



Course: “Digital Tax Education and Tax Payments”

Microlearning Clips

Clip 12: “**What is customs duty?**”

Clip Scenario

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1. Introduction

1.1. Introducing the character

- the character will appear on the screen
- the proposed name is 2QT (too cute)

2QT: Hello. My name is 2QT. I am an intergalactic fashion designer. I design rocket-propelled clothes.

2QT: I came to planet Earth because I am fascinated by your shoes. I have a great idea. I can design rocket-propelled shoes!

2QT: Europeans love shoes. I will make my shoes in the European Union!

- starts getting information on the subject and comes across the idea of “paying taxes”
 - can’t get his alien head around it, needs to investigate further
- takes a look at what humans do about taxation
 - 2QT’s thoughts are displayed as text on the screen.
- 2QT puzzled (can’t get his alien head around it)
 - 2QT: But if I set up a business, I think I will have to **pay customs duties**.
 - I want to know **what customs duty is!**

2. The history of customs duties

On the screen will be an animated timeline for the evolution of the tax with 4 items. 2QT will press the items one by one.

First item - on the screen is an Ancient Greece atmosphere, in times of war. The battle started, the soldiers are fighting. The Athenians, voting in Assembly, levied a special tax (eisphora) on the more well-to-do citizens of the polis, approximately the upper one-third. Somewhere, on the screen, citizens are paying taxes.

- message on the screen
 - You are in **Ancient Greece** during the war.
 - 2QT: **Wow! A battle has started!**
 - 2QT: **The soldiers are very brave!**
 - 2QT: **Why are the citizens paying?**
 - They paid **eisphora, taxes to buy weapons** and to **pay the costs** of keeping and managing the army.



- 2QT: What happens at the **end of the war**?
- At the end of the war the citizens stopped paying these taxes and they **received goods** captured during the war.

Second item - on the screen is an Roman Empire atmosphere of a traditional fair.

A merchant wants to sell olives and some travellers are entering the city. All of them pay taxes: the merchant for selling the olives in the city and every traveller for entering the city.

In the Roman Empire customs duties were called "portoria". Each city or region set its own taxes.

- message on the screen
 - Welcome to the **Roman Empire!** You have to pay **portoria** to sell your goods and to enter the city!
 - Merchant: Why do I have to pay it?
 - Because it is a **customs duty** applied to **imported goods**.
 - In the Roman Empire customs duties were called 'portoria', from 'porta' which is Latin for 'gate'. Each city or region **sets its own taxes**.
 - 2QT: That's interesting!

Third item - on the screen is a medieval atmosphere of a traditional fair. A merchant is trying to cross into a kingdom with his cargo and has to pay for it.

The German Barons in the 14th and 15th centuries are among those who applied customs duties by setting up customs controls along the Rhine. They had well-fortified castles on the banks of the Rhine where they controlled all water traffic, and those who travelled or carried Rhine goods had to pay taxes to pass through these customs.

- message on the screen
 - Welcome to **medieval times**, in the 14th and 15th centuries!
 - 2QT: Who are those people?
 - They are German barons. They are very rich and powerful.
 - 2QT: What are they doing there?
 - They demand that people pay them **customs duties**.
 - They had strong castles and soldiers on the banks of the River Rhine to control all water traffic, and anyone who **travelled or carried goods** on the Rhine had to **pay taxes** to pass through these customs points.
 - 2QT: It seems that everywhere in time you **have to pay taxes**.

Fourth item - on the screen is a modern European market atmosphere showing the huge volume of merchandise which reaches the EU on a daily basis.

- 2QT: What about **nowadays**? Are we still **paying taxes**?
- Yes, of course! But there is a **duty-free customs union** between the **EU Member States**.





- This means that when goods move from one **EU** country to another you **don't pay customs tax**. But member countries apply customs duties for goods coming from countries **outside** the European Union.
- 2QT: But there is so much stuff coming and going!
- This is foreign trade: **import** and **export**. The amount of goods moving between member countries, or entering the Union, is **growing** fast.
- EU imports and exports add up to over €3.4 trillion annually. That's about **16%** of world trade.
- **Every single minute**, 4,200 tons of goods enter the EU (imports) or are sent from the EU (exports), and over 500 customs declarations are processed.
- 2QT: Wow! That is amazing!

→ closes the story.

3. The role that customs duties play

On the screen will be an animation presenting the reasons why custom duties are beneficial for countries and individuals alike:

- **protecting** EU business from unfair international **competition**,
- **preserving jobs** for European citizens,
- **making sure** that products coming into the EU meet EU regulations, so they **compete fairly** with similar EU products.

A map of the EU will be on the screen with 7 pinpoints, one for every reason. 2QT will have goggles and will jump on the map to explore reasons for paying custom duties. When he press a pinpoint, the descriptions from 1 to 7 will appear on the screen.

- 2QT: Why are we still using **customs duties today**?
- 2QT: Why is it important to **check goods** so carefully and to charge customs duties for goods entering EU territory?
- 2QT: I will **check** to see!
- 1. Making sure goods **meet** EU environmental, health and safety **rules** (e.g. no contaminated food or potentially dangerous electrical appliances getting into the EU);
- 2. Strict **control** over trade in rare species of **animals and plants** from endangered areas, or checking that animals are transported **properly**;
- 3. Keeping EU citizens **healthy** and **safe**, and protecting their jobs at EU businesses by **fighting piracy and counterfeit goods**,



- 4. Checking **cultural** items to make sure that European cultural assets (valuable paintings, sculptures, old coins, archaeological pieces, etc.) are not **illegally** taken out of the EU;
- 5. Checking that **sensitive technologies** or materials that could be used to make **nuclear or chemical weapons** are being legally exported;
- 6. Supporting **police** and **immigration services** in the fight against **terrorism** and organised **crime** such as drugs, firearms or trafficking in human beings;
- 7. Checking that people who travel with **large amounts of cash** are not guilty of money laundering or tax evasion. When entering or leaving the EU with 10.000€ or more one needs to declare this to Customs authorities.
- 2QT (Pulling out his goggles): There are a lot of **important reasons** for paying customs duties!

→ closes the story.

4. How customs duties are applied

On the screen will be an animation presenting an animation when 2QT is ordering a smartphone in China that costs €300. He already knows that free shipping is paid by the site where he ordered. He will pick up the parcel from a post office where there is a customs agent who calculates the taxes based on the value of the product in the parcel.

- 2QT: My new phone is here. I have already paid €300 to the store online. **Do I have to pay anything else?**
- Customs agent: ~~Because As~~ your parcel came from outside the EU and its value exceeds €150, you have to pay **VAT** and **customs duties**.
- 2QT: Does this apply to every import?
- Customs agent: For goods whose value **does not exceed** a certain amount (€10 for some goods, depending on country), **no VAT or customs duties are payable**.
- Customs agent: For imports ~~with a value worth~~ between €10 and €150, **no customs duties** are ~~paid due~~, only VAT.
- Customs agent: For imports ~~worth~~ with a value of more than €150, VAT and customs duties are ~~paid due~~ depending on the type of product and the country's VAT rate.

2QT happy, calling someone from his new phone!

- closes the story.

