

**EXPLANATORY MEMORANDUM TO
THE STATISTICS OF TRADE (CUSTOMS AND EXCISE) (AMENDMENT)
REGULATIONS 2013**

2013 No. 3043

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:

- increases (from £600,000 to £1,200,000) the threshold at or below which a registered business in the UK is exempt from providing Intrastat arrivals information. This is to comply with European Union (EU) rules on the percentage of arrivals trade to be captured through Intrastat, the system of statistics about trade in goods between Member States; and
- increases (from £16,000,000 to £24,000,000) the threshold above which an additional piece of information known as 'delivery terms' must be provided in the supplementary declaration.

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 The EU provisions governing Intrastat are European Parliament and Council Regulation (EC) No 638/2004 (OJ No L 103, 7.4.04, p1) as amended by European Parliament and Council Regulation (EC) No 222/2009 and Commission Regulation (EC) No 1982/2004 (OJ No L 343, 19.11.04 p3) as amended by Commission Regulation (EC) No 1915/2005, Commission Regulation (EU) Regulation No 91/2010 and Commission Regulation (EU) No 96/2010.

4.3 Article 10 of Regulation (EC) No 638/2004 provides for simplification within the Intrastat system. Article 10(1) requires Member States to define each year thresholds expressed in annual values of intra-EU trade below which a business is exempt from providing any Intrastat information. Article 10(3) requiring Member States to ensure when setting the exemption threshold that at least 95 per cent of their total arrivals trade with other Member States (expressed in value) is captured by the Intrastat system will be amended in autumn 2013. Following the amendment, the percentage for arrivals will be reduced to 93 per cent.

4.4 Article 12 (1) of Regulation (EC) No 638/2004 requires Member States to transmit the statistical value of goods to the Commission once a month. Rather than requiring businesses to provide the statistical value of goods, the UK uses the data collected relating to delivery terms in order to calculate the statistical value.

4.5 The Statistics of Trade (Customs and Excise) Regulations 1992 (S.I. 1992/2790) set the Intrastat thresholds in domestic legislation as required by Community legislation. Regulation 3(2) sets the threshold at or below which a business is exempt from providing any Intrastat information. Regulation 4(2) sets the threshold above which a business must provide “delivery terms” information.

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.

7.2 The effect of these revisions is to ensure that the Intrastat system captures the correct number of businesses required to submit Intrastat arrivals declarations and the number providing additional information on delivery terms.

7.3 The threshold below which a business is exempt from providing Intrastat arrivals declarations has been increased, as a result of an amendment to the EU Regulations to ensure the United Kingdom will only capture the required 93 per cent of total trade by value within the Intrastat system.

7.4 The threshold below which a business is not required to provide delivery terms information has been increased to ensure the number of businesses required to provide the additional information is kept to a minimum.

8. Consultation outcome

8.1 An informal consultation on reducing the coverage for arrivals was undertaken between April and May 2013. The informal consultation sought the views of Intrastat data providers and users on reducing the coverage of arrivals trade on which data must be collected from 95 per cent to 93 per cent.

8.2 Intrastat data providers were in favour of the reduction in coverage as they saw it as a considerable reduction on the burden of their business. Even some of those businesses who would remain above the revised threshold (whose submission requirements would not change) acknowledged it as a benefit to smaller businesses. There was some concern from a minority of data users who feared a drop in quality in data that may result from reduced coverage. However, there were also data users who were in favour as they recognised the benefits to the data providers and the trader population in general.

8.3 A summary of the informal consultation responses can be found in the News section of HMRC's dedicated trade statistics website: www.uktradeinfo.com

9. Guidance

9.1 A Revenue and Customs Brief will be issued to announce the increases to the thresholds.

9.2 Guidance on the [HMRC](http://www.hmrc.gov.uk) and [uktradeinfo](http://www.uktradeinfo.com) 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 Note that accompanies this Explanatory Memorandum.

10.2 The impact on any public sector organisations required to submit Intrastat declarations will be the same as the impact on businesses, charities and voluntary bodies as detailed in the Tax Information and Impact Note that accompanies this Explanatory Memorandum.

10.3 A Tax Information and Impact note covering this instrument will be published on the HMRC website at http://www.hmrc.gov.uk/the_library/tiins.htm.

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 businesses (those with fewer than 20 full time employees) from the scope

of this legislation. However, as the regulatory requirement to submit Intrastat declarations does not apply to business with an annual value of intra-EU trade below the legally set Intrastat Exemption thresholds, many small businesses will already be exempt from providing Intrastat information.

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

Mark Ellis at HM Revenue & Customs Tel: 01702 366576 or email: mark.ellis@hmrc.gsi.gov.uk can answer any queries regarding the instrument.