

**EXPLANATORY MEMORANDUM TO**  
**THE STATISTICS OF TRADE (CUSTOMS AND EXCISE) (AMENDMENT)**  
**REGULATIONS 2012**

**2012 No. 532**

1. This explanatory memorandum has been prepared by the Commissioners for Her Majesty's Revenue and Customs and is laid before Parliament by Command of Her Majesty.
2. **Purpose of the instrument**
  - 2.1 This instrument:
    - brings forward the monthly deadline by which VAT registered businesses are required to submit Intrastat supplementary declarations from the last day of the month to the 21<sup>st</sup> day of the month following the end of the reference period to which the reported trade relates; and
    - will require VAT registered businesses to submit their Intrastat supplementary declarations by electronic means.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
  - 3.1 None.
4. **Legislative Context**
  - 4.1 The Intrastat survey collects data on UK trade-in-goods with EU Member States and was introduced in 1993 because customs data was no longer available following the creation of the Single Market. The survey is governed by EU legislation, which sets out the requirements of the system. The data is published as part of the UK's Overseas Trade Statistics and forms a key component of the UK's balance of Payments, published by the Office for National Statistics.
  - 4.2 Section 2(2) of the European Communities Act 1972 permits the Commissioners for Revenue and Customs to make regulations to enable the timely and accurate collection of this information in any manner that they deem appropriate.
  - 4.3 The Statistics of Trade (Customs and Excise) Regulations 1992 (S.I 1992/2790) provide for the Commissioners for Revenue and Customs to manage the receipt and control of statistics relating to the trading of goods between the United Kingdom and other Member States of the European Union.

- 4.4 The Statistics of Trade (Customs and Excise) (Amendment) Regulations 2012 further amend the 1992 Regulations to require the statistical information to be provided by electronic means and brings forward the monthly deadline by which VAT registered businesses are required to submit Intrastat supplementary declarations.
- 4.5 The amendments will assist the UK in complying with EU obligations in a timely and accurate manner and reduce costs for businesses still submitting on paper and HM Revenue & Customs.

## **5. Territorial Extent and Application**

- 5.1 This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

- 7.1 Intrastat is the system for the collection of trade in goods between EU Member States for statistical purposes. All VAT registered businesses that reach a set threshold, expressed in terms of annual value of intra-EU trade, are required to submit Intrastat supplementary declarations on a monthly basis.
- 7.2 HMRC has been undertaking a programme to modernise the Intrastat system to take into account changing demands from users of Intrastat data and the Government's strategy to move to greater use of digital channels.
- 7.3 HMRC is bringing forward the monthly deadline for businesses to submit Intrastat supplementary declarations to ensure that HMRC meets the legal deadline to submit data earlier to the EU. This will also enable HMRC to make data available earlier to key government users and to publish details of both EU and non-EU data at the same time.
- 7.4 In line with the Government's Digital Agenda, HMRC is implementing the mandatory submission of Intrastat supplementary declarations. The mandatory electronic submission of Intrastat supplementary declarations will enable HMRC to:
- provide a better and more cost effective service for customers submitting Intrastat supplementary declarations; and
  - efficiently capture clean, easily processed data to help drive down costs for HMRC and its customers submitting paper declarations.

## **8. Consultation outcome**

- 8.1 Between July 2010 and February 2011, HMRC informally consulted with Intrastat businesses to obtain information to help in the decision-making process and to identify how to help businesses comply with the changes.
- 8.2 Nearly three quarters of those still using the paper option who responded to the informal consultation on the mandatory electronic submission of Intrastat supplementary declarations said they would not have a problem moving over to electronic submission.
- 8.3 Information from the informal consultations on due date identified the 21st of the month as the most acceptable date for businesses balanced against HMRC's need to provide data earlier.
- 8.4 The majority of those consulted on the change to due date were confident that they would be able to adapt to this change in the first half of 2012, but there were strong views that January 2012 should be avoided. Therefore the changes, both to due date and mandatory electronic submission, will be implemented on 1 April 2012.
- 8.5 A summary of the informal consultation responses can be found in the Consultations section of HMRC's dedicated trade statistics website: [www.uktradeinfo.com](http://www.uktradeinfo.com)

## **9. Guidance**

- 9.1 HMRC has raised awareness about the changes through direct notification and information on [hmrc.gov.uk](http://hmrc.gov.uk), [businesslink.gov.uk](http://businesslink.gov.uk) and the dedicated trade statistics website [www.uktradeinfo.com](http://www.uktradeinfo.com) and has established and advertised dedicated email and telephone support channels.
- 9.2 A Revenue and Customs Brief will be issued to announce the changes. Businesses are also being notified via the quarterly 'VAT Notes'.
- 9.3 Guidance on the HMRC, Businesslink and uktradeinfo websites and the public notice for Intrastat will be amended, where appropriate.

## **10. Impact**

- 10.1 The impact on business, charities or voluntary bodies is included in the Tax Information and Impact Notes that accompany this Explanatory Memorandum.
- 10.2 The impact on any public sector organisations required to submit Intrastat supplementary declarations will be the same as the impact on businesses, charities and voluntary bodies as detailed in the Tax Information and Impact Notes.

10.3 Tax Information and Impact Notes for both of these changes are attached to this memorandum and will be published alongside the Explanatory Memorandum on [www.legislation.gov.uk](http://www.legislation.gov.uk).

## **11. Regulating small business**

11.1 The legislation applies to small business.

11.2 Intrastat legislation applies to all businesses equally and it is therefore not possible to exclude small firms (those with fewer than 20 full time employees) from the scope of this legislation. However, as the regulatory requirement to submit Intrastat supplementary declarations does not apply to businesses with an annual value of intra-EU trade below the legally set Intrastat Exemption thresholds, many small businesses will be exempt from providing Intrastat information. Those not exempt will already be required to submit their VAT returns electronically.

## **12. Monitoring & review**

12.1 The outcome of the changes set out in this instrument will be monitored as part of HMRC's normal compliance activity.

## **13. Contact**

Lee Teager at HM Revenue & Customs Tel: 01702 366576 or email: [Lee.Teager@hmrc.gsi.gov.uk](mailto:Lee.Teager@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.