



INTRASTAT ADMINISTRATIVE BURDEN STUDY

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CONTENTS

EXECUTIVE SUMMARY AND CONCLUSIONS	3
1 INTRODUCTION	5
1.1 BACKGROUND	5
2 RESULTS OF THE STUDY	6
2.1 MEASUREMENT OF ACTUAL INTRASTAT BURDEN IN 2014 - BASELINE	6
2.2 MEASUREMENT OF INTRASTAT BURDEN – THE COLLECTION OF ADDITIONAL VARIABLES	9
2.3 COMPLETING THE INTRASTAT RETURN	10
2.4 PERCEIVED BURDEN BY DATA ELEMENT	11

EXECUTIVE SUMMARY AND CONCLUSIONS

Objective and study approach

In line with the objectives and provisions of the 'ESS 2020 vision Building the future of European statistics' - Eurostat conducted the ESS.VIP.REDESIGN project which had the strategic policy objective to provide the European Statistical System Committee with the necessary information on the potential for re-designing the collection of data on intra-EU trade in goods (Intrastat). To meet this objective, one of the project tasks aimed at assessing the administrative burden aspects related to Intrastat.

European businesses involved in Intrastat were requested in an EU-wide survey to provide quantitative and qualitative information on Intrastat reporting in order to estimate their current administrative burden and assess future potential burden implications. In total 58 versions of the questionnaire were prepared: for each Member State the questionnaire was available in their national language(s) and in English. The National Statistical Authorities (NSAs) responsible for Intrastat systems in all Member States were closely involved in the preparation of the study.

More than 23,000 replies¹ were received to this survey, made available through the EU survey platform with the support of NSAs. These data were used for the estimation of results at EU level.

This report provides measures and differentiates between the actual administrative burden and the administrative burden of the current minimum legal EU requirements – the baseline - (i.e. according to Regulation (EC) No 638/2004 the current thresholds are designed such that Intrastat declarations cover 97% of the value of intra-Community exports and 93% of the value of intra-Community imports.) The study also estimates the burden associated with the collection of two additional data elements from exporting businesses. The results are aggregated at EU 28 level and represent an annual figure.

The results of the assessment of the administrative burden of the Intrastat system are an independent view of the consortium DevStat/Panteia/CSIL.

¹ Section 2 of the data annexe shows the response by business size (micro, small, medium and large) and by reporting obligation (imports only, exports only, both imports and exports)

Main findings

1. The results of the study show that, for the year 2014, the actual administrative burden on Providers of Statistical Information (PSIs) related to Intrastat system is estimated at EUR 494 million. The share of this total burden is estimated at 31% on exports and at 69% on imports.
2. The burden for the baseline (97/93) – i.e. generated by EU legal requirements with exports/imports coverage rates of 97/93 - is estimated at EUR 290 million, making the gap with the actual burden EUR 204 million. The gap in monetary terms reflects the gap in the numbers of PSIs, which reported due to higher national coverage rates that were above the EU legal requirements. This accounted for 45% all PSIs in imports and 30% in exports (respectively 183 and 94 thousands of PSIs).
3. The study confirmed that providing information on imports is associated with a higher burden than providing information on exports. In the baseline scenario the total burden of providing data for imports is 1.9 times the burden of providing data for exports.
4. The higher actual burden of imports declaration can be explained by a 30% higher number of importers reporting Intrastat than exporters, and a 21% higher number of transactions to be reported on imports than on exports. The higher number of transactions implies that more time is needed to provide a declaration on imports than on exports (the average time for filling one declaration on imports exceeded the time for an exports declaration by almost 39%).
5. Medium-sized PSI's spend the highest number of hours (11.9) per month filling in Intrastat export declarations in 2014. The large, small and micro PSIs spent 5.5, 2.3 and 2.2 hours, respectively. The highest number of hours spent filling in declarations on imports was by large PSIs (12.9h), which was followed by medium (11.2h), small (5.6h) and micro (3.1h).
6. Although large and medium PSIs spend more time on preparation of Intrastat declarations, the study shows that small and micro companies as a group have a higher administrative burden than the group of large and medium PSIs. The share of small and micro companies in total actual burden made up 67%.
7. The estimated burden for the provision of the two additional data elements in exports – ‘country of origin’ and ‘partner VAT number’ – amounts to EUR 19

million, which represents 19 % increase of the exports cost in the case of a 97% coverage rate. This is a 6% increase in the overall administrative burden costs of Intrastat (with the current legal minimums of 93% coverage for imports and 97% coverage for exports). The burden of providing the ‘country of origin’ data element makes up approximately 51% and ‘partner VAT number’ data element 49% of the extra cost for these two additional data elements.

1 INTRODUCTION

1.1 BACKGROUND

Intrastat was created at the time of the establishment of the European single market in 1993. Since that time, goods can circulate freely between EU Member states and are not subject to border control and customs formalities.

The basic principle of the Intrastat system is that the intra-EU traders, whose annual trade values for imports or exports exceed the nationally defined limits (so called “exemption thresholds”²), have to declare their transactions on monthly Intrastat returns and deliver this information to the National Statistical Authorities (NSAs). The traders above the exemption thresholds are called providers of statistical information (PSI).

On one hand, the introduction of Intrastat was considered as a huge simplification for traders compared with the previous customs clearance system, as it exempted the smallest traders from complete reporting, due to the introduction of the threshold system. However, on the other hand, the overall number of PSIs required to declare intra-EU transactions (those above the thresholds) is still high; they have to provide declarations on a monthly basis and a high level of detail is required. These are the main reasons why the Intrastat system has been perceived as one of the most burdensome statistical surveys. Other aspects, such as the fact that many traders do not consider providing this information useful, also play a role in this perception.

Intrastat burden reduction has been an issue discussed since the nineties, and has resulted to several successive changes in the legislation governing Intrastat. The major outcome of these discussions has been the decrease of coverage rates,

² For intra-EU trade, the providers of statistical information are all taxable persons reporting an intra-EU transaction whose annual trade value exceeds a certain threshold. This threshold is known as the ‘exemption threshold’ in the Intrastat system. Each Member State fixes its national thresholds, applicable separately to imports and exports.

resulting in an increase of thresholds, each time exempting more traders from statistical reporting.

The latest change in the legislation took place in 2014, decreasing the minimum coverage rate for intra-EU imports from 95 to 93%. This change is viewed as an intermediary step towards a more ambitious reform, expected to be undertaken in the medium/long term, as a part of a project on the Framework Regulation for Integrating Business Statistics (FRIBS)³.

2 RESULTS OF THE STUDY

This chapter presents both an analysis of the answers provided in the survey of Intrastat reporters and monetised estimates⁴ of the administrative burden, calculated from data collected in the survey and other structural data provided by the NSAs. It is supplemented by a data annex showing an analysis of the replies received for individual questions in the questionnaire.

2.1 MEASUREMENT OF ACTUAL INTRASTAT BURDEN IN 2014 - BASELINE

The results of the study show that, for 2014, the actual Intrastat administrative burden (or baseline actual) is estimated at EUR 494 million. The share of this total burden is estimated at 31% on exports and at 69% on imports.

The burden generated by the EU legal requirements (exports/imports coverage rates 97/93) is estimated at EUR 290 million, making the gap with the actual burden EUR 204 million. The gap in monetary term is due to the fact that thresholds effectively applied at national level are often higher than the minimum requirement. This accounted for 45% of all PSIs in imports and 30% in exports (respectively 183 and 94 thousand of PSIs).

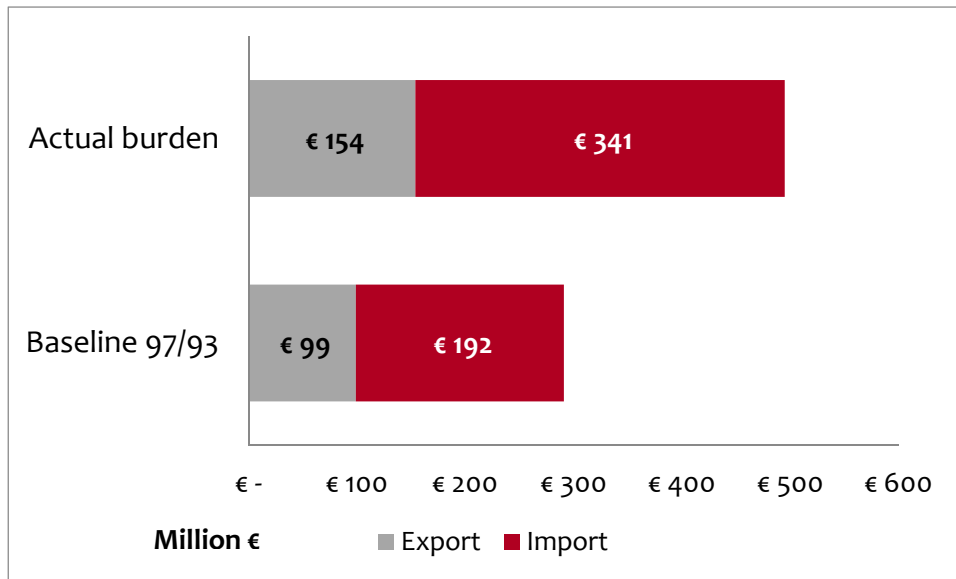
Figure 1 shows the two baseline scenarios. The first scenario represents the estimated actual administrative burden in 2014 while the second shows the administrative burden if all Member States complied exactly with the legal minimum requirements⁵.

³ <http://ec.europa.eu/eurostat/about/opportunities/consultations/fribs>

⁴ The estimates of administrative burden are made according to the Standard Cost Model (SCM) as prescribed in the 'Better Regulation Guidelines', issued by the European Commission. More detail is available at http://ec.europa.eu/smart-regulation/guidelines/toc_guide_en.htm

⁵ According to Regulation (EC) No 638/2004 the current thresholds are designed to cover 97% of the total exports and 93% of the total imports.

Figure n° 1: Actual burden and baseline (97/93) burden, EU-28, million EUR



The actual burden is substantially higher than the burden generated by legal requirements (coverage 97/93) owing largely to the much higher burden caused by reporting imports.

Table n° 1: Number of PSIs liable to report in Intrastat (thousands)

	Exports	Imports
Actual burden	312	406
Baseline (97/93)	218	223

The reasons for the comparatively large gap between the actual burden and the baseline scenario, can be explained by several factors. In 2014, the majority of Member States still maintained higher coverage rates than required, as the legal provisions decreasing coverage rate for imports came into force in November 2013 which did not provide enough time for NSAs to proceed to the necessary adjustments immediately. Indeed, in 2016 compared to 2014, the number of PSIs reporting Intrastat imports is expected to decrease by approximately 19% and the number of PSIs reporting exports by 10%, therefore according to a rough estimate the actual burden in 2016 will amount to EUR 414 million.

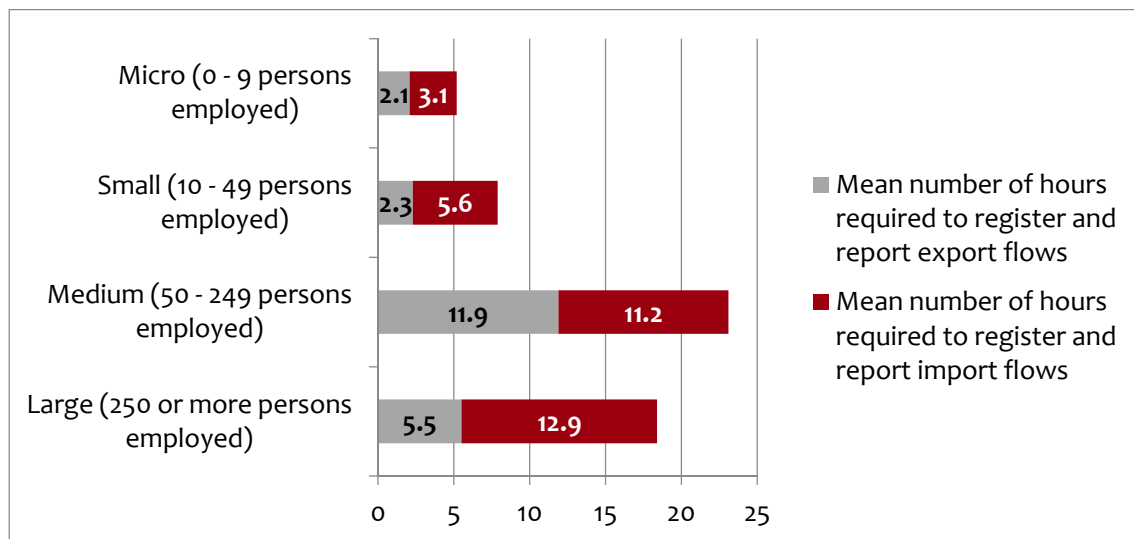
The gap between actual and legal burden is influenced by the methodology for the calculation of exemption thresholds as well. The Member States apply a safety margin when calculating the exemption thresholds in order to ensure compliance with legal coverage requirements. Whatever coverage rates are to be implemented, it is not possible to implement the legal coverage rates exactly. The calculation of exemption thresholds uses trade data from previous years. The coverage rate, which will be achieved, is influenced by various factors of the development of

economy in the following year, therefore the final coverage can be higher or lower than required or initially planned. Moreover, some Member States (especially smaller economies) maintain higher coverage levels in order to ensure quality requirements, as they are more vulnerable to the reduction of coverage.

The study showed that providing information on imports is associated with a higher burden than providing information on exports (see table 2 below). In the actually collected data the total burden for providing data on imports is 2.2 times the total burden for providing data on exports. In the baseline scenario (97/93) the total burden of providing data for imports is 1.9 times the burden of providing data for exports.

For the actual data collected, the higher burden in imports can be explained by a 30% higher number of importers than exporters, and a 21% higher total number of transactions to be reported in imports than in exports. Consequently, more time is needed to provide a declaration on imports than on exports (the average time for filling a declaration on imports exceeds the time for an exports declaration by 39%).

Figure n° 2: Mean number of hours required to provide Intrastat declaration



Although large and medium PSIs spend more time on preparation of Intrastat declarations, the study shows that small and micro companies as a group have a higher administrative burden than the group of large and medium PSIs. The share of small and micro companies in the exports and imports declaration total burden was more than 67%.

Table n° 2: Actual administrative burden of providers of statistical information by size classes, EUR million

Size classes	Exports		Imports	
	Burden	Share %	Burden	Share %
Large	23	15	61	18
Medium	24	16	53	15
Small	60	39	120	35
Micro	46	30	107	31
Total	154	100	341	100

2.2 MEASUREMENT OF INTRASTAT BURDEN – THE COLLECTION OF ADDITIONAL VARIABLES

The estimated burden for the provision of two additional data elements, Partner VAT ID and Country of Origin, for exporter amounts to EUR 19 million, which represents 19 % increase in exports administrative burden costs (compared with the current legal 97% by value coverage rate). The collection of Partner VAT ID and Country of Origin would increase exporters' burden by 9% and 10%, respectively. Each additional variable would increase the overall administrative burden (due to the legal requirement for imports and exports combined) by 3%.

Table n° 3 provides information on the perceived additional time needed by PSIs to provide the two additional data elements. The additional time needed to provide information on the two data elements was less than 10% for more than half of the PSIs. Few PSIs (2.9% and 3.6%) consider that these two data elements would require more than 75% of additional time.

Table n° 3: Additional time needed to provide two data elements on exports, 2014

Time increase	Country of origin		VAT number	
	% of PSIs ⁶	Cumulative Percent	% of PSIs	Cumulative Percent
0 %	8.4	8.4	7.6	7.6
1 - 5 %	27.2	35.5	27.2	34.7
5 - 10 %	19.2	54.7	19.1	53.8
10 - 15 %	12.6	67.3	11.8	65.6
15 - 20 %	18.8	86.1	19.0	84.5
More than 20 %	13.9	100.0	15.5	100.0

⁶ The number of respondents choosing the individual categories of increase is shown in section 5 of the data annexe.

2.3 COMPLETING THE INTRASTAT RETURN

This section provides information⁷ on who makes the Intrastat return and the level of automation in the process of making the return.

Table n° 4: Who completes the Intrastat return by flow (%), 2014

Who completes the Intrastat return	Imports (%)	Exports (%)
Staff of the company	83.8	84.6
Declaring agent/third part	16.2	15.4

Table 4 shows for both imports and exports the Intrastat return is most often done by someone within the company that is liable to Intrastat reporting. Less than one sixth of companies outsource this work to a third party.

Companies who use their own staff to make the Intrastat return were also asked questions about the preparation and the processing and transmission of the data for their Intrastat return.

Table n° 5: To what extent was the preparation of Intrastat declaration/data integrated into your business IT reporting system in 2014?

Data preparation	(%)
Part of the information needed for Intrastat reporting is drawn from paper or other documents and are not stored in IT systems.	34.4
Procedure fully integrated into company's business IT reporting system. Preparation of Intrastat report fully automated.	9.2
The procedure is managed independently from my company's main business reporting system. Information is available in IT systems but additional data processing and manual intervention needed.	56.5

⁷ The number of respondents for each of the tables in this section is shown in section 3 of the data annexe

Less than 10% of companies are able to automatically prepare from their IT system the data required to make the Intrastat return. Over one third of companies need to draw data from outside their IT system to be able to complete the Intrastat return.

Table n° 6: How did your company process and submit the Intrastat declaration in 2014?

Data processing and transmission	(%)
Manually entering data into a form	61.3
Uploading of files to Intrastat application or uploading Intrastat data files to web form	37.9
Other	0.9

Table 6 suggests, as with the data preparation part of the process, for the majority of companies there is some manual intervention required to process and transmit the data required for the Intrastat declaration.

2.4 PERCEIVED BURDEN BY DATA ELEMENT

This section provides information how PSIs perceive the burden related to the provision of data elements. In addition, the share of PSIs who would use the data element for business purposes is indicated. This latter information should be however interpreted with caution, as the shares of PSIs using the data elements for business activities are quite low even for such indicators like ‘invoice value’, which normally is the basis for the business to evaluate and plan their economic activities.

For both, imports and exports flows, the most burdensome data element to report is the ‘commodity code’, followed by ‘net mass’. The burden to provide this information is perceived as higher for imports declarations than for exports, which is consistent with what we may intuitively expect; i.e. to attribute the commodity code for exported goods is easier than for imported goods, especially in cases where exporter is also a producer of goods.

Table n° 7: Imports - ranking of data elements according to the perceived burden, 2014

Data element	Mean score**	% of PSIs using the information for other business purposes***
Combined Nomenclature commodity code*	3.27	22%
Net mass*	3.07	34%
Quantity in supplementary unit*	2.52	24%
Statistical value	2.33	12%
Country of origin	2.23	33%
Delivery terms	2.15	32%
Statistical procedure	2.06	12%
Invoice value*	1.89	61%
Mode of transport	1.85	22%
Region of origin/destination	1.82	21%
Nature of transaction*	1.81	19%
Member State of consignment *	1.78	38%

* Data elements marked with an "*" are mandatory to collect under the EU legislation; non-marked data elements are only collected by some Member States for national needs.

**Score: The PSIs were asked to measure the burden for each data element by attributing scores from 1 to 5, where 1 = hardly any burden and 5 = a very heavy burden. The percentage of respondents choosing the individual scores is shown in section 4 of the data annexe.

*** The information provided in this column shows the percentage of PSIs who would collect information for business purposes in spite of Intrastat requirements or other legal obligations.

Table n° 8: Exports - ranking of data elements according to the perceived burden, 2014

Data element	Mean score**	% of PSIs using the information for business purposes***
Combined Nomenclature commodity code*	2.83	29%
Net mass*	2.76	43%
VAT n° of the partner company	2.32	55%
Quantity in supplementary unit*	2.29	27%
Statistical value	2.23	14%
Country of origin	2.02	26%
Delivery terms	1.97	37%
Statistical procedure	1.94	14%
Invoice value*	1.87	64%
Region of origin/destination	1.86	26%
Mode of transport	1.77	28%
Nature of transaction*	1.76	24%
Member State of destination*	1.72	53%

* Data elements marked with an "*" are mandatory to collect under the EU legislation; non-marked data elements are only collected by some Member States for national needs.

**Score: The PSIs were asked to measure the burden for each data element by attributing scores from 1 to 5 , where 1 = hardly any burden and 5 = a very heavy burden. The percentage of respondents choosing the individual scores is shown in section 4 of the data annexe.

*** The information provided in this column shows the percentage of PSIs who would collect information for business purposes in spite of Intrastat requirements or other legal obligations.