

EXPLANATORY MEMORANDUM TO
THE STATISTICS OF TRADE (CUSTOMS AND EXCISE) (AMENDMENT)
REGULATIONS 2014

2014 No. 3135

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 £1,200,000 to £1,500,000) the threshold at or below which a registered business in the UK is exempt from providing Intrastat arrivals information. This is to ensure continued compliance 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.

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, Council Regulation (EU) No 1093/2013 and Council Regulation (EU) No 659/2014; 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) requires Member States to ensure when setting the exemption threshold that at least 93% of their total arrivals trade with other Member States (expressed in value) is captured by the Intrastat system.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

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 threshold below which a business is exempt from providing Intrastat arrivals declarations is set, in accordance with EU Regulations, to ensure the United Kingdom will only capture the required 93 per cent of total trade by value within the Intrastat system.

7.3 The effect of this revision is to ensure that the Intrastat system captures the correct number of businesses required to submit Intrastat arrivals declarations.

8. Consultation outcome

8.1 No consultation has been carried out in conjunction with this increase as it is only required to maintain collection of the specified percentage of trade to be captured by Intrastat, rather than increase or decrease the number of traders required to submit Intrastat declarations.

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, GOV.UK 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 Note that accompanies this Explanatory Memorandum.
- 10.2 The impact on any public sector is 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 will be published on www.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 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: 03000 593339 or email: mark.ellis@hmrc.gsi.gov.uk can answer any queries regarding the instrument.