
Scalability	Increasingly limited	Better suited for growth



## The impact of failed deliveries

Failed deliveries are often seen as operational hiccups. However, they are one of the most frequently overlooked contributors to margin erosion in cross-border commerce.

As customs regulations grow more intricate, the likelihood of delays, refusals and failed deliveries rises. The consequences extend far beyond shipping costs. Brands may encounter reverse logistics expenses, refunds, write-offs, increased customer support inquiries, and ultimately, a decline in customer trust and lifetime value.

Recognising the reasons behind delivery failures is becoming as crucial as tracking the number of orders shipped. Leading brands are monitoring delivery success rates, customs holds, refusal rates and duty-related returns to pinpoint risks before they escalate into costly issues.

### Common caused of failed cross-border deliveries

- Unexpected duties and taxes
- Missing or inaccurate customs documentation
- Invalid HS codes
- Restricted products
- Missing tax registrations
- Incomplete electronic customs data

### Brands should monitor

- Delivery success rates
- Refusal rates by market
- Customs hold frequency
- Returns generated by duty disputes
- Customer complaints relating to import charges



### The consequences extend well beyond shipping costs

- Reverse logistics expenses
- Refunds and write-offs
- Lost customer lifetime value
- Increased support costs
- Damaged brand reputation



## Part C

# Compliance as a competitive advantage

## IOSS, EORI and tax registrations explained

### IOSS

IOSS allows merchants to collect VAT at checkout on consignments valued up to €150.

Using IOSS can deliver:

- Faster customs clearance
- Reduced customer friction
- Fewer delivery failures
- Improved delivery performance

However, businesses must ensure accurate VAT collection, reporting and customs declaration processes.

### EORI

Economic Operator Registration and Identification (EORI) numbers enable customs authorities to identify importers and exporters.

Businesses may require:

- GB EORI numbers
- EU EORI numbers
- Northern Ireland XI EORI numbers

The requirements depend on operating model and inventory strategy.

### Tax registrations

Additional registrations may be required when:

Holding stock locally  
Using fulfilment centres  
Selling through marketplaces  
Acting as importer of record

For example, a UK retailer storing inventory in Germany may require both German VAT registration and associated reporting obligations.



## Preparing your product catalogue for global growth

Product data has become one of the most valuable assets in cross-border commerce.

As customs authorities demand richer electronic data and greater transparency, the quality of your product catalogue plays a direct role in how efficiently goods move across borders.

Incomplete or inaccurate information can lead to customs delays, incorrect duty calculations, shipment holds, additional inspections and unnecessary operational costs.

Preparing your catalogue for international growth means ensuring every SKU includes the right information from the outset, not correcting issues after orders have been placed.

Required data	Why it matters
Product description	Enables customs assessment
HS code	Determines duties and restrictions
Country of origin	Required for customs processing
Product value	Supports duty and VAT calculation
Material composition	Required for classification
Weight and dimensions	Transport and customs requirements
Regulatory attributes	Supports admissibility checks



## Part D

# Rebuilding your cross-border model

## Moving from shipping internationally to operating internationally

International ecommerce is evolving.

Brands need to move from simply shipping orders overseas to designing dedicated international operating models.

### Questions brands should now be asking

- Which products should we continue shipping internationally?
- Which markets remain profitable?
- Should inventory move closer to customers?
- Are certain SKUs no longer commercially viable?
- Should we regionalise inventory?
- Is marketplace fulfilment becoming more attractive?

## Which products should you ship internationally?

Not every product belongs in every market.

Assess your products based on the following criteria.

- Margin after landed costs
- Market demand
- Return propensity
- Weight and dimensions
- Compliance requirements
- Competitive positioning

Prioritise products delivering both demand and sustainable profitability.

## Cross-border maturity model

### Stage 1: Ship Internationally

Ad hoc international orders with limited localisation.

### Stage 2: Optimise Internationally

Landed costs, localisation and DDP introduced.

### Stage 3: Operate Internationally

Dedicated processes, compliance and market-specific strategies established.

### Stage 4: Localise Internationally

Regional fulfilment, local inventory and advanced market optimisation.



## Inventory placement and regional fulfilment

For many brands, international growth has traditionally relied on shipping orders directly from a single fulfilment location. Low-value import reliefs made this model commercially viable for years.

As cross-border rules evolve, more brands are reassessing where inventory should sit and how markets are served. Regional fulfilment can reduce complexity, improve customer experience and provide greater control over international operations.



Faster delivery times



Greater inventory visibility and control



A smoother returns experience



More predictable landed costs



Reduced reliance on low-value import exemptions

As the economics of cross-border commerce continue to evolve, regional fulfilment networks are becoming an increasingly important part of a resilient international growth strategy.

### DTC fulfilment

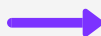
Overseas origin



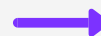
Customer

### Regional fulfilment

Overseas origin



Regional fulfilment centre



Customer



# Part E

## Building for the future

### Technology requirements for cross-border commerce

As cross-border commerce becomes more complex, manual processes become difficult to scale.

The brands succeeding internationally are investing in technology that provides greater visibility, automation and control across their operations.

#### What modern cross-border platforms should support

- ▶ Duty and tax calculation
- ▶ Landed-cost visibility
- ▶ HS code management
- ▶ Customs documentation automation
- ▶ Compliance screening
- ▶ Multi-carrier management
- ▶ Returns orchestration
- ▶ International reporting and analytics



*The right technology doesn't just help brands stay compliant. It provides the insights needed to make better commercial decisions, protect margins and scale internationally with clarity.*

**Antony Day**  
Global Logistics & Carrier Manager,  
IFGlobal



# Cross-border readiness scorecard

Score your business against the following criteria to see if you're ready for the future of international ecommerce.

## Strategy

- We understand profitability by market
- We understand profitability by product
- We regularly review international market performance

## Compliance

- All products have validated HS codes
- Country-of-origin information exists for every SKU
- Required tax registrations are in place
- Product restrictions have been assessed

## Customer Experience

- Customers see landed costs at checkout
- Our DDP strategy is defined
- International returns are straightforward

## Data Quality

- Product descriptions are customs-ready
- Electronic customs data is complete and accurate
- We maintain a central source of product data

## Operations

- We regularly assess inventory placement
- We have evaluated regional fulfilment opportunities
- We can automate customs documentation

## Technology

- Our systems calculate duties and taxes automatically
- We have visibility of cross-border performance metrics
- Our technology stack supports future regulatory change

## Scoring

- 15-18 boxes ticked: Cross-border leader
- 10-14 boxes ticked: Growth-ready but optimisation required
- 5-9 boxes ticked: Significant operational risk
- 0-4 boxes ticked: Immediate review recommended



## Book your discovery call

Schedule a **discovery call** with one of our fulfilment specialists to discuss your readiness score and assess your cross-border fulfilment needs.



# Cross-border commerce is entering a new chapter

As low-value import reliefs disappear and customs requirements evolve, international growth will require greater visibility, stronger operational foundations and a more strategic approach to fulfilment.

For ambitious brands, this shouldn't be viewed as a barrier to growth. It's an opportunity to build a more resilient, scalable and profitable international business.

The brands that succeed won't just respond to regulatory change, but use it as a catalyst to improve customer experience, strengthen operations and make better commercial decisions.

**The future of cross-border commerce belongs to brands that understand their margins, invest in the right technology and build international operations designed for long-term growth.**

**If you're reviewing your cross-border strategy, now is the time to act. The earlier you adapt, the stronger your position will be as the next generation of global commerce takes shape.**