

European business statistics compilers' manual for international trade in goods statistics

2021 edition



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statistics compilers' manual
for international trade in
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Preface

European statistics on international trade in goods (ITGS) published by Eurostat measure the value and quantity of goods traded between EU Member States (intra-EU trade) and goods traded by EU Member States with non-EU countries (extra-EU trade). The term 'goods' in this context means all movable property including electricity. The term 'European' means that the statistics are compiled on the basis of the concepts and definitions set out in EU legislation.

European ITGS are the official harmonised source of information about exports, imports and the trade balances of the EU, its Member States and the euro area. They serve the needs of many different users, including governments, businesses, academic and EU researchers and the general public. The growing interest in timely and high-quality trade in goods statistics has made the harmonisation of compilation practices among EU Member States a primary necessity.

The purpose of this EBS Compilers' manual is to provide the producers of European ITGS both with clarifications on how to correctly apply the EU legal provisions and with recommendations on how to further improve the compilation practices and their harmonisation where the legislation has left room for subsidiarity.

Based on concrete examples, clear text and definitions and systematic legislative references, the EBS Compilers' manual is meant to serve as a practical reference document for all National Statistical Authorities involved in the compilation of European ITGS. It is in no way intended to replace or complement any national instructions regulating the provision of statistical information by the economic operators involved in intra- and extra-EU trade in goods.

This document was produced by Unit G5: Trade in goods , in close cooperation with the EU Member States; it should be seen as a living document, reflecting the latest EU legal provisions in force and the progress achieved in the enhancement of the harmonisation of Member States' compilation practices.

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SECTION I: INTRODUCTION

Introduction

1. International Trade in Goods Statistics (ITGS) are a part of the official European Union (EU) statistics which provide data on movement of goods between countries. Trade statistics serve the needs of different users, including governments, businesses, academic and EU researchers and the general public. The interest in ITGS is increasing, therefore production of timely and high quality data is of primary importance for the producers of statistics.
2. The EBS Compilers' manual on European statistics on international trade in goods (further referred to as "Manual") provides clarifications and recommendations on how to apply the provisions laid down on statistics relating to Member States' trade in goods with other Member States and with non-member countries. The ITGS legislation has been closely aligned to the International Merchandise Trade Statistics (IMTS) concepts and definitions adopted in 2010 by the United Nations (UN) Statistical Commission.
3. The Manual should serve the needs of national statistical authorities (NSAs) responsible for the production of ITGS. The relevant legislation is explained in a systematic and comprehensive approach which should facilitate the application of the legal provisions and ensure harmonisation of compilation practices among Member States. The Manual is not intended to replace or complement any national provisions or instructions on ITGS data collection designated for economic operators involved in intra-EU and extra-EU trade in goods.
4. Within the meaning of the Manual the terms '**required**', '**recommended**' and '**encouraged**' are consistently used. The term '**required**' refers to a legal requirement set by the EU legislation which Member States have to comply with. The legal requirements are in force and applicable as set in the relevant regulations. The term '**recommended**' refers to a standard which Member States should follow to ensure the harmonisation and the good quality of ITGS. The term '**encouraged**' indicates a desirable practice that is not part of the standard. The term '**recommended**' refers to a recommendation endorsed by the ITGS Steering Group. Both, legal requirements and recommendations are assessed as part of the annual quality assessment procedure. Only the legal requirements are the subject of compliance monitoring. A complete summary of the requirements, recommendations and encouragements is set out in Table 1.
5. Moreover the Manual contains compilation rules. Compilation rules explain how a transaction/case or some of its aspects shall/should be treated (e.g. which code shall/should be used). Those ones which are binding are formulated using '**shall**', while the other ones are formulated using '**should**'. As the compilation of ITGS should be harmonised across Member States, the binding/non-binding status of compilation rules is confirmed by the ITGS Steering Group.

History of International Trade in Goods Statistics

6. Traditionally ITGS are based on the data collected by customs administrations on trade transactions between countries. Customs declarations are used for statistical purposes as the basic data source which provides detailed information on exports and imports of goods with a geographical breakdown. Therefore the developments and changes in customs systems have direct implications on statistical data compilation. The harmonisation of customs procedures in the EU, the introduction of the Combined Nomenclature (CN) in 1988 and the Single Administrative Document (SAD) have had a very positive impact on the development of trade statistics as well.

7. The first EU legislation related to ITGS was adopted in 1975⁽¹⁾; it provided general guidelines on data collection and imposed the obligation on Member States to transmit their data to Eurostat.
8. The advent of the Single Market on 1 January 1993, with its removal of customs formalities between Member States and subsequent loss of trade statistics data sources required the establishment of a new data collection system: Intrastat was introduced by [Council Regulation \(EEC\) No 3330/91 of 7 November 1991 on the statistics relating to the trading of goods between Member States](#) and has been applicable since 1993. Since then ITGS are based on two data compilation systems: intra-EU trade and extra-EU trade statistics. Extra-EU trade data which relate to trading of goods with non-member countries continue to be collected by customs administrations and are based on the records of trade transactions in customs declarations, whereas the most of intra-EU trade data is directly collected from traders once per month within the Intrastat system.
9. The Intrastat system had to ensure the collection of trade information in order to satisfy user needs in measuring progress in integrating Europe's economies, helping European businesses conduct market analyses and providing information for Balance of Payments statistics, National Accounts and short-term economic studies.
10. The Intrastat system can be characterised as follows: a) data are directly collected from traders b) it is closely interlinked with the VAT system relating to intra-EU trade in order to ensure completeness and quality of the statistical data and c) a threshold system is established to simplify data provision and reduce overall burden on traders.
11. Although the introduction of the Intrastat system was already considered as a huge simplification for traders (small and medium size traders were released from reporting, there were far fewer data elements to be provided in comparison with customs declarations and only once per month, not per transaction as required by Customs before), it was chosen in 1996 as a pilot project for the SLIM (Simpler Legislation for the Internal Market) initiative launched by internal market ministers. The aim of this initiative was to further simplify Intrastat reporting.
12. The studies have shown that the interests of data providers (who want formalities to be simplified) are not easy to reconcile with the data users (who generally want readily available detailed information). Nevertheless, the Commission and Member States managed to reach a consensus on simplifying the Intrastat data collection system in two ways: the number of statistical variables and the amount of product nomenclature codes were reduced. Council Regulation (EEC) No 3330/91 was amended by the following measures: [Regulation \(EC\) No 1182/1999 of the European Parliament and of the Council](#) and [Regulation \(EC\) No 1624/2000 of the European Parliament and of the Council](#).
13. The legislation on intra-EU trade statistics ([Regulation \(EC\) No 638/2004 of the European Parliament and of the Council](#)) applicable since 1 January 2005 and amended by [Regulation \(EC\) No 222/2009 of the European Parliament and of the Council](#), continues the effort of improving and adapting the statistical system in order to take better into account both users' needs and the burden on information providers. Moreover the threshold system was adapted with a view to exempting a larger number of businesses, the number of nomenclature headings was reduced and several simplified reporting measures were introduced.
14. Despite the simplifications already achieved, further, substantial simplification initiatives are to be continued. [The strategy of the EU on growth and jobs \(Europe 2020\)](#) aims, among other things, to reduce the administrative burden on businesses caused by the requirements of public administrations.

⁽¹⁾ [Regulation \(EEC\) No 1736/75 of the Council of 24 June 1975 on the external trade statistics of the Community and statistics of trade between Member States](#)

While the statistical burden accounts for a relatively small part of the total administrative burden in the Member States, the reporting burden based on Intrastat, forms a significant proportion of all statistical reporting obligations.

15. In the future, the Intrastat system should focus on further easing of the reporting burden without affecting the timeliness and quality of the data, as the Council concluded⁽¹⁾ in November 2011 that the reduction of the burden achieved so far had not been sufficient.

16. In order to explore the possibilities to improve the current system, two projects were carried out: ESS.VIP REDESIGN and ESS.VIP SIMSTAT. In May 2016, the European Statistical System Committee (ESSC) reviewed the outcomes of these projects and on that basis agreed on the main elements needed to modernise the production of intra-EU trade in goods statistics. This key agreement paves the way for a more innovative, flexible and less burdensome compilation of intra-EU trade in goods statistics, while maintaining the high quality of the data. Specifically, this will be achieved by sharing micro-data on intra-EU exports among the ESS partners. The coming years will now be dedicated to the practical implementation of the micro-data exchange approach into a real statistical production system.

17. Moreover ITGS will be confronted with another challenge: globalisation, which affects ITGS on both sides of the production process: input and output. On the one hand current data collection systems are facing problems such as transfer pricing etc. On the other hand users require more information on the activities of multinational enterprises, in particular analysing global value chains, and their intra-firm trade.

⁽¹⁾ https://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/126455.pdf

Summary of the legal requirements, recommendations, encouragements and compilation rules

Table 1: Summary of the legal requirements, recommendations, encouragements and compilation rules

Wording of requirements, recommendations and encouragements	No of § in the Guide	References to the legislation and other documents	Applied from year
1. THE FRAMEWORK			
REQUIREMENTS			
L1. National tax administrations are required to provide statistically relevant information to the NSA at least once a month.	190	Reg. No 638/2004, Art. 8(2) Reg. No 1982/2004, Art. 5 and 6	2005
L2. National Customs are required to provide NSA with any information related to intra-EU trade but declared on customs declarations at least once a month.	191	Reg. No 638/2004, Art. 5(2)	2005
L3. National authorities which are responsible for maintaining vessels and aircraft registers are required to provide NSAs with all information available in the registers.	211	Reg. No 1982/2004, Art. 17(4) Reg. No 113/2010, Art. 19(4)	2010
L4. NSAs are required to estimate missing data on movements of non-Union goods between Member States if they are not recorded using the standard data source — the Intrastat or customs declaration.	195, 222, 477	Reg. No 638/2004, Art. 12(2)	2005
L5. NSAs are required to estimate missing intra-EU trade of non-taxable legal persons.	241	Reg. No 638/2004, Art. 12(2)	2005
L6. NSAs are required to estimate the trade of foreign established PSIs on the basis of their fiscal VAT returns if they do not declare for Intrastat in spite of all the efforts of the national authorities.	249	Reg. No 638/2004, Art. 12(2)	2005
L7. National statistical institutes are required to link the statistical business register with the register of intra- and extra-Union operators.	257	Reg. No 177/2008	2009
L8. The tax administration is required to provide the national statistical authority with contact and identification information about persons who have declared intra-EU acquisitions and supplies of goods: name of the taxable person, address including post code and an identification number.	267	Reg. No 638/2004, Art. 8(2)	2005
L26. National Customs are required to provide NSAs with any available information to identify the person who carries out dispatches and arrivals of goods under inward processing.	196	Reg. No 638/2004, Art. 5(2a)	2015
L27. NSAs are required to create the conditions enabling PSIs to use automatic data processing and electronic data transmission systems.	290	Reg. No 638/2004, Art. 5(4)	2005
L28. NSAs are required to establish the penalty system under which any PSI not fulfilling his/her obligations to provide Intrastat information is liable to the penalties.	231	Reg. No 638/2004, Art. 7(3)	2005
L29. The tax administration is required to inform VAT registered operators on their possible obligation to provide Intrastat information.	244	Reg. No 638/2004, Art. 8(3)	2005
L30. NSAs are required to set up and manage Intrastat register of intra-Union operators.	256	Reg. No 638/2004, Art. 8(1)	2005
L31. National Customs are required to provide NSAs customs declarations lodged with them at the latest the month following the month of acceptance.	298	Reg. No 471/2009, Art. 7(1)	2010

RECOMMENDATIONS			
R1. It is recommended that NSAs instruct trade operators to correctly fill in Intrastat declarations, provide them with the necessary manuals and maintain a helpdesk.	183, 357, 441, 827		2014
R2. It is recommended that NSAs update as frequently as possible, at least once per month, the information about the liability of the companies to report for Intrastat.	267		2014
R23. It is recommended that NSAs revise data, which are considered final, where the revision is significant for the interpretation of the data.	293		2015
R29. It is recommended that NSAs estimate the total trade below the exemption threshold by using the most reliable data sources — current month's or historical administrative data (VIES or VAT) — available at the time the estimation process should be launched.	269, 904		2016
R30. It is recommended that NSAs estimate the total trade of PSIs late in submitting their Intrastat declarations by using the most reliable data sources — current month's or historical administrative data (VAT or VIES), current month's or historical Intrastat data — available at the time the estimation process should be launched.	270		2016
R31. It is recommended that NSAs allocate the estimated total trade below the exemption threshold by product and partner Member State by using data collected from the most similar traders above the exemption threshold. 'Most similar traders' should be understood as traders with a most similar activity or/and of most similar size. 'Traders with a most similar activity' means 'traders with the same NACE activity code or with a NACE activity code as similar as possible'. 'Traders of most similar size' means 'just-above-threshold traders'. As regards the allocation by partner Member State, an alternative to the use of most similar traders' data would consist in applying the pattern captured from VIES data.	271		2016
R32. As regards the PSIs late in submitting their Intrastat declarations, it is recommended that NSAs allocate the estimated total trade by product and partner Member State by using their historical Intrastat data or, if not available or not relevant, by using Intrastat data collected from the most similar traders. 'Most similar traders' should be understood as traders with a most similar activity or/and of most similar size. 'Traders with a most similar activity' means 'traders with the same NACE activity code or with a NACE activity code as similar as possible'. 'Traders of most similar size' means 'traders with most similar trade value or turnover'. As regards the allocation by partner Member State, an alternative to the use of the PSI's historical Intrastat data or of similar traders' data would consist in applying the pattern captured from VIES data.	272		2016
R33. It is recommended that, to the extent possible, NSAs avoid estimating the main PSIs' trade by taking any necessary measures to get their Intrastat declarations in due time.	268		2016
ENCOURAGEMENTS			
E1. Member States are encouraged to formalise the cooperation of national statistical authorities with tax and customs administrations through establishing working groups and other forums for discussions and exchange of information.	38, 39, 40, 127, 142, 265,674, 732		2014
E2. NSAs are encouraged to establish procedures in order to check the records with CN code 7108 20 00 (monetary gold) and to distinguish the coins in circulation traded as collectibles.	70, 73	Reg. No 1982/2004, Annex I, points (a) and (b) Reg. No 113/2010, Annex I, points (a) and (b)	2014

E3. NSAs are encouraged to introduce special procedures in order to detect movements of goods between a Member State and its territorial enclaves established in non-member countries and to eliminate these movements from the scope of statistics.	82, 83	Reg. No 113/2010, Annex I, point (d)	2014
E4. Customs administrations are encouraged to grant the SASP authorisation for traders only when the NSA concerned has agreed; close cooperation between institutions involved should be ensured.	203, 302, 313	SASP Guidelines, provisions on statistics	2014
E5. NSAs in Member States involved are encouraged to strengthen multilateral cooperation including exchange of any kind of information on trade in vessels and aircraft, even at transaction level, among them whenever possible.	209, 630		2014
E6. NSAs are encouraged to ensure that the time lag for providing the supplementary declaration set by the national customs provisions is not in contradiction with statistical requirements.	300,309,310		2014
E7. NSAs are encouraged to request their national Customs to include the indication of Member State of destination on imports or Member State of actual export on exports in SASP.	314, 402		2014
E8. NSAs are encouraged to acquire the EORI register along with trade data from Customs on a regular basis.	327	Reg. No 113/2010, Art. 15(4)	2014
E9. NSAs are encouraged to analyse the differences between data on partner country in Intrastat and VIES at PSI level after methodological adjustment.	282		2014
E42. NSAs are encouraged to analyse with their tax administrations how distance sales are recorded on the national VAT return and to find solutions to ensure full coverage of this type of trade.	142		2015
E43. NSAs are encouraged to define rules how PSIs should submit corrective Intrastat declaration.	294		2015
E50. NSAs are encouraged to regularly assess the quality of the administrative data — VAT and VIES data — in terms of accuracy, timeliness and, where possible, comparability with Intrastat data — in the view of: a) identifying the most appropriate estimation methods for trade below threshold and non/late response; b) measuring how far VIES data can be used to allocate the estimates for missing intra-EU trade by partner Member State; c) measuring how far the administrative data can be used to control the quality of Intrastat data.	261		2016
E51. NSAs are encouraged to monitor the accuracy of the non/late response estimates at product and partner level by comparison with real data when Intrastat declarations are submitted. They should improve their estimation method in the case this monitoring reveals quality issues.	273		2016

COMPILATION RULES

C1. Inward processing activity (under a customs procedure) irrespective of whether this is carried out in the free circulation area, in a customs warehouse or in a free zone shall be included in ITGS.	65		2014
C2. Union goods stored in customs warehouses and in free zones shall be considered as virtually staying in the free circulation area.	65		2014
C3. Postage stamps and similar stamps (e.g. highway vignettes, road tax discs, motorway toll repayment stickers and the like), provided that they are the subject of a commercial transaction, in the same way as un-issued bank notes not in circulation, shall be included in intra-EU and extra-EU trade statistics.	73		2014

C4. The reference period for movements of goods for or following temporary use shall be the calendar month when the event breaking the conditions of the provision took place.	77, 350	Reg. No 1982/2004, Annex I, point (c) Reg. No 113/2010, Annex I, point (c)	2014
C5. The partner country code QV or QW (countries and territories not specified) shall be used for goods received or sent abroad by international organisations.	85		2014
C6. An operation should be treated as processing if the commodity code changes as a result of activities such as manufacturing, construction, assembling, improvement, renovation, etc.	103		2014
C7. Processing activities on a processor's own account shall be registered under NoT code 1.	106	Reg. No 1982/2004, Annex III Reg. No 113/2010, Annex II	2014
C8. If no change of ownership between the owner of the goods and the processor occurs, NoT code 4 and 5 shall be used.	106		2014
C9. The negative value of waste without market value shall be adjusted close to zero or to 1 unit of value.	147, 149	Doc MET 400	2014
C10. Trade in periodicals under direct subscription should be considered as trade in services.	156	IMTS: Concepts and definitions	2014
C11. The reference period for Call-off and Consignment stock transactions should be defined as the calendar month for which the same transaction is recorded for fiscal purposes.	172		2014
C12. If the aid supplies are provided free of charge, the NoT code '3' shall be declared.	176		2014

2. THE DATA**REQUIREMENTS**

L9. NSAs are required to ensure that results transmitted to Eurostat cover 100 % of the trade of the reference period.	268, 862	Reg. No 638/2004, Art. 12(2) Reg. No 471/2009, Art. 8(1)	2005
L10. NSAs are required to transmit collected data to Eurostat at eight digit level of the CN commodity code except for extra-EU imports where the commodity should be recorded at 10 digit TARIC level.	358, 364	Reg. No 638/2004, Art. 12(1)(b) Reg. No 471/2009, Art. 8(1)	2005
L11. NSAs are required to collect the taxable amount from all PSIs.	409	Reg. No 638/2004, Art. 9(1)(f) Reg. No 1982/2004 Art. 8(1)	2005
L12. NSAs are required to communicate to Eurostat the estimation methodology of the value of electricity and gas before its application.	429, 706	Reg. No 1982/2004, Art. 23(3) Reg. No 113/2010, Art. 24(2)	2005 2010
L13. NSAs are required to estimate the statistical value of transactions for which it is not collected.	440	Reg. No 1982/2004, Art. 25(4)	2005
L14. NSAs are required not to adjust extra-EU trade data for credit notes issued in relation to discounts granted at the end of a certain period or for good results.	456	Reg. No 113/2010, Art. 4(1)	2005
L15. NSAs are required to carry out a survey and collect information on invoicing currency for exports directly from traders whenever the data is not available at Customs. NSAs are required to organise a survey in such a way that accurate results are provided.	463, 884	Reg. No 113/2010, Art. 16(5)	2010
L16. NSAs are required to estimate the net mass when it is not collected from PSIs due to simplification of reporting.	468	Reg. No 1982/2004, Art. 25(5)	2010
L17. NSAs are required to use customs procedure codes first subdivision for defining the correct coverage of ITGS.	483	Reg. No 471/2009, Art. 5(1)(i)	2010

L18. NSAs are required to establish the necessary routines to identify and exclude trade flows which are out of the scope of extra-EU trade statistics.	493	Reg. No 113/2010, Annex I	2010
L19. NSAs are required to compile information on preferential treatment of imported goods. Customs are required to transmit to NSAs the information on their actually applied preferential treatment.	520, 527	Reg. No 471/2009, Art. 6(1)(f) Reg. No 92/2010, Art. 2(2)(p)	2005
L32. The competent national authorities are required to provide access to data in EORI database at the request of NSA.	327	Reg. No 113/2010, Art. 15(4)	2010
L44. In their data submitted to Eurostat NSAs are required to flag imports or exports covered by a customs authorisation relating to Article 177 of the UCC. However, this specific requirement applies only where compilers did identify such authorisation from the data source and, moreover, only where the quality or relevance of the transmitted data is negatively affected.	362	Reg. No 92/2010, Art. 2(2)(g)	New 2017

RECOMMENDATIONS

R3. It is recommended that when using additional data sources for specific movements, if possible NSAs assign to an economic operator the identification number which is linked to the VAT ID number system.	340		2014
R4. It is recommended that NSAs estimate the net mass at CN subheading level for those CN codes for which information is not collected from PSIs.	467		2014
R5. It is recommended that NSAs establish a correlation table linking customs procedures to special (and if needed to general) trade systems and to statistical procedures.	494		2014
R6. It is recommended that Customs transmit all transactions with all customs procedures applicable to the NSAs, allowing for full statistical control of relevant transactions.	494		2014

ENCOURAGEMENTS

E10. NSAs are encouraged to make the submission of Intrastat declarations separately for individual branches of a PSI the subject of prior approval by the national authorities.	338		2014
E11. NSAs are encouraged to closely monitor the changes in TARIC codes during the year and when necessary modify data validation procedures.	364, 364		2014
E12. NSAs are encouraged to set thresholds which determine when PSIs should transmit to them corrections related to credit notes which are of statistical relevance.	295, 439		2014
E14. NSAs are encouraged to use the second subdivision of customs procedure code when it allows to better identify trade flows for exclusion.	483		2014
E15. NSAs are encouraged to contact the national Customs in order to gain a clear understanding of the meaning of the use of a CPC in the context of national clearance specificities.	485		2014
E16. NSAs of Member States involved in intergovernmental production programmes are encouraged to agree for which projects NoT code 7 should be applied and all PSIs concerned should be advised accordingly.	513		2014
E17. NSAs are encouraged to use the delivery terms whenever available on customs declarations for correct calculation of statistical value and CIF/FOB adjustments.	557		2014
E56. Where NSAs collect the statistical value and other optional information within Intrastat they are encouraged to collect it only from the most important traders by defining thresholds only above which PSIs are obliged to provide this additional information [former E13 and E33].	440, 787		2016

COMPILATION RULES			
C13. The reference period for goods not reported on a VAT return as an intra-EU acquisition or supply shall be defined as the calendar month during which the dispatch or arrival of the goods takes place.	348		2014
C14. Simplified codes for military goods should be used only in exceptional cases; the real CN code is preferred.	369		2014
C15. The Member State of purchase should be recorded if the Member State of consignment is unknown.	384		2014
C16. Information on Member State of destination or Member State of actual export shall be transmitted to Eurostat according to the rules defined in paragraph 406.	406, 406	Doc MET 400	2010
C17. The code of the Member State where the customs declaration was lodged shall be used to define Member States of destination/actual export, where the NSA can neither derive the correct code from any information at its disposal, nor can it decide to use code QV.	406		2014
C18. Any duties (e.g. VAT or excise) shall not be included in the taxable amount.	411	Reg. No 1982/2004, Art. 8(1)	2005
C19. Whenever the taxable amount does not have to be established for taxation purposes, NSAs shall collect the invoice value instead, or failing this, the value shall be estimated. The estimated value shall be the amount which would have been invoiced in the event of a purchase or sale under normal market conditions.	412, 414	Reg. No 1982/2004, Art. 8(1)	2005
C20. PSIs when estimating the taxable amount should follow the same principles applied for determining the customs value according to Article 70 (et seq) of the UCC Regulation (EU) No 952/2013.	415		2014
C21. PSIs should separate the values of the goods and services where an invoice includes both and declare only the value of the goods (as an estimate, if necessary).	416, 428		2014
C22. The taxable amount (or failing that invoice value) shall be expressed in the national currency units.	417	Reg. No 1982/2004, Art. 8(3)	2005
C23. PSIs shall indicate the open market value of goods when goods are delivered without an invoice or with a pro-forma invoice and other deliveries/replacements free of charge.	425	Reg. No 1982/2004, Art. 8(1)	2005
C24. PSIs shall report the total value of the goods in their unprocessed state for transactions involving goods sent for processing. Regarding transactions following processing, the total value of the processed goods shall be reported.	431	Reg. No 1982/2004, Art. 8(1) Reg. No 113/2010, Art. 4(3)	2005
C25. The transaction when goods move between two Member States, but the transfer of ownership does not concern any party in the reporting Member State shall be recorded by PSIs using NoT code 9.	500		2014
C26. NoT code 2 shall be used for returned goods only when the original goods movement was recorded with code 1.	502		2014
C27. Return of goods for which the original transaction was reported with Not codes 3, 7, 8 and 9 shall be declared again with the same transaction codes.	503		2014
C28. Return of goods recorded under NoT code 4 and side products of the processing shall be reported under code 5.	503, 506		2014
C29. PSI should make suitable estimations in order to determine the proper NoT codes according to the share of the different country sources and destinations. If such estimation is not possible, the application of NoT code 42 and 52 is preferred.	508		2014
C30. The goods transported by private courier services shall be recorded under transport code 5 (Postal consignment) only if the active means of transport is unknown.	535		2014
C31. The system of codes for region of origin, when collected, should be defined in such a way that it is possible to measure the re-exports of goods of non-national origin.	554, 555		2014

C32. The regions should be defined in accordance with the administrative subdivision of the country in line with NUTS nomenclature.	554		2014
C33. The same rules as for Intrastat should be applied when collecting the region of origin/destination for national needs in extra-EU trade statistics.	555		2014

3. SPECIFIC GOODS OR MOVEMENTS**REQUIREMENTS**

L33. NSAs are required to record only the physical flows of electricity and gas in intra-EU and extra-EU trade statistics.	705	Reg. No 638/2004, Art. 3 Reg. No 1982/2004, Art. 23(1) Reg. No 471/2009, Art. 3 Reg. No 113/2010, Art. 24(1)	2005 2006
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RECOMMENDATIONS

R9. It is recommended that NSAs introduce, at national level, the obligation to complete an Intrastat declaration for trade transactions involving changes of economic ownership, whatever the contractual arrangements.	620		2014
R10. It is recommended that NSAs agree on a regular information exchange on entries into and removals from the ships and aircraft registers with competent national authorities.	621		2014
R24. It is recommended that NSAs establish methodologies for the estimations of transit trade of gas where the collection of data is not possible.	738		2016
R25. It is recommended that NSAs compare ITGS quantitative data with the data of the energy statistics, grid operators or any other available quantitative data in order to verify whether further reconciliation is needed and to identify exact reasons of discrepancies.	742		2015
R34. It is recommended that NSAs acquaint themselves with information on how their national legislation defines the accounting standards, in particular those related to leasing arrangements, as they can be very helpful in determining a change in economic ownership [former E20].	586		2015
R35. It is recommended that NSAs use Intrastat system for collection of data on intra-EU supplies to vessels and aircraft only in case the Customs is not providing with the necessary data.	653		2016

ENCOURAGEMENTS

E18. The competent national authorities listed in the chapter 98 of the CN are encouraged to require from PSI a written application prior authorisation to use simplified reporting of an industrial plant.	567, 1002		2014
E19. NSAs are encouraged to coordinate among themselves the application of simplification for staggered consignments in order to avoid mirror discrepancies.	579		2014
E21. NSAs are encouraged to establish a specific procedure for the CN codes of vessels/aircraft falling under the specific goods or movements provisions in order to examine the transactions and to verify their correct treatment in ITGS.	618		2014
E22. NSAs are encouraged to examine the possibility to use VAT data about intra-EU acquisitions of new vessels and aircraft in order to identify statistically relevant transactions.	619		2014
E23. NSAs are encouraged to implement at least ad hoc surveys to collect data directly from entities involved in vessels/aircraft transactions in order to integrate possible missing data.	628		2014

E24. Member States are encouraged to enhance cooperation of all compilers involved (ITGS, ITSS, BoP and NA) when recording the transactions in vessels/aircraft.	629		2014
E25. NSAs are encouraged to apply the simplified reporting on motor vehicle and aircraft parts only in a conservative way.	639,999		2014
E26. NSAs are encouraged to establish an appropriate data collection system for sea products and to combine various data sources in a comprehensive manner so that double counting or missing trade flows are avoided.	693, 996		2014
E27. NSAs are encouraged to be well aware of which national acts define the information falling under military or state secrecy and their content.	745		2014
E44. NSAs are encouraged to analyse the recording practices in Customs of the goods moving to and from offshore installations in order to ensure complete coverage of trade statistics and to avoid double counting.	674		2015
E45. NSAs are encouraged to develop the necessary knowledge about functioning of electricity and gas markets at the national and the EU levels in order to be able to correctly develop methodologies for the collection of the statistical data.	711		2015
E46. NSAs are encouraged to analyse with tax administrations the national provisions concerning recording of gas and electricity transactions on VAT returns and to evaluate its possible reuse for ITGS purposes.	732		2015
E47. NSAs are encouraged to use for the estimation of statistical value of electricity and gas long-term contract prices and other available information which correctly reflect the value of electricity and gas on the particular market..	738		2016
E48. NSAs are encouraged to consult transmission system operators, who could estimate the share of transit trade in the total flows of electricity and gas.	738		2015
E49. NSAs are encouraged to identify alternative data sources for quality checks and compilation of ITGS in gas and electricity regarding physical flows, prices or values.	741, 994		2015
E52. NSAs are encouraged to manage the application of simplified reporting for industrial plant in the way which minimises the asymmetries in the trade in goods with other Member States.	570		2016
E53. NSAs are encouraged to analyse national VAT regulations in order to clearly define the scope of goods which can benefit from simplifications.	646		2016
E54. NSAs are encouraged to establish a control system which would eliminate the risk of double counting of data from two sources (customs and Intrastat declarations).	654		2016
E55. NSAs are encouraged to analyse the recording practices in Customs of supplies to vessels and aircraft in order to identify whether simplifications applied are not in contradiction with statistical requirements.	660		2016

COMPILATION RULES

C34. If a vessel/aircraft is legally owned by a natural person who does not use it for commercial purposes (e.g. yachts), then the natural person should be considered as the economic owner of the vessel/aircraft.	594		2014
C35. The holder of the fishing licence should be considered as the economic owner of the fishing vessel.	595		2014
C36. If the vessel/aircraft is new, a transaction between the manufacturer and the first economic owner shall be reported.	597		2014
C37. The processing activities linked with construction of a new vessel/aircraft shall be reported according to standard ITGS rules	598, 613		2014

C38. If the processing operation has significantly improved/changed the vessel/aircraft, the transaction between the processor and the economic owner shall be reported.	599		2014
C39. If a rise in value of a vessel/aircraft due to processing is capitalised in the business accounts of the economic owner, the processing shall be reported in ITGS.	599		2014
C40. When recording the series of interlinked transactions only the transfer of economic ownership between the initial and final economic owner shall be reported following the overall economic effect of the operation.	603		2014
C41. The partner country shall be the Member State or non-member country where the economic owner of the vessel/aircraft who is transferring the ownership/to whom the ownership is transferred, is established.	605, 609		2014
C42. The partner country in case of arrival/import of a new vessel/aircraft shall be the Member State/non-member country of construction.	607, 609		2014
C43. The partner country for vessels/aircraft sent for processing shall be the Member State/non-member country where the processor is established.	608		2014
C44. Member States undertaking the processing shall record the Member State/non-member country where the economic owner of the vessel/aircraft undergoing processing is established.	608		2014
C45. In case of partial sales of the vessel/aircraft which result in the transfer of economic ownership, the full value shall be reported.	612		2014
C46. Given that the voyage charter has been verified, this arrangement shall not be included in ITGS.	634		2014
C47. Given that the time charter has been verified, this arrangement shall not be included in ITGS.	634		2014
C48. Given that the wet lease contract of an aircraft has been verified, this arrangement shall not be included in ITGS.	636		2014
C49. Given that the financial leasing contract of an aircraft has been verified, this arrangement shall be included in ITGS.	636		2014
C50. Given that the operational leasing contract of an aircraft has been verified, this arrangement shall not be included in ITGS.	636		2014
C51. The investment goods for the construction or technical improvement of the offshore installation and goods acquired or produced by the offshore installation shall be recorded with appropriate CN codes.	684		2014
C52. Military goods shall be included in intra-EU and extra-EU trade statistics and standard statistical methods and rules shall be applied.	743		2014
C54. Since the coastal states have the right to authorize and regulate drilling on their continental shelf where these rights are allocated to a Member State, for statistical recording the statistical territory of that Member State should be extended to the continental shelf.	670		2015
C55. The reporting Member State and partner country Member States for the investment goods for the construction or technical improvement of the offshore installation or goods acquired or produced by the offshore installation should be determined according to rules valid for goods delivered to offshore installation.	684		2015
C56. The substance of the transaction, not a title of the contract, shall be considered in order to identify the economic owner of the vessels and aircraft [former R7].	583, 631, 633		2015

C57. When the list of indicative criteria as referred to in paragraph 589 is used to decide on the economic owner of a vessel/aircraft as many criteria as possible, depending on the availability of information, shall be evaluated [former R8].	584		2015
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4. PARTICULAR TRADE FLOWS

REQUIREMENTS

L34. NSAs are required to ensure that any goods in transit are not recorded in ITGS.	748	Reg. No 638/2004, Art. 3 Reg. No 471/2009, Art. 3	2005 2006
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RECOMMENDATIONS

R11. It is recommended that NSAs do not collect information on arrivals in case of quasi-export from traders or from declarants, whenever the information provided in the customs declaration is sufficient to derive an adequate arrival record in Intrastat.	777		2014
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ENCOURAGEMENTS

E28. NSAs are encouraged to inform the PSIs about their Intrastat reporting obligations where customs clearance does not take place in the Member State of actual export or final destination.	773, 302		2014
E29. NSAs are encouraged to use customs information on all goods declared for customs procedures 42 and 63 at least for completeness checks i.e. whether goods were declared later as dispatches on the Intrastat declaration and on the VIES declaration.	774		2014
E30. NSAs are encouraged to use data from the customs declarations for compiling the missing Intrastat arrivals in case of quasi-export.	777		2014

COMPILATION RULES

C53. Whenever the export declaration does not contain information on the Member State of actual export, the Member State of dispatch should be derived from SAD-box 2, otherwise the simplified country code QV should be used.	779		2014
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5. THRESHOLDS WITHIN INTRASTAT SYSTEM

REQUIREMENTS

L20. NSAs are required to transmit data on the statistical value to Eurostat although the collection of the statistical value from companies remains optional.	788	Reg. No 638/2004, Art. 12(1)	2005
L21. NSAs are required to send the information on the thresholds applied by them to Eurostat no later than 31 October of the year preceding the year to which they apply.	798	Reg. No 638/2004, Art. 10(6)	2005
L22. NSAs are required to transmit estimates of trade below the exemption threshold, and late and non-response at least at chapter level and by partner country.	799, 863	Reg. No 1982/2004, Art. 25(3)	2005
L35. Member States are required to determine the exemption threshold each year in annual values in such way that that at least 97% of the total dispatches and at least 93% of the total arrivals, expressed in value, of the relevant Member State's taxable persons is provided.	789	Reg. No 638/2004, Art. 10	2005
L36. Member States are required when applying simplification threshold to determine it in such way that that a maximum 6% of the total dispatches and arrivals is affected by the simplification.	801, 789	Reg. No 1982/2004, Art. 13(3a)	2005

RECOMMENDATIONS			
R12. It is recommended that NSAs set the exemption threshold in line with certain quality requirements, i.e. NSAs should examine whether the exemption of the PSIs below the threshold will lead to a considerable lack of information or to biased information as regards the flow, the trade with certain partner Member States and certain commodities.	791		2014
R13. It is recommended that NSAs determine the exemption threshold in such a way that the largest number of traders is exempted from providing information to the Instratstat system, to reduce burden, and by simultaneously keeping the quality of the collected information.	792		2014
R14. It is recommended that NSAs when calculating the total trade use cumulative total value based on the most recent data available at the time of calculation of thresholds over a period of at least 12 months taking into account additional information provided in the paragraph 793.	793	Reg. No 1982/2004, Art. 13(1)	2014
R15. It is recommended that NSAs use the procedure described in paragraph 794 for the determination of the level of the exemption threshold and in paragraph 804 for the simplification threshold.	794, 804		2014

ENCOURAGEMENTS

E31. NSAs are encouraged not to calculate the exemption threshold exactly to the point, as a 'safety margin' should be left for the remaining non-response and the fluctuations in the economic activity.	795		2014
E32. NSAs are encouraged to provide PSIs with a possibility of simplified reporting on small individual transactions. However, Member States must ensure that the simplification is not abused and that the quality of the statistical results is not damaged as a result.	810		2014

6. THRESHOLDS APPLICABLE IN EXTRA-EU TRADE**ENCOURAGEMENTS**

E34. NSAs are encouraged to apply the simplification for compilation of extra-EU trade statistics only where it would not lead to negative effects on the availability of data at detailed level. The statistical value where the 'value of the goods' is not available should be used as criterion for application of the simplification.	815		2014
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7. QUALITY**REQUIREMENTS**

L37. NSAs are required to provide completed quality questionnaire annually.	828	Reg. No 638/2004, Art. 13(2) Reg. No 1982/2004, Art. 26(3) Reg. No 471/2009, Art. 9(2) Reg. No 92/2010, Art. 3(3)	2005 2010
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RECOMMENDATIONS

R16. It is recommended that, within the limit of available human resources, NSAs regularly monitor the asymmetries related to the main partner countries and major/key products and react as quickly as possible to unexpectedly high or new asymmetries by checking the accuracy and completeness of the available national statistical data sources.	830, 957		2014
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ENCOURAGEMENTS			
E36. NSAs are encouraged, within the limit of available human resources, to periodically conduct bilateral or multilateral reconciliation exercises for major/key products and to take any measures to ensure the success of such exercises. In particular, this means that any necessary information — data and metadata — should be made available to the partner(s) within the legal limits.	831, 958		2014

8. CONFIDENTIALITY

REQUIREMENTS			
L38. NSAs are required to transmit to Eurostat data which are confidential.	847	Reg. No 638/2004, Art. 12(1)	2005
L39. NSAs are required to apply active confidentiality when compiling and transmitting intra-EU and extra-EU trade statistics by business characteristics.	834	Reg. No 1982/2004, Art. 13a(8) Reg. No 113/2010, Art. 15(9)	2010
L40. NSAs are required to apply passive confidentiality when compiling and transmitting monthly intra-EU and extra-EU trade statistics.	835	Reg. No 638/2004, Art. 11 Reg. No 471/2009, Art. 10, second subparagraph	2005 2010
L41. NSAs are required to suppress confidential data in such way that they may be published at least at chapter level of the CN provided confidentiality is thereby ensured.	842	Reg. No 1982/2004, Art. 25(7) Reg. No 92/2010, Art. 2(5)	2005 2010

RECOMMENDATIONS

R17. It is recommended that the NSAs grant confidentiality only for a limited time (e.g. the request has to be renewed periodically/annually) and only for as few data elements as possible (value or quantity, product or partner).	841		2014
R18. It is recommended that NSAs establish national instructions which clarify application form and procedures, decision making process and time limits to keep the data confidential.	841		2014
R19. It is recommended that NSAs suppress a product in such a way that as much information as possible on the commodity is published whilst still guaranteeing the confidentiality of the PSI.	844		2014

ENCOURAGEMENTS

E37. NSAs are encouraged to define the rules used in the evaluation of a request for confidentiality.	846		2014
E38. NSAs are encouraged to use confidentiality flag '2' instead of '1' whenever possible.	847		2014

9. DATA TRANSMISSION

REQUIREMENTS			
L23. NSAs are required to transmit the first detailed trade statistics results to Eurostat no later than 70 calendar days after the end of the reference month for intra-EU trade and no later than 40 calendar days after the end of the reference month for extra-EU trade. Trade broken down by invoicing currency shall be transmitted within three months of the end of the reference year. Statistics on trade by business characteristics shall be transmitted within 18 months of the end of the reference year.	860, 881, 882, 885	Reg. No 638/2004, Art. 12(1) Reg. No 1982/2004, Art. 13a(7) Reg. No 471/2009, Art. 8(1) Reg. No 113/2010, Art. 15(8) and 16(4)	2010
L24. NSAs are required to transmit the revised results when monthly results already transmitted to Eurostat are subject to revisions.	860	Reg. No 1982/2004, Art. 25(8) Reg. No 471/2009, Art. 8(1)	2005
L25. NSAs are required to transmit revised results no later than the month following the availability of revised data.	867	Reg. No 1982/2004, Art. 25(8) Reg. No 113/2010, Art. 26(3)	2010

L42. NSAs are required to inform the public about the major revision when they have occurred.	880	Commission Recommendation COM(2005)217	2012
L43. NSAs are required to transmit estimates of extra-EU trade from missing, delayed or incomplete customs declaration at least at chapter level and by partner country.	863	Reg. No 92/2010, Art. 2(3)	2010

RECOMMENDATIONS

R20. It is recommended that NSAs closely monitor that the aggregated results do not deviate from the totals of the final detailed results transmitted to Eurostat afterwards.	855		2014
R21. It is recommended that NSAs apply the transmission format and rules as defined in Doc MET 400 valid for a given reference year and thus to implement all amendments of the rules in the national compilation systems when agreed by the ITGS Steering Group.	851		2014
R22. It is recommended that NSAs send the final revision for all the months of year N no later than October N+1.	868		2014
R26. It is recommended that NSAs send a pre-announcement to Eurostat of revisions of a certain size between two subsequent data transmissions if possible up to 1 month before the data delivery, otherwise up to 1 week before the data delivery itself or at the latest on the day the data is sent.	871, 873		2013
R27. When estimates for missing intra-EU trade are compiled at CN8 level, it is recommended that NSAs to estimate and transmit to Eurostat not only the statistical value but as well the net mass and the supplementary quantity wherever relevant.	865, 945		2016
R28. It is recommended that NSAs compile distinct estimates for trade below threshold and estimates for non/late response and keep this distinction in the data transmissions to Eurostat by using the threshold indicators 3 (trade below the exemption threshold) and 4 (non/late-response) instead of indicator 8 (no distinction between trade below threshold and non/late response).	863		2016

ENCOURAGEMENTS

E39. NSAs are encouraged to avoid the conflict between national instructions for data dissemination and the legal EU obligations for data transmission.	858		2014
E40. NSAs are encouraged to adapt their publication timetable if they wish to publish trade figures earlier than Eurostat.	859		2014
E41. NSAs are encouraged to contact Eurostat for the necessary arrangements if there is a need to revise data for one or more previous periods after the final yearly data has been transmitted.	868		2014

COMPILATION RULES

C59. If a below-threshold trader becomes a PSI during the course of the year, the estimates for missing data for subsequent periods shall be flagged as non/late response (threshold indicator 4) and no longer as below-threshold-trade estimates (threshold indicator 3) in the data transmissions to Eurostat (Doc MET 400 data files).	864, 902		New 2018
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SECTION II: GUIDELINES FOR THE IMPLEMENTATION OF THE INTRASTAT AND EXTRASTAT LEGISLATION

1

The framework

1.1 Legal basis

Intra-EU trade

Basic regulation

Regulation (EC) No 638/2004 of the European Parliament and of the Council

amended by Regulation (EC) No 222/2009 of the European Parliament and of the Council

Commission Regulation (EU) No 1093/2013

Regulation (EU) No 659/2014 of the European Parliament and of the Council

Implementing provisions

Commission Regulation (EC) No 1982/2004

amended by Commission Regulation (EC) No 1915/2005

Commission Regulation (EU) No 91/2010

Commission Regulation (EU) No 96/2010

Commission Regulation (EU) No 1093/2013

Extra-EU trade

Basic regulation

Regulation (EC) No 471/2009 of the European Parliament and of the Council

amended by Regulation (EU) 2016/1724 of the European Parliament and of the Council

Commission Regulation (EU) 2016/2119

Implementing provisions

Commission Regulation (EU) No 113/2010

amended by Commission Regulation (EU) 2016/2119

Commission Regulation (EU) No 92/2010

amended by Commission Implementing Regulation (EU) 2016/1253

18. ITGS is based on EU legislation in order to ensure a harmonised approach for the production of statistics by all Member States. The European Union legislation known as the ‘Acquis Communautaire’ comprises primary legislation and secondary legislation. The primary legislation consists of the Treaties — two basic are: Treaty on European Union and Treaty on functioning of the European Union, and other agreements possessing similar status. The treaties are amended to make the EU more efficient and transparent, to prepare for accession of new member countries or to introduce new areas of cooperation (e.g. Treaty of Amsterdam, Nice, Lisbon etc.). The secondary legislation consists of regulations, directives, decisions, recommendations and opinions based upon the Treaties. Article 338 of the Treaty on the Functioning of the European Union provides the legal basis for the production of EU statistics. The legislation concerning statistics falls under the ordinary procedure which means that the Council and the European Parliament jointly adopt the legal acts in

this area. The Article also specifies the principles of EU statistics: impartiality, reliability, objectivity, scientific independence, cost-effectiveness and statistical confidentiality.

19. Secondary legislation relating to ITGS is laid down in the regulations. The regulations are directly applicable in Member States. Member States do not need to adopt national laws in order to implement European regulations. European Union law takes precedence over the national laws of the Member States. Therefore, Member States have to legislate in the light of the provisions laid down in the EU regulations.

20. EU regulations do not interfere in the compilation methods of the data required for national needs and are directly applicable for European statistics only. However, the deviation from EU legislation and collection of data for national purposes normally requires additional national legal provisions.

21. The legal provisions on ITGS are determined in several regulations and address intra-EU trade and extra-EU trade statistics separately. The ‘basic regulations’ — acts adopted by the Council and the European Parliament in accordance with Article 294 of the Treaty, establish the essential rules governing ITGS. The ‘implementing provisions’ are adopted by the Commission and define further details necessary for the implementation of certain articles of the basic regulations.

22. The Treaty of Lisbon introduced new legislative instruments; the Commission can adopt two types of implementing provisions: implementing acts and delegated acts. These acts can take a form of regulations, directives, etc. however in ITGS context only regulations by now are adopted.

23. The Commission can provide implementing rules only for articles of the basic regulation for which it has been given the implementing power. The implementing acts are adopted via Comitology procedure and therefore the task to control the Commission falls upon Member States.

24. The delegated acts can be adopted only by the Commission and only if the basic regulation authorises to adopt a delegated act. The delegated act can amend only non-essential elements of the basic regulation. The delegated acts are adopted via different procedure and the act will not be officially voted in the Comitology committee. However the Commission powers can be monitored by Member States in the context of the Council.

25. The basic regulation and implementing/delegated acts are hierarchically interrelated. Therefore, when consulting the legal texts, the basic regulation should be examined first and thereafter the implementing provisions for further details.

26. Customs legislation and fiscal provisions governing value added tax areas have a direct impact on the availability and collection of trade statistics as well. The regulations on ITGS refer to the respective legal acts when a direct implication exists. However, in order to be able to produce ITGS, a good knowledge of the customs and VAT legal provisions is necessary.

27. **Customs legislation.** The Customs Code represents the backbone of the EU customs legislation as it contains general rules and procedures for the implementation of the tariff and other measures introduced at the EU level in connection with trade in goods between the EU and non-member countries. The Community Customs Code (CCC) was established by [Council Regulation \(EEC\) No 2913/92](#). As of 1 May 2016 it is fully replaced by the [Union Customs Code^{\(1\)}](#) and the respective Commission [Delegated Act^{\(2\)}](#), [Implementing Act^{\(3\)}](#) and [Transitional Delegated Act^{\(4\)}](#).

28. The new UCC provisions are being introduced with the aim of facilitating trade, to simplify

⁽¹⁾ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.

⁽²⁾ Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code.

⁽³⁾ Commission Implementing Regulation (EU) 2015/2447 of 24 of November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code.

⁽⁴⁾ Commission Delegated Regulation (EU) 2016/341 of 17 December 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards transitional rules for certain provisions of the Union Customs Code where the relevant electronic systems are not yet operational and amending Delegated Regulation (EU) 2015/2446.

customs procedures and to enable the usage of modern tools and technology. However, all electronic systems necessary to facilitate the exchange of data between customs authorities and economic operators will not be fully deployed and commissioned immediately. The UCC states that all IT systems of trans-European exchange of information shall be operational by 31 December of 2020 the latest. The expected deadlines for the implementation of the respective IT systems are set out in the UCC Work Programme established by the [Implementing Decision 2016/578/EU](#) of 11 April 2016.

29. Between 1 May 2016 and the respective dates of deployment of the IT systems, the application of certain legal provisions of the Delegated Act are suspended. For that reason, the Transitional Delegated Act was adopted to establish the transitional rules for operators and customs authorities pending the deployment of the new or upgraded systems. These transitional rules are applicable from 1 May 2016 until the respective IT system has been deployed. The content of this Regulation results from the need to bridge the transition between the existing systems and the step-by-step launch of the electronic systems foreseen in the UCC.

30. In addition to the EU legislation some specifications are agreed by Member States and Eurostat in so called 'Gentlemen's agreements' which are not legally binding. An example of such an agreement is the ITGS data transmission to Eurostat format and other technical arrangements defined in 'Doc MET 400'. Each revised version is adopted by the ITGS Steering Group. Although the document has no legal force all Member States transmit the data to Eurostat in line with its requirements.

1.2 Institutional arrangements

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(c)

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 2(c)

1.2.1 TO WHOM LEGISLATION IS ADDRESSED

31. The main actors referred to in the legislation are the Commission (Eurostat), the Member States, national authorities and the parties responsible for providing the information (PSI), i.e. the economic operators. The regulations define responsibilities of every stakeholder: Eurostat collects and publishes EU statistics; Member States compile ITGS in line with the established rules and transmit them to Eurostat within defined deadlines. The PSIs have the obligation to provide correct information in due time to the NSAs. In certain articles the obligation to provide necessary data to the NSAs or the requirement to exchange the data are directly imposed on other national administrations.

32. **Responsibility of Eurostat.** In a broader sense Eurostat is a Commission department responsible for developing work on the statistics including ITGS. It draws up the proposals for legislation and monitors its correct application; it provides methodological and technical assistance (development of IT tools for the collection and transmission of data) and it publishes ITGS data.

33. **Responsibilities of Member States.** In line with the principle of subsidiarity, the ITGS legislation, in a majority of cases, imposes obligations on Member States, while letting them decide how to organise data collection and how to share responsibilities between national administrations.

34. **National statistical authorities.** In some cases the legislation addresses 'national (statistical) authorities'. These are the bodies responsible in each Member State for producing EU statistics on international trade in goods. However, the legislation does not determine any criteria or requirements about which concrete institution in a Member State should be responsible or how it should function.

1.2.2 ADMINISTRATIVE STRUCTURES IN MEMBER STATES

35. Various institutional arrangements exist in Member States for the production of ITGS. The collection, processing and dissemination of statistical information may be carried out by one or more

national institutions. Each Member State has its own institutional arrangements and the activities of the institutions involved are defined by the national law. The main national organisations involved in the compilation of ITGS are national statistical institutes (NSIs), Customs, central banks and other governmental agencies. Table 2: Institutional arrangements in Member States shows how the functions of ITGS data collection, processing and dissemination are shared between national administrations in Member States.

Table 2: Institutional arrangements in Member States

Member State ⁽¹⁾	Leading administration	Primary data collection	Data processing ⁽²⁾ and control	Dissemination
BE Intrastat Extrastat	National Bank National Bank	National Bank Customs	National Bank National Bank	National Bank National Bank
BG Intrastat Extrastat	NSI NSI	VAT Offices Customs	NSI NSI	NSI NSI
CZ Intrastat Extrastat	NSI NSI	Customs Customs	NSI NSI	NSI NSI
DK Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI
DE Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI/Customs	NSI NSI
EE Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI
IE Intrastat Extrastat	NSI NSI	Revenue & Customs Revenue & Customs	Revenue & Customs/NSI Revenue & Customs/NSI	NSI NSI
EL Intrastat Extrastat	NSI NSI	NSI/VAT Offices Customs	NSI NSI	NSI NSI
ES Intrastat Extrastat	Customs Customs	Customs Customs	Customs Customs	Customs Customs
FR Intrastat Extrastat	Customs Customs	Customs Customs	Customs Customs	Customs Customs
HR Intrastat Extrastat	NSI NSI	Customs Customs	Custom/NSI NSI	NSI NSI
IT Intrastat Extrastat	NSI NSI	Customs Customs	NSI NSI	NSI NSI
CY Intrastat Extrastat	NSI NSI	VAT Offices Customs	NSI NSI	NSI NSI

⁽¹⁾ In the context of this table Intrastat/Extrastat should be understood as data collection system for intra-EU/extra-EU trade statistics.

⁽²⁾ By data control is meant checks for completeness, validity and credibility. By data processing is meant estimation of missing trade, compilation of adjustments (e.g. transformation of the invoice value into the statistical value) and quality-related analysis.

Member State ⁽¹⁾	Leading administration	Primary data collection	Data processing ⁽²⁾ and control	Dissemination
LV Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI
LT Intrastat Extrastat	NSI NSI	Customs Customs	NSI NSI	NSI NSI
LU Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI
HU Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI
MT Intrastat Extrastat	NSI NSI	VAT offices/NSI Customs	NSI NSI	NSI NSI
NL Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI
AT Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI
PL Intrastat Extrastat	NSI NSI	Customs Customs	Customs Customs	NSI/Customs
PT Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI
RO Intrastat Extrastat	NSI NSI	NSI Customs	NSI Customs	NSI NSI
SI Intrastat Extrastat	NSI NSI	Customs Customs	Customs/NSI NSI	NSI NSI
SK Intrastat Extrastat	NSI NSI	Customs Customs	NSI NSI	NSI NSI
FI Intrastat Extrastat	Customs Customs	Customs Customs	Customs Customs	Customs Customs
SE Intrastat Extrastat	NSI NSI	NSI Customs	NSI NSI	NSI NSI

(1) In the context of this table Intrastat/Extrastat should be understood as data collection system for intra-EU/extra-EU trade statistics.

(2) By data control is meant checks for completeness, validity and credibility. By data processing is meant estimation of missing trade, compilation of adjustments (e.g. transformation of the invoice value into the statistical value) and quality-related analysis.

1.2.3 COOPERATION BETWEEN INSTITUTIONS

36. The good quality of ITGS is highly dependent on the close cooperation of three major institutions: NSA, customs and tax administrations. ITGS result from the combination of data from various sources: customs records and registers, VAT/VIES records and tax registers and Intrastat declarations. For specific goods or movements additional data sources are necessary, such as ships and aircraft registers. In order to establish regular data inflows to NSAs it is necessary to establish a good cooperation with the administrations responsible for the management of the registers as well.

37. Although the majority of NSAs in Member States have established good contacts with their colleagues in other administrations and set up necessary data exchange systems, various problems persist. Smooth information flows to the NSA from other administrations on legislative and procedural

changes affecting statistical data are not always ensured. Every institution seeks to implement its own mandate and the needs of other administrations are not always taken into account. Moreover, when cooperation between institutions is not intensive, the needs and problems of statisticians might not be known to others.

38. Cooperation between NSA and Customs. Customs records on import and export transactions are the basis for extra-EU trade data but in specific cases these records are also source of information for intra-EU trade statistics. A good knowledge of customs procedures and legislation is required for statisticians in order to be able to correctly define the scope of statistics and produce good quality data. Regular contact of statisticians with customs officials is required when solving data quality problems. Therefore **MSs are encouraged** to formalise cooperation while establishing working groups and other forums for discussions and exchange of information.

39. Cooperation between NSA and tax administration. Close cooperation with tax administrations becomes significant as the Intrastat system is very dependent on the scope and quality of the data provided by tax administrations: information on VAT returns, recapitulative statements by traders, VAT registers, etc. **MSs are encouraged** to establish a regular working group composed of NSA and tax administration representatives in order to discuss the developments of tax legislation and to highlight statistical requirements.

40. Principles of effective inter-institutional cooperation. Although there are no defined rules on how institutions should work together, certain good practices **are encouraged**:

- establishment of inter-institutional agreements which clearly define functions and responsibilities of each institution;
- regular meetings of formal working groups;
- participation of statisticians in legislative/procedural development groups of other institutions;
- definition of procedures on correction of data;
- establishment of informal regular contacts at expert level;
- participation of experts of other institutions in statistical conferences, training and international meetings.

1.3 Scope

1.3.1 INTRA-EU TRADE STATISTICS

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Articles 2, 3 and 7

41. As a general guideline, in line with the UN recommendations on International Merchandise Trade Statistics, intra-EU trade statistics should record all goods which add to or subtract from the stock of material resources of a Member State by entering (arrival) or leaving (dispatch) its economic territory. Therefore intra-EU trade statistics concern the movement of goods between the statistical territories of Member States. Basically all moveable goods entering or leaving a Member State, including electricity and gas, must be recorded. For almost all transactions (except for some specific movements) the goods must **physically move** between Member States.

42. The most important **definitions⁽¹⁾** relating to the scope of the intra-EU trade statistics are as follows:

- **Goods:** all moveable property, including electric current. In more abstract terms this refers to physical, produced objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by

(¹) Extra-EU trade statistics apply, *mutatis mutandis*, the same definition as intra-EU trade statistics.

engaging in transactions on markets, plus certain types of so called knowledge-capturing products stored on physical media which can cross borders physically.

- **Specific goods or movements:** goods or movements which, by their very nature, call for specific provisions, and in particular industrial plant, vessels and aircraft, sea products, goods delivered to vessels and aircraft, staggered consignments, military goods, goods to or from offshore installations, spacecraft, motor vehicle and aircraft parts, electricity and gas and waste products;
- **Union goods**
 - (i) goods wholly obtained in the customs territory of the Union, and not incorporating goods imported from countries or territories outside the customs territory of the Union ;
 - (ii) goods brought into the customs territory of the Union from countries or territories outside that territory and released for free circulation;
 - (iii) goods obtained or produced in the customs territory of the Union either solely from the goods referred to in point (ii) or from the goods referred to in points (i) and (ii).

It can generally be assumed that any goods which circulate between Member States and which are not under customs control are Union goods.

- **Goods in simple circulation between Member States:** Union goods dispatched from one Member State to another, which, on the way to the Member State of destination, travel directly through another Member State or stop for reasons related only to the transport of the goods.

43. Using these definitions, **the scope** of intra-EU trade statistics is defined as follows: statistics relating to the trading of goods between Member States shall cover dispatches and arrivals of goods:

- Dispatches shall cover the following goods leaving the Member State of dispatch for a destination in another Member State:
 - Union goods, except goods which are in simple circulation between Member States;
 - goods placed in the Member State of dispatch under the inward processing customs procedure.
- Arrivals shall cover the following goods entering the Member State of arrival, which were initially dispatched from another Member State:
 - Union goods, except goods which are in simple circulation between Member States;
 - goods formerly placed in the Member State of dispatch under the inward processing customs procedure, which are maintained in accordance with these procedures or released for free circulation in the Member State of arrival.

44. The scope of intra-EU trade statistics covers some transactions with ‘non-Union goods’ which enter the EU in a given Member State without release for free circulation, and move on to another Member State under customs inward processing procedures (as defined in Article 3(2)(b)). This information on non-Union goods must be provided by customs authorities if customs declaration is available. Then the information shall be added to intra-EU trade statistics. However in line with the Regulation (EU) 2015/2446, Article 179, the goods placed under inward processing may be moved between different places in the customs territory of the Union without customs formalities. In other words Customs might not have available the information about the goods under inward processing moving between two Member States. In such cases the information shall be collected on Intrastat declaration. More information on the inclusion of customs data for intra-EU trade purposes can be found in paragraphs 191 and 222.

45. It should be noted that the use of the term ‘**trade**’ in ‘**trade statistics**’ is a reflection of the dominant role of buying and selling in the generation of the cross-border flows of goods. However, many other movements of goods between countries which do not result from trade transactions are covered as well. The general concept of intra-EU trade statistics is independent of the ownership of the goods and concerns only their physical movement. Nevertheless, since most traded commodities can be assumed to cross the border as part of a normal buying and selling operation between an importer and an exporter, the change of ownership is largely approximated by the cross-border movement of goods for BoP and NA purposes.

46. The link between change of ownership and movement of goods is important as the Intrastat system attempts to maintain a close link between the system for collecting statistical information and the fiscal formalities — VAT and VIES — which exist in the context of trade of goods between Member States. This link makes it possible, in particular, to check the quality of the information collected and produces inclusion criteria for statistical samples using VAT data.

47. A practical consequence of this link is that the majority of the parties that are obliged to provide statistical information are also responsible for submitting VAT returns ('taxable person as defined in Title III of Directive 2006/112/EC').

48. The operational scope of the VAT and Intrastat should cover most of the trade. However, the following special cases which fall outside the scope of VAT or intra-EU trade statistics should be mentioned:

- goods for processing (reported on Intrastat declaration, but on VAT return as services);
- 'triangular trade' according to tax definition;
- electricity, gas delivered by pipelines and other specific transactions which are not considered as intra-EU acquisitions and supplies should be recorded in intra-EU trade statistics but not in VAT.

49. As a result of the lack of coverage of VAT data, it is difficult to operationally define full trade coverage in an accurate manner. NSAs shall use all available means, including also non-VAT sources in order to ensure total trade coverage. Another consequence is that the coverage rate of the data collection cannot be defined exactly. For practical purposes, it is defined as value ratio of all collected Intrastat data to data reported to total intra-EU trade. For more information on the definition of 100% trade coverage refer to the subchapter [5. Thresholds within the Intrastat system](#).

1.3.2 EXTRA-EU TRADE STATISTICS

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Preamble, point (10) and Articles 2 and 3

50. UN recommendations define the scope of IMTS in correspondence with the statistical territory, i.e. imports of a country are flows of goods into its statistical territory and exports are the flows out of its statistical territory. In that manner, the applied trade system depends on the practical interpretation of the statistical territory. The definition of statistical territory has several territorial aspects (for more details see subchapter [1.4 Statistical territory](#)). For determining the applied trade system according to UN recommendation customs warehouses, free zones, premises for inward processing and free circulation areas should be considered. The scope of extra-EU trade statistics is based on the application of customs procedures.

51. **Customs warehouses** allow imported non-Union goods to be held in the territory of the Union without the duties and taxes being paid and thus to choose when the duties are paid or to avoid them if the goods are later re-exported without entering into the free circulation area.

52. Customs warehouses (and free zones) are generally used for the storage of goods. The amount of working or processing allowed on goods held in warehouses is limited essentially to keeping them preserved with a view to subsequent distribution.

53. As a general rule, Union goods cannot be subject to customs warehousing procedure, but might be stored in the premises of a customs warehouse separated from goods under customs warehousing procedure. As a result, in principle there are no export flows to customs warehouses from the free circulation area.

54. However, in order to benefit from EU legislation governing export refunds or the repayment of import duties, some Union goods might still be subject to customs warehousing procedure (see [Example 1B](#)). And also, with the permission of Customs, in practice it is possible to process goods under inward processing on the premises of a customs warehouse (or free zone) according to the rules and requirements laid down for those procedures (see [Example 1C](#) and [1D](#)).

55. **Free zones** are special areas within the customs territory of the Union. Goods placed within these areas are free of import duties, VAT and other import charges, i.e. from the economic point of view they provide similar advantages to customs warehouses.

56. Unlike customs warehousing, free zone treatment applies to both non-Union and Union goods, and can affect both import and export flows. In addition, there may be special reliefs available in free zones from other taxes, excise or local duties. These will differ from one zone to another.

57. The main idea of free zones is to facilitate trading procedures by allowing fewer customs formalities. For each free zone, the area and the defined entry and exit points shall be determined by the customs authorities. The perimeter and the entry and exit points must be under customs supervision. Placement of goods under free zones, according to Article 158(1) of the UCC does not require the lodgement of a customs declaration but records of goods entering and leaving it must be kept. Goods placed in a free zone are deemed to be under the free zone procedure at the moment of their entry into a free zone.

58. Member States make use of free zones to differing extents. In some Member States there exist no free zones at all, while others use them quite extensively. There is a comprehensive list of free zones published by Directorate General for Taxation and Customs Union (DG TAXUD)(¹).

Special trade system

59. The UN IMTS manual defines two trade systems: general trade and special trade. Under the general trade system, statistical territory includes customs warehouses, all types of free zones, free circulation area and premises for inward processing. UN recommends implementing the general trade system for ITGS.

60. On the other hand, customs warehouses, free zones and premises for inward processing are excluded from the statistical territory by the **strict definition of the special trade**, thus only imports and exports of the free circulation area are recorded.

61. The **relaxed definition of special trade** adds industrial free zones and premises of inward processing to the statistical territory. The EU concept related to extra-EU trade follows the relaxed definition of the special trade system, whereas intra-EU trade is close to the general trade system.

62. The extra-EU trade basic regulation defines the scope as follows:

- **Exports** shall cover goods leaving the EU in accordance with one of the following customs procedures or customs approved treatment:
 - exportation;
 - outward processing;
 - re-exportation following inward processing.
- **Imports** shall cover goods entering the EU in accordance with one of the following customs procedures:
 - release for free circulation;
 - inward processing.

63. Therefore, the extra-EU trade legislation does not exclude customs warehouses and free zones from the statistical territory by definition, but implicitly, by not requiring the customs warehousing/free zone procedures to be recorded. This is also confirmed by the extra-EU trade basic regulation preamble (10).

64. The legislation, when defining the scope of extra-EU trade statistics, combines physical movement of goods (goods leave the statistical and thus the customs territory of the EU) with listed customs procedures/customs-approved treatment. So the definitions cited in the previous paragraphs, and the exceptions described in paragraphs 53 and 54 highlight the slightly different

(¹)https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/procedural_aspects/imports/free_zones/list_freezones.pdf

approach of the UN and the EU in defining the scope of IMTS/ITGS. The UN recommendations follow a territorial approach, while the EU legislation rather a procedural one to define the scope of trade in goods statistics.

65. As the UCC does not differentiate between industrial and commercial free zones and does not acknowledge the premises of inward processing as a particular type of territorial area, from the statistical point of view free zones **shall** be considered as commercial free zones by default. However, inward processing activity, irrespective of whether this is carried out in the free circulation area, in a customs warehouse or in a free zone, is included in ITGS (\approx premises of inward processing). And also, Union goods stored in customs warehouses and free zones **shall** be considered as virtually staying in the free circulation area to remain consistent with the definition of special trade.

General trade system

66. In addition to the special trade concept of EU statistics, several Member States prepare national figures according to the general trade system in line with UN recommendations. This requires close cooperation with national Customs to obtain relevant records on customs warehousing, and free zones activities. It might involve additional data sources or data collection. According to the Union Customs Code Article 167 no supplementary declaration is required for customs warehousing procedure, however the simplified customs declaration might still be available. There are no harmonised rules for the recording of goods in free zones as well. Therefore the Member States have possibilities to compile trade statistics according to the general trade principles that are not equal across the EU and very much depend on the national practices and implementation of the requirements of the UCC.

Example 1

A) Customs warehousing

Non-Union goods are imported into the EU and (1) put in a customs warehouse under customs warehousing procedure (7100). For general trade, customs warehouse being part of the statistical territory, this means the recording of imports. In 2/a, the goods are subsequently released for free circulation (4071) and enter the free circulation area, thus cross the border of the EU statistical territory in the special trade concept. For general trade, this is an internal movement within the statistical territory and no transaction is recorded.

In 2/b the goods are sold and re-exported from the warehouse and never enter the free circulation area of EU. In this case general trade records the exports, and as a result of the chain of transactions shows both imports and exports, while special trade recorded no trade at all.

	CPC	Imports		Exports	
		Special	General	Special	General
1	7100	—		€ 100	
2/a	4071	€ 100	—		
2/b	3171		—		€ 120(*)

(*) Increase of price due to sale in customs warehouse.

B) Customs warehousing for exports

Union goods are (1) put under customs warehousing procedure (7600) to claim export refunds. For general trade, this is an internal movement, while for special trade goods leaving the statistical territory should be recorded as exports. The subsequent (2) exportation procedure (1076) should be recorded as general exports.

Note: This case is exceptional, as generally the customs warehousing procedure cannot be used for Union goods. The EU concept follows in this case the general trade concept and records the exportation from the customs warehousing procedure according to [Annex 2 Allocation of customs procedure to type of trade and statistical procedure](#).

	CPC	Imports		Exports	
		Special	General	Special	General
1	7600			€ 100	—
2	1076			—	€ 100

C) Customs warehousing combined with inward processing

Non-Union goods are imported into the EU and (1) put in a customs warehouse under customs warehousing procedure (7100). General trade records the import.

(2) The goods leave the customs warehouse to be processed (or processing started in the premises of the customs warehouse: this does not affect the recording for statistics) under customs procedure code 5171.

(3) After processing, goods are returned to the customs warehouse under customs procedure code 7151. According to special trade, this procedure should be recorded as exports of goods, as goods leave the statistical territory. However, according to EU concept and general trade concept, the movement is not recorded.

(4) The goods leave the EU from the customs warehouse. According to the Union Customs Code implementing provisions, customs procedure code 3151 shall be used instead of 3171. The movement is recorded by general trade and EU rules.

CPC	Imports		Exports	
	Special	General	Special	General
1	7100	—	€ 100	
2	5171	€ 100	—	
3	7151		—	—
4	3151(!)		€ 120	€ 120

D) Customs warehousing combined with inward processing (2).

Non-Union goods are imported into the EU and (1) put in a customs warehouse under customs warehousing procedure (7100). General trade records the import.

(2) The goods leave the customs warehouse to be processed (if processing is started in the premise of the customs warehouse; this does not affect the recording) under customs procedure code 5171. The movement is recorded by special trade concept.

(3) After processing, goods are released for free circulation (customs procedure code 4051). As both general and special trade has already recorded the imports, no transaction is recorded here.

CPC	Imports		Exports	
	Special	General	Special	General
1	7100	—	€ 100	
2	5171	€ 100	—	
3	4051(!)	—	—	

(*) Increase of price due to sale in free zone before re-exportation.

67. The Example 1 illustrates compilation of special and general trade based on customs procedures rather than on the movements of domestic and foreign goods between different territorial elements as described by IMTS 2010. As the EU legislation does not differentiate between special or general trade systems the example shows how the EU customs procedures may be transposed into these systems. However Member States may define different rules for compilation of their national special or general trade. They can use also the list of exclusion applicable for special trade when defining the scope of general trade.

1.3.3 LIST OF EXCLUSIONS AND INCLUSIONS

Intra-EU trade

Commission Regulation (EC) No 1982/2004, Annex I

Extra-EU trade

Commission Regulation (EU) No 113/2010, Annex I

68. The Annexes to the above regulations list the goods and types of trade that are excluded from intra-EU and extra-EU trade statistics. In most cases the list is the same but there are a few exceptions which are described below. Trade transactions which do not appear in the list are generally included in trade statistics. Moreover, some transactions which are excluded from trade statistics may be useful for the compilation of BoP, so although the list of exclusions refers to goods exempted from the scope of ITGS, data collection for other purposes is still possible (e.g. repair transactions).

69. **Monetary gold.** Monetary gold is gold owned by national governments and authorities (or by others who are subject to the effective control of the national government/authorities, such as authorised banks) and held as a reserve asset. Transactions in monetary gold occur only between monetary authorities and their counterparts in other economies or between monetary authorities and international monetary organisations. As monetary gold is treated as a financial asset rather than as goods, such transactions are excluded from intra-EU and extra-EU trade statistics. Gold bullion held as reserve assets by non-monetary institutions is included in ITGS as non-monetary gold if physically crossing the border.

70. **Monetary gold** is rarely moved physically from one country to another, therefore such records seldom appear on customs declarations. The Combined Nomenclature code 7108 20 00 is allocated for monetary gold. **NSAs are encouraged** to establish additional procedures in order to check all

records with this CN code. If the records relate to the movements of monetary gold they shall be excluded from statistical data.

71. Non-monetary gold in line with the Balance of Payments Manual 6 (BPM6) covers all gold other than monetary gold, including the gold held in allocated gold accounts and is included in intra-EU and extra-EU trade statistics. It can be in any form: coins, ingots, bars, powder etc. with a purity of at least 995 parts per thousand. Jewellery, watches and other gold goods should not be classified under non-monetary gold, but under their respective goods code.

Example 2

A bank buys gold bars for investment purposes on behalf of its client or for its own needs which are physically moved from one country to another. This transaction should be considered as non-monetary gold and included in statistics.

72. Means of payment which are legal tender and securities, coins (CN 7118 90 00) and banknotes (CN 4907 00 30) in any currency, postage stamps and other stamps (such as road tax discs, motorway toll prepayment stickers) that represent evidence of financial claims (CN 4907 00 10) are excluded from intra-EU and extra-EU trade statistics provided they are in circulation.

73. Means of payment which are not in circulation, such as un-issued bank notes, securities and coins should be included in intra-EU and extra-EU trade statistics as products of the printing or manufacturing industry. The value should be the transaction value of the printing or metal stamping costs involved in the production and any delivery costs of the goods. For used notes which are not in circulation, the value should be the cost of acquiring the notes and any delivery costs. Postage stamps and similar stamps (e.g. highway vignettes, road tax discs, motorway toll, repayment stickers and the like), provided that they are the subject of a commercial transaction, **shall** be included in intra-EU and extra-EU trade statistics in the same way as un-issued bank notes not in circulation. If coins in circulation (CN 7118 90 00) are sold above their face value as collectibles they are no longer means of payment but commodities to be included in intra-EU and extra-EU trade statistics with their transaction value, as their function as store of value prevails (e.g. a set of Euro coins of a Member State in mint or proof — CN 9705 00 00). **NSAs are encouraged** to set a special check in the processing routine to distinguish coins in circulation traded as collectibles.

Example 3

The smartboxes as pre-paid cheques for the culinary, wellbeing, sport, escape/travel, entertainment services should be considered as means of payment. If they are delivered from Italy to the clients/consumers of the services in Germany they are 'in circulation' and consequently they shall be excluded from the trade in goods statistics in Italy as well as Germany.

If the smartboxes are dispatched from Italy after their production (for instance after the printing of voucher and guide, their completing into a smartbox), they should be included in the trade in goods statistics. CN code 4911 99 00 covering travel tickets, cinema tickets as well as other admission tickets and retail rebate stamps should be used.

74. Goods for or following temporary use (e.g. hire, loan or operational leasing, temporary storage abroad and following return) provided **all the following conditions are met** are excluded from ITGS:

- no processing is or was planned or carried out, and
- the expected duration of the temporary use was or is not intended to be longer than 24 months, and
- the dispatch/arrival has not to be declared as a supply/acquisition for VAT purposes (intra-EU trade only), and
- no change of ownership took place or is intended to take place (extra-EU trade only).

75. Goods falling within the scope of this exclusion enter or leave Member States for a specific purpose with the intention of returning to the Member State or country of dispatch within a specified period without having undergone any change, except normal depreciation due to their use.

Example 4

Goods for hire and operational lease (see paragraphs 162 — 164),

Goods for display or use at exhibitions, fairs, meetings or similar events,

Professional equipment,

Containers, pallets, packing, samples and other goods moving in connection with a commercial operation, which themselves are not a subject of commercial operation,

Goods moving for sports purposes.

76. When one of the conditions for movements of goods previously exempted because of temporary use is not met (e.g. they undergo a process, or stay longer than two years, a change of ownership takes place or they are declared for VAT) the goods must be included in intra-EU and extra-EU trade statistics (for further information on processing, see subchapter [Processing trade](#)).

77. The reference period **shall** be the calendar month when the event breaking the conditions of the provision took place, i.e. the transaction should be recorded not as a correction or revision of the trade of a previous reference period, but accounted for in the actual reference period when it became reportable.

Example 5

An operational leasing contract originally concluded for 24 months but prolonged for a further 5 months should be recorded in the month the prolongation is decided.

78. The reference period for goods on hire and operational leasing with an intended duration of more than two years is the month when the goods arrive or are dispatched. This is usually at the start of the hire/leasing arrangement. Operational and financial leasing is defined as follows (for further information on leasing, see subchapter [Goods under financial and operational lease](#)):

- Operational leasing relates to leases which do not substantially transfer all the risks and rewards associated with legal ownership to the lessee. Under an operational lease, the lessee acquires the right to use goods for a certain period of time, but they are expected to be returned at the end of the period in more or less the same condition as when they were hired out, apart from normal wear and tear.
- Goods purchased under financial leasing must be included in the statistics in the usual way. Financial leasing relates to agreements whereby the risks and rewards of ownership are transferred to the lessee and at the end of the contract the lessee may become the legal owner of the goods.

79. **Goods dispatched to or arrived from territorial enclaves.** Territorial enclaves for statistical purposes include embassies and national armed forces stationed outside the territory of the mother country. Goods moving between:

- a Member State and its territorial enclaves in other Member States/non-member countries, and
- the host Member State and territorial enclaves of other Member States/non-member countries or international organisations are excluded from ITGS.

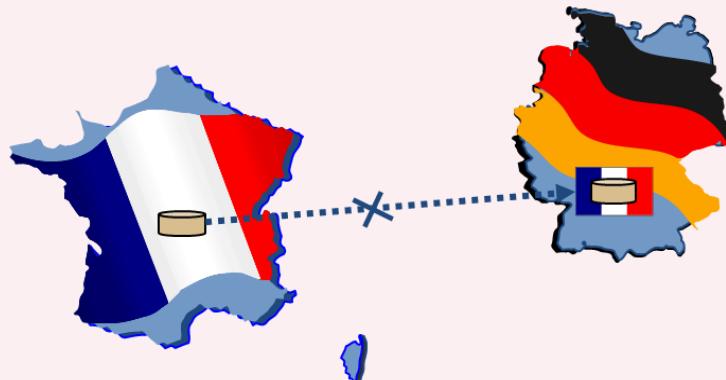
80. Territorial enclaves are parts of the economic territory of a given country which are located within the geographical boundaries of other countries. They include embassies, consulates, national armed forces, scientific stations and similar emplacements. Such enclaves are usually established by treaty or other formal agreement.

81. The movement of goods between a Member State and its territorial enclaves established in another country is considered as an internal flow and must be excluded from ITGS. Such flows are also excluded from ITGS of the host Member State, since the enclaves are not part of the host Member State's territory.

A) Intra-EU trade

Goods dispatched from France to the French embassy in DE will not be reported as a dispatch in France or an arrival in DE. Intrastat declarations will not be requested from foreign embassies. Moreover, the French embassy would not be a taxable person.

Figure 1: Goods dispatched from home country to embassy

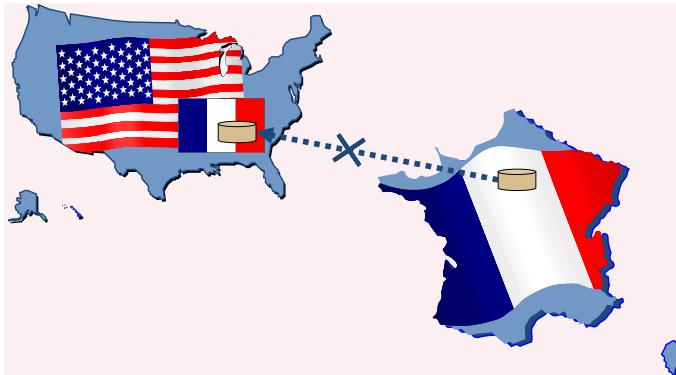


Goods dispatched from FR to DE visiting forces base located in Germany will not be reported as a dispatch in FR or an arrival in Germany. Intrastat declarations will not be requested from visiting forces bases.

B) Extra-EU trade

Goods dispatched from France to the French embassy in the United States. This movement of goods will be normally recorded by Customs on a customs declaration indicating the United States as the partner country. The transactions should be identified and excluded from statistics.

Figure 2: Goods imported from home country to embassy



82. The movement of goods between a Member State and its territorial enclaves established in non-member countries will be normally recorded by Customs on customs declarations indicating that non-member country as partner country. In practice to detect such transactions whenever reported on the customs declaration is not always an easy task for statisticians. **NSAs are encouraged** to introduce special procedures in order to detect and eliminate them from the statistical database. Statisticians could detect such records based on address and the name of importer (exporter) indicated on declarations or based on national extensions of customs procedure codes whenever available.

83. **NSAs are encouraged** to discuss the national declaring practices of the goods imported/exported by foreign embassies and other international institutions with their national Customs and find out the most appropriate methods for exclusion of these records.

84. The movement of goods between a host Member State and territorial enclaves of other Member States or non-member countries or international organisations (such as NATO, United Nations) are excluded from ITGS. According to BPM6 such transactions should be recorded under services.

Example 6

Goods obtained in France by the German embassy in Paris should not be reported as an arrival/import in France nor as an arrival in Germany.

Figure 3: Goods obtained by an embassy



85. The goods received or sent abroad by international organisations are included in imports and exports of the Member State which receives the goods from the international organisation or exports the goods to it. The partner country code QV or QW (countries and territories not specified) **shall** be used for goods received or sent abroad by international organisations. However the trade with international organisations established on the territory of a Member State is excluded.

Example 7

A) Intra-EU trade:

Goods from DE were dispatched to NATO military base in Belgium. This transaction should be recorded as dispatch from DE with undefined partner country QV. Belgium should not record an arrival from DE.

B) Extra-EU trade — exports:

Figure 4: Goods exported to an international organisation

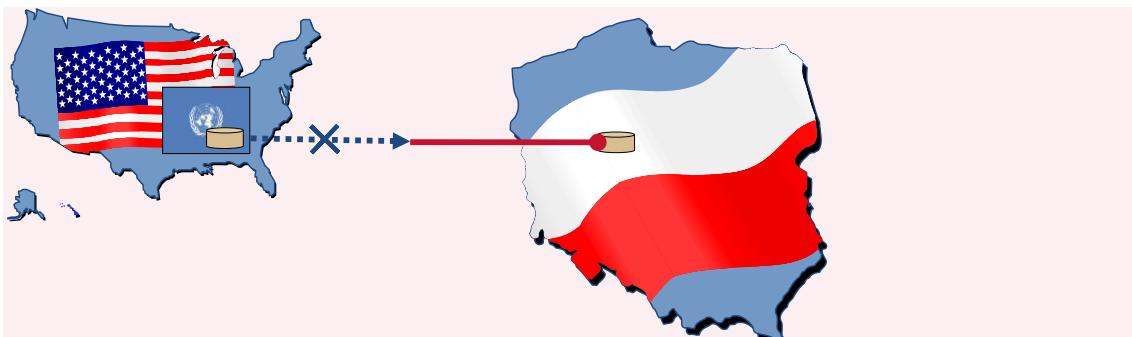


The goods are exported from DE to NATO military base in Turkey. DEITGS should record exports of goods indicating as a partner country QW. Turkey should exclude these transactions from its trade statistics.

C) Extra-EU trade — imports:

If Poland receives goods from international organisations, imports in Poland should be recorded with partner country QV or QW accordingly (QW — unspecified countries in extra-EU trade, QV — unspecified countries in intra-EU trade).

Figure 5: Goods obtained from an international organisation



86. **Software and licences.** Carriers of customised information (such as diskettes, CD-ROMs) containing software or other customised information developed to order for a particular client are excluded from ITGS, but recorded under services. Customised software refers to software that is developed to order for a particular client and made to special requirements, either as unique programs or adaptations from standard programs. Other customised information includes customised blueprints, audio and videotapes containing original recordings ('master tapes'), authors' drafts of books and inter-company data and accounts.

87. Supply of licences or rights for the use of previously supplied software should not be reported for ITGS.

Example 8

A Swedish software company provides a Belgian firm with specific software for its accounts; a French musician sends an audio tape of the original recording of his music to a German studio for mixing.

88. Other items similarly excluded from intra-EU and extra-EU trade statistics are software supplied which does not involve a physical exchange of goods (transmitted via the internet).

89. However, carriers of information containing mass produced software for general or commercial use should be included in intra-EU and extra-EU trade statistics. The term 'general or commercial use' refers to products (such as CD-ROMs) with stored computer software and/or data publicly available to any user which can be bought 'off-the-shelf' from the supplier. These items are usually produced in a standard form to carry out the same applications or functions and may be supplied with a manual and software licence. Such goods are to be recorded under the CN code of the carrier of the information.

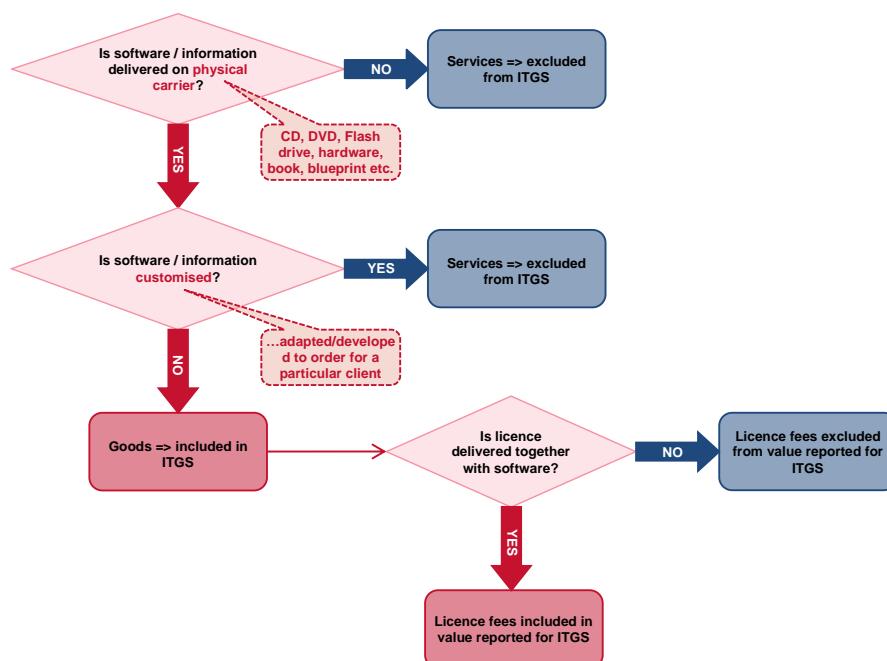
Example 9

CD-ROMs containing operating systems such as Windows, Linux and Mac.

Audio and video CD-ROMS with mass produced music or films.

90. Where goods are delivered to supplement mass produced software (such as updates contained on a CD-ROM), the supply should be included in intra-EU and extra-EU trade statistics, unless the price for the supply was already included when the software was initially purchased/sold and a separate invoice is not produced. Similarly, the initial purchase of hardware sold with the restriction to use only part of its capacity should be included in intra-EU and extra-EU trade statistics but no further declarations should be made on subsequent payments to unlock additional (hidden) capacity.

Figure 6: Decision tree on software



91. Software transmitted via the Internet. The electronic delivery by downloading of software (e.g. operation system software downloads, application software downloads) or sending via email where there is no physical exchange of goods between Member States or between Member States and non-member countries is excluded from intra-EU and extra-EU trade statistics. This exclusion applies to both mass produced and customised software developed specifically for a particular client. The same applies for e-books downloaded by a client or received via email.

92. Samples and advertising material. Goods supplied free of charge which are themselves not the subject of a commercial transaction, provided that the movement is with the sole intention of preparing or supporting an intended subsequent trade transaction by demonstrating the characteristics of goods or services such as:

- advertising material
- commercial samples

are excluded from ITGS.

Example 10

Advertising material could be all goods (such as brochures, leaflets, badges and pens), the primary benefit and use of which is for publicity.

Samples could be all goods which are used to illustrate their function or perhaps to allow potential customers to test them out prior to purchase. The sample does not have to be defaced or altered in any way to prevent it being sold on as the whole point of providing a commercial sample might be to demonstrate its functionality.

93. Repairs. Goods sent for and returned after repair and the associated replacement parts used in the repair are excluded from intra-EU and extra-EU trade statistics. Member States may record this trade for national purposes under NoT code 6, but must not include it in ITGS transmitted to Eurostat.

94. A repair entails the restoration of goods to their original function or condition. The objective of the operation is simply to maintain the goods in working order; this may involve some rebuilding, replacement or enhancements but does not change the nature of the goods in any way. The repair should not be used to improve the technical performance of the goods⁽¹⁾.

Example 11

Repairs (maintenance):

- simple replacement of part of an item,
- charging of batteries,
- repair of damage to goods incurred during transport,
- re-painting, when the painting is old or defective.

Services (similarly excluded from intra-EU and extra-EU trade statistics):

- technical maintenance activities for aircraft, which are carried out due to legal requirements (e.g. controls, mandatory periodic replacements),
- testing, adjusting, regulating or certification of goods (e.g. aircraft, machines, apparatus, vehicles),
- ironing, washing, cleaning, drying operations,
- packaging and labelling operations,
- sharpening, simple grinding or cutting,
- assembly/reconstruction of goods after transport,
- simple sorting, sifting, weighing, dividing and filtering of goods.

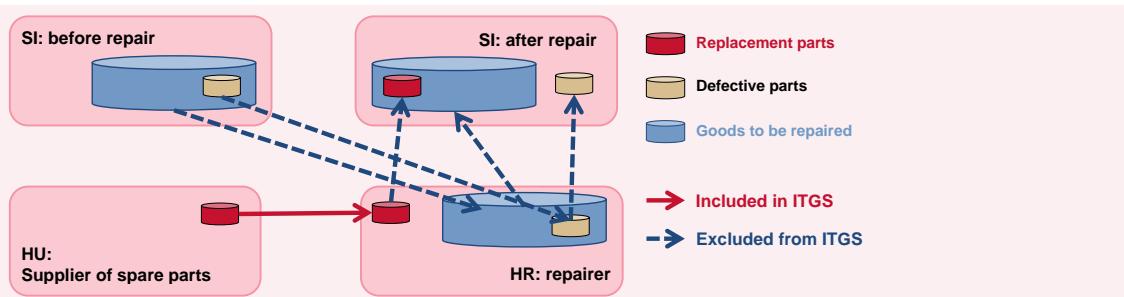
95. Associated replacement parts are goods which are integrated in a repaired commodity as part of the repair (e.g. new brakes in a car) in the Member State where the repair is carried out. These parts/goods are excluded from reporting. This is also the case if an invoice is issued separately for the part(s). However, goods which move in order to be used as spare or replacement parts should be reported.

⁽¹⁾ Commission Regulation (EEC) No 2454/93, Article 587.

A Slovenian company sends a broken PC to a Croatian company for repair. The Croatian company replaces the hard disk and sends the repaired PC back, together with the defective hard disk. Neither the arrival of the PC from Slovenia nor the dispatch of the PC to Slovenia is included in Croatian ITGS. Moreover, neither the dispatch of the new hard disk to Slovenia [associated replacement parts] nor the dispatch of the defective hard disk [replaced defective parts] to Slovenia is included in ITGS.

The repairer buys spare hard disks in Hungary, so the arrival from Hungary will be included in Croatian ITGS. If he/she realises that some of them are defective and he/she sends them back to Hungary, this dispatch will be included in Croatian ITGS as well.

Figure 7: Treatment of repairs



96. It should be noted that goods subjected to processing activities must be included in intra-EU and extra-EU trade statistics and recorded with the Nature of Transaction code 4 (with a view to processing) or 5 (following processing). Processing is defined as covering operations (transformation, construction, assembly, enhancement, renovation, modification, conversion) with the objective of producing a new or really improved item. This does not necessarily involve a change in the product classification. Particular attention should be paid to the differentiation of repair and processing activities for vessels and aircraft. Further information about processing can be found under sub-chapter [Processing trade](#).

97. Active means of transport travelling in the course of their work, including spacecraft launchers at the time of launching. Means of transport (seagoing ships, barges, aircraft, road vehicles, rail etc.) travelling between Member States or between Member States and non-member countries during the course of their activities are excluded from intra-EU and extra-EU trade statistics. 'Course of activities' refers to means of transport engaged in the transport of goods and/or persons from one destination to another, including any stop offs in between. Spacecraft launchers (such as the Ariane Rocket) are treated as a means of transport at the time they are launched into space and therefore also excluded. More detailed information regarding launcher is available in paragraph 699.

Example 12

A container ship transports its load from France to the UK, the goods are included in trade statistics but the vessel itself is not the subject of any transaction or change of ownership therefore is not accounted for in the trade statistics.

98. Inactive means of transport (e.g. containers, pallets, skids, crates etc.) used to facilitate transportation of commodities are excluded from intra-EU and extra-EU trade statistics when they are themselves not the subject of the trade transaction. Even if the buyer has to provide a deposit in order to assure that the inactive mean of transport will return to the seller, it is out of scope of ITGS.

99. **Goods declared orally to customs authorities (extra-EU trade only).** Goods moving between Member States and non-member countries that are declared orally to Customs are excluded from extra-EU trade provided that they are either of a commercial nature where their value does not exceed the statistical threshold of EUR 1 000 or 1 000 kilograms or of a non-commercial nature (see chapter 6 [Thresholds — extra-EU trade](#)).

Example 13

Goods brought into France by a traveller returning from a holiday in Canada are not recorded in extra-EU trade statistics if they were declared orally to Customs (goods of non-commercial nature).

A consignment of goods valued at EUR 450 and weighing 800 kg imported by a Belgian business from Norway, which is orally declared by the importer, is not recorded in extra-EU trade statistics.

100. Goods released for free circulation after being subject to the customs procedures of inward processing (extra-EU trade only). Goods imported into a Member State under the customs procedure of inward processing, which are subsequently transferred to free circulation in the same

Member State, are excluded from extra-EU trade statistics. This is because, under the Special trade system relaxed definition, such goods would have already been included in extra-EU trade statistics when they were initially imported and so the exclusion is necessary in order to avoid double counting.

101. Goods imported into a Member State under the customs procedure of inward processing, which are subsequently released for free circulation in another Member State, should be recorded in the original (importing) Member State in extra-EU trade statistics as imports for processing, and then in intra-EU trade statistics as a dispatch to the subsequent Member State.

1.3.4 SPECIAL CASES FOR RECORDING TRADE TRANSACTIONS

Processing trade

Intra-EU trade

Commission Regulation (EC) No 1982/2004, footnote 2 in Annex III

Extra-EU trade

Commission Regulation (EU) No 113/2010, footnote 2 in Annex II

102. If goods move across countries' borders in connection with processing transactions, they are in the scope of ITGS (both intra-EU and extra-EU trade statistics). This holds for both the raw materials and the semi-finished products sent out to be processed and the processed goods returning after processing if they are part of processing even if there is no change of ownership.

103. Processing covers activities (manufacture, construction, assembling, improvement, renovation, etc.⁽¹⁾) with the aim to obtain a new or really improved commodity. A processing activity is not inherently connected with a reclassification of the goods within the Combined Nomenclature. However, if the commodity code changes, the operation **should** be recorded as processing.

Example 14

- Industrial assembly of products (the components are used for the production of a new product),
- Mixing goods of different qualities to produce goods of a new quality,
- Bottling of liquid (e.g. wine from barrels),
- Canning of goods (e.g. tinned food),
- Making up of textiles into products (e.g. clothing, handbags, curtains),
- Dilution or concentration of liquids (e.g. orange juice).

104. If the treatment of a commodity relates only to its restoration to the original functioning including certain ameliorations, it is not a processing transaction to be declared but a repair/maintenance to be exempted from ITGS.

105. It is characteristic for processing that a company in another country processes material owned by an ordering customer. The material provided to the processor is not subject to a change of ownership. During processing, the processor may add other materials he owns or buys. After processing the goods are returned to the ordering customer (the owner of the goods) or sent to another customer on behalf of the ordering customer.

106. Nature of Transaction (NoT) distinguishes between the processing operations with and without transfer of ownership to the processor. Processing activities on a processor's own account (the processor becomes the owner of the goods used in the processing as well as afterwards the finished products) **shall** be registered under NoT code 1. If no change of ownership between the owner of the goods and the processor occurs, NoT code 4 and 5 **shall** be used.

⁽¹⁾ The UCC 952/2013, Article 5 (37).

107. If the materials to be processed come partly with and partly without change of ownership the following principle to distinguish 'processing under contract' and 'processing activities on a processor's own account' for the purpose of ITGS shall be applied:

- When the value of material provided by the ordering party without transfer of ownership is **significant**, then the transaction should be treated as processing under contract;
- When the value of material provided by the ordering party without transfer of ownership is **negligible**, then the transaction should be treated as processing activities on a processor's own account.

As the goods to be processed are usually delivered free of charge, the minor importance of such goods for the functioning of the finished product may be indicated that their value is negligible.

108. Also NACE rev. 2 deals with the similar issue when defining treatment of outputs of outsourced activities. According to Eurostat NACE rev. 2 guidelines, p. 20: 'Classification of Products by Activity distinguishes between goods produced for own account and the services performed on goods on a fee or contract basis. Specific categories and subcategories, having the heading 'sub-contracted operations as part of manufacturing of...' include partial or whole operations within the process of production of the products mentioned, carried out by a contractor on materials owned by the principal. These contractors are paid for work done and can include the provision of a **small quantity of additional materials** needed for this work.'⁽¹⁾

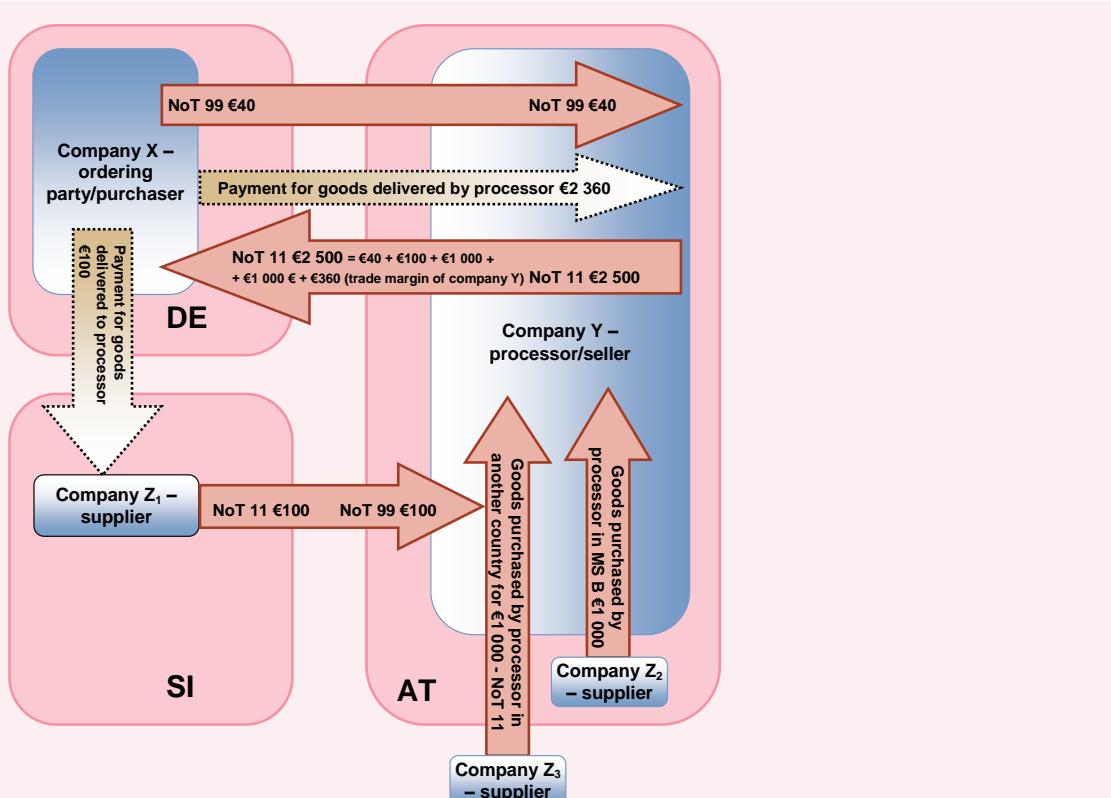
109. However NACE rev. 2 guidelines do not specify the threshold defining when the proportion of goods sent for processing to the final product is so significant that a company is considered as the principal ordering processing services and that the processor acts under contract. The classification of the processor's output as goods or services (sub-contracted operations as part of manufacturing of ...) may be a hint for the usage of NoT codes 1 or 4/5.

Example 15

- A)** A sports car is moved temporarily from Italy to Germany for tuning activities (e.g. improved performance, modifications of the car body). In addition to the labour costs, some attached car parts procured by the domestic contractor are invoiced. As after the work is finished there is a **really improved** sports car the transaction is declared as processing in Italy as well as in Germany.
- B)** Among other things, the engine and gearbox unit are provided free of charge by the German ordering party for the production of a car in the Czechia. The foreign producer invoices the complete car when it is imported into Germany without the value of the engine and gearbox unit. The transaction is declared as processing both for dispatch and for re-arrival. However the value of the complete car including the engine and gearbox unit is reported for statistical purposes.
- C)** An old car is transported temporarily from Germany to Poland to restore the paint (washing, polishing and conserving). The transaction is not a 'processing' activity in the context of ITGS as the finished activities are only simply measures to keep the car in original condition. The cross-border movement of the car is exempted from a statistical declaration as repair/maintenance.
- D)** A German company sends a vehicle chassis of a truck to FR to manufacture a fire-fighting vehicle. The finished fire-fighting vehicle comes back to the German company which pays for the added superstructure (material) and the assembly (processing fee). Even if the value of the added superstructure is higher than the value of the truck (chassis) provided, the transaction is declared as processing.
- E)** A German ordering party — company X — provides the company emblem of value EUR 40 free of charge to the Austrian producers — company Y — to be used in manufacturing of the off-road vehicle. There are additional parts of value EUR 100 purchased by German company X from a Slovenian company Z₁ and delivered directly from Slovenia to the Austrian producer, to be used in the production as well. Company Y purchases additional goods of value EUR 1 000 on the domestic market and of value EUR 1 000 in another country, to be used in manufacturing of the off-road vehicle. Company Y delivers the finished vehicle to company X decreasing the price by the value of goods delivered by German company X free of charge. The Austrian company Y does not become owner of the goods provided by the German company X. Even though the cross-border movements of emblem, parts and the finished vehicle are declared within Intrastat, they are not reported as processing under contract.

⁽¹⁾NACE REV.2 INTRODUCTORY GUIDELINES EN.pdf .

Figure 8: Goods with negligible value sent for processing



110. In case of processing transactions, the value of the goods shall be the total amount which would have been invoiced in case of sale or purchase, i.e. current sales value has to be established both for the primary material delivered free of charge and for the finished product respectively. If certain values are unknown, accurate estimates, for instance with the help of current market prices of the same or similar commodities, have to be made.

111. **Inward/outward processing.** In trade with non-member countries the processing activities may be identified through the following customs procedure: the inward processing and the outward processing. However it is not possible to establish from customs procedures whether a change of ownership of the goods to the processor took place. Processing transactions can also be recorded as 'normal' exports/imports. Therefore it is very important that the correct application of NoT coding is promoted among Customs and declarants (not the automatic completion of NoT code 4 and 5 in the case of inward/outward processing) in order to enable the proper adjustments of extra-EU trade for BoP purposes.

112. **Transitional period for special procedures**⁽¹⁾ (former Customs procedures with economic impact). Any current authorization for inward processing ('suspension system' and 'drawback system') or processing under customs control issued before 1 May 2016 but valid after that date will be considered as an authorisation for inward processing until the end of the validity period or until the 1 May 2019 at the latest.

⁽¹⁾ Guidance for Member States and trade on special procedures.

113. Doc MET 400 mentions the following procedures in the case of processing arrangements approved by Customs:

- Inward processing — codes 5100, 5121, 5171 (import) and 3151 (re-export);
- Outward processing — codes 2100 (export) and 6121, 6321 (re-import).

114. However a more detailed list of the customs procedures relating to inward/outward processing can be found in [Annex 2: Allocation of customs procedure to type of trade and statistical procedure](#).

Sales to and purchases from private individuals

Intra-EU trade

115. Purchases/acquisitions of goods by companies registered for VAT in one Member State from private persons residing in another Member State or sales/supplies of goods by the companies to private persons from another Member State have to be declared for Intrastat even though the private person is not a provider of statistical information. There is no specific exemption from this rule.

Extra-EU trade

Commission Regulation (EU) No 113/2010, Annex I, point (j)

116. ‘**Goods of a non-commercial nature**’ means:

- goods contained in consignments sent by one private individual to another, where such consignments:
 - are of an occasional nature;
 - contain goods exclusively for the personal use of the consignee or his family, which do not by their nature or quantity reflect any commercial interest; and
 - are sent to the consignee by the consignor free of payment of any kind;
- goods contained in travellers’ personal baggage, where they:
 - are of an occasional nature; and
 - consist exclusively of goods for the personal use of the travellers or their families, or of goods intended as presents; the nature and quantity of such goods must not be such as might indicate that they are being imported or exported for commercial reasons⁽¹⁾.

117. In the case of an oral customs declaration, these goods are excluded from ITGS. There is no threshold for goods of a non-commercial nature. The customs authorities are free to ask for an oral or a written declaration for such goods. If the customs authorities request a written or electronic customs declaration, the declaration will also be used for statistical purposes.

Distance sale

118. **Distance sale**. Distance selling means that a supplier sells goods to private consumer (not VAT registered) in another Member State. ⁽²⁾ The supplier takes care of the transport of the goods to the customers. The goods are transported from one Member State to another one by or on behalf of the supplier. A typical example is mail order companies, phone, tele-sales or physical goods ordered over the internet. The distance sales arrangements are not applicable to second-hand goods and works of art, for which special VAT rules apply.

119. However, the distance sale should be distinguished from the arrangements which look like distance sale but are not. The fiscal distance sale implies that goods are directly transported from the Member State other than Member State of consumption, i.e. the Member State where the private

⁽¹⁾ Commission Delegated Regulation (EU) 2015/2446, Article 1(21).

⁽²⁾ Article 33(1)(a) of Council Directive No 2006/112/EC: The supply of goods is carried out for a taxable person, or a non-taxable legal person, whose intra-Community acquisitions of goods are not subject to VAT pursuant to Article 3(1) or for any other non-taxable person.

individual takes delivery of the goods.

120. A supply to a private individual occurring after trader have stored goods in a distribution centre placed in the Member State of consumption must not be considered as distance sale. In this case two distinct operations have to be identified: first a movement of goods following the standard rules of intra-EU supply and acquisition of goods (transfer of goods), secondly an internal sale in the Member State of consumption. If the business model involves not only the trader and the private individual/customer but also another intermediary company (for example a subsidiary company established in the Member State of consumption), there is no distance sale.

121. Each Member State has established thresholds in its national currency, which defines whether a trader needs to be registered for VAT in the Member State of destination of goods. If the trader **does not exceed the threshold** in the Member States of destination, he is not obliged to register as VAT payer in that Member State. In this case, the place of supply remains in the Member State of origin (where the transport operation begins). In practice, it means that the trader will charge the foreign customer his national VAT rate and will transmit this amount to the national tax administration. The only exception to this rule is the supplied goods subject to excise duty: although the distance sales value does not reach the threshold, the place of supply shall always be the Member State of destination of goods.

122. When the annual value of goods supplied to the customers in another Member State **exceeds the distance sales threshold**, the trader is obliged to register for VAT in that Member State. In this case, the place of supply is shifted to the Member State of destination (where transport ends). The trader (supplier of goods) will charge his customers local VAT rate and will transfer this amount to the tax administration of the Member State of destination. Depending on the business model, the trader may register as an established trader or he may register as non-established trader and appoint tax representative.

123. The trader may register voluntarily in the Member State of destination, although his annual trade value does not exceed the threshold. In some Member States, the distance seller, who wishes to register in the Member State of destination as VAT payer, however did not yet exceed the threshold defined in that Member State, needs to obtain an authorisation for shifting the place of supply to the Member State of destination from his national tax administration, i.e. for being able to charge the local VAT in the Member State of destination. And vice versa, when registering for VAT in the Member State of destination, the local tax administration might ask from the trader the above mentioned authorisation issued by the tax administration of the Member State of origin. This information might be useful for the NSA of small Member States, where the Intrastat exemption threshold is lower than the distance sale threshold, for better monitoring of Intrastat trade flows.

124. However Council Directive (EU) 2017/2455 which will take effect as of 1 July 2021 introduces ecommerce VAT package, which significantly simplifies VAT reporting obligations for distance sellers. Some of these simplifications have a direct impact on Intrastat data collection, in particular:

- abolition of distance sales national thresholds,
- abolition of the VAT registration requirement in the Member States of destination,
- launching one stop shop (OSS) for recording distance sales transactions.

125. In practice it means that from 1 July 2021 distance sellers have to charge the VAT from their first sale and remit it to the foreign tax authorities⁽¹⁾. The sellers can report all their sales on a single VAT return in their home country instead of having multiple VAT registrations across the EU. After 1 July 2021 ecommerce sellers are able to close their foreign VAT registrations and use OSS for VAT obligations. However, the use of OSS is not obligatory and the decision on whether or not to use

⁽¹⁾ With the exception of micro business with annual turnover of supplies of cross-border TBE services and intra-Community distance sales of goods up to EUR 10 000 which will be able to apply the same VAT treatment as domestic supplies .

OSS, or to remain registered in the destination Member States depends on the seller. This means that both systems function in parallel: some traders may decide to keep VAT registration in the Member States of destination, whereas the other ones may report on OSS system.

Reporting of distance sale transactions in Intrastat

126. **Who has to report for Intrastat distance sales transactions?** The changes in VAT directive do not change traders obligations to furnish Intrastat declarations. The supplier of goods should report dispatches whenever the Intrastat exemption threshold is exceeded. There are no specific rules in Intrastat for the reporting of distance sales transactions with regard to the content, valuation or timing. Standard rules apply.

127. In the majority of Member States, Intrastat thresholds are higher than the [distance sales thresholds^{\(1\)}](#), therefore only part of this trade will be reported as arrivals under the Intrastat system. According to Article 34 of Directive 2006/112/EC the maximum distance sale threshold is defined as EUR 100 000, however, in practice, the majority of Member States are applying much lower thresholds, which are close to EUR 35 000. This amount is significantly lower than Intrastat thresholds in nearly all Member States. However **NSAs are encouraged** to consult their tax administration about the VAT registration threshold applied to distance sales.

Distance seller above the distance sales threshold and Intrastat exemption threshold

128. As a general rule, acquisitions of goods by traders (taxable persons) from private individuals residing in another Member State or dispatches of goods to private individuals of another Member State have to be declared for Intrastat only by traders above the Intrastat exemption threshold. The private individuals, as long as they are not regarded as taxable persons, are not required to provide Intrastat declarations. Therefore the supply of goods by taxable persons to private individuals within distance sales arrangements should be reported in Intrastat following standard rules.

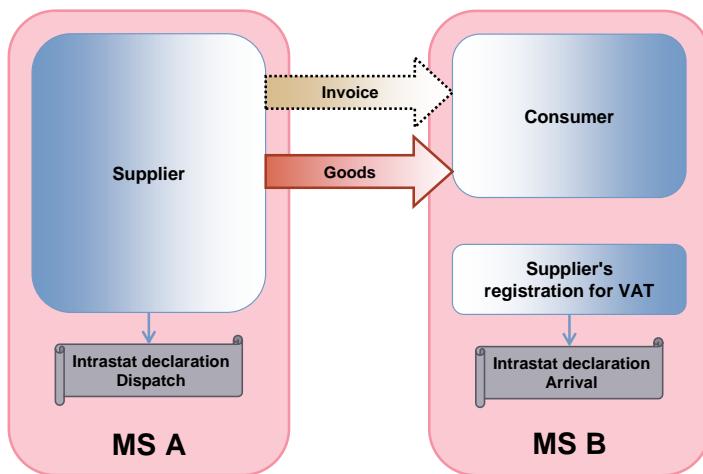
129. **In the dispatching Member State**, the trader should provide an Intrastat declaration (reporting dispatches), submit regular VAT returns and (possibly) VIES declarations. The national rules define in which box of VAT return this amount is declared. As distance sales from a VAT point of view are not considered as intra-EU supplies, this amount may not be recorded in intra-EU trade relevant boxes. Therefore the possibilities of using the VAT data by NSAs for completeness checks of Intrastat data are not the same across the Member States.

130. With the introduction of OSS for recording of distance sales, the NSA can profit from this new data source and complement the coverage of distance sales. This information can be used to monitoring Intrastat obligations of distance sales traders and for estimation of the distance sales for traders below Intrastat exemption threshold. Information available in OSS could thus improve the coverage of distance sales in intra –EU trade.

131. **In the acquiring Member State**, the private individual who receives the goods is not liable for Intrastat. In this context the PSI can be:

- the non-established trader, that is registered for VAT purposes in the Member State of consumption; or
- the legal person that takes delivery of the goods, when there is a breaking load in a distribution centre before the private individual receives the goods.

⁽¹⁾ Distance sales thresholds are valid until 1 July 2021.

Figure 9: Distance sale

132. If the national rules do not require to report this transaction in the box of VAT return related to intra-EU acquisitions, then it might be difficult to ensure completeness of trade recorded in Intrastat upon arrivals. Moreover, all the common problems related to the collection of Intrastat declarations from non-established traders will have to be considered.

133. The use of OSS mirror data received by the national tax administration from other Member States could be used as well to estimate the total value of distance sales in import.

134. Distance sales business often involves several Member States when the distance seller establishes distribution centres in other Member States. Although the sales contract, which gives rise to the dispatch of goods, is concluded between a private individual (or another non-taxable person) and the distance seller in the Member State where the mother company is established, the goods may be dispatched to the client by the nearest distribution centre, which may be situated in the third dispatching Member State.

135. The mother company establishing distribution centres in other Member States has to register its business in that Member State, to comply with the local VAT rules and provide Intrastat declaration when exceeding Intrastat exemption threshold. All movements of goods for business purposes between taxable persons (e.g. between mother company and distribution centres or supply of goods from other Member States to the distribution centres) will follow standard rules of intra-EU supply/acquisition of goods. Only the final delivery of goods from the distribution centre to non-taxable person in another Member State will be a subject to the rules applicable to distance sales.

136. If a consumer returns the goods bought under distance sale to the supplier or its distribution centre because the goods do not correspond to his/her wishes, Member States may require from the supplier registered for VAT in the Member State of consumption to declare also these returned goods as dispatch in that Member State. If the distribution centre is located in the Member State of consumption than the return of goods is not reported for intra-EU trade.

Distance seller below the distance sales threshold but above Intrastat exemption threshold

137. The cases where the distance seller is below distance sales threshold, but above Intrastat exemption threshold are more theoretical than acquire in practice: only one Member State has got Intrastat exemption threshold below EUR 35 000. However with the introduction of the ecommerce VAT package, the distance sales thresholds are no longer applied; therefore only Intrastat exemption thresholds define whether the distance seller has an obligation to report data in Intrastat.

138. **In the dispatching Member State** the trader should report dispatches when exceeding the Intrastat exemption threshold. However this trade is not reported as intra-EU supply on VAT returns and the VIES declaration is not lodged, as the place of supply remains in the Member State of dispatch. Consequently it is not possible to use VAT data for monitoring this type of trade flows in Intrastat. The use of OSS data could partially improve the coverage of distance sales. OSS data can identify distance sellers from which Intrastat data can be requested or to provide trade values, which can be used for data estimation purposes. If the distance seller does not use OSS, then the availability of this information depends on the national VAT returns requirements.

139. **In the acquiring Member State** the private individual receives the goods, however he is not liable to report to Intrastat. The VAT obligations of trader would remain in the Member State of dispatch, therefore the taxable person liable to provide Intrastat declaration cannot be identified in the acquiring Member State. There is no legal obligation for distance seller (from dispatching Member State) to provide Intrastat declaration in acquiring Member State either. Therefore the arrival flow will not be recorded in Intrastat. However the use of OSS mirror data from other Member States could complement data needed for estimation of distance sale imports.

Data analysis

140. **Consequences for data analysis.** The distance sales may distort the detailed mirror data comparisons of two Member States. The discrepancy in the mirror data will appear when the distance sales are reported to Intrastat in the dispatching Member State, but not recorded in the arrival Member State, because distance seller is below VAT distance sale and Intrastat exemption thresholds. However the amount of not reported trade would be statistically insignificant.

141. **Comparisons with VAT data.** Distance sales may distort Intrastat trade data comparisons with the VAT data related to intra-EU acquisitions and supplies. From VAT point of view the distance sales are not considered as intra-EU supplies and acquisitions, therefore the taxable amount of distance sales may not be recorded in the VAT return boxes relevant for Intrastat. The national rules define reporting obligations and practices. The Member States can decide in which boxes of the VAT return this information has to be entered.

142. In some Member States the value of distance sales (when the trader is above distance sales threshold and the place of supply is acquiring Member State) is nevertheless recorded in the boxes of the VAT returns related to intra-EU acquisitions and supplies. VIES declaration is as well provided, which makes statistical comparisons of data easier. **NSAs are encouraged** to analyse with their tax administrations how distance sales are recorded on the national VAT return and to find solutions to ensure full coverage of this type of trade.

143. **Reporting obligations of returned goods in case of distance sales.** The returned goods should be reported in Intrastat following standard rules. However in case of distance sales, the dispatch of returned goods will not be reported because the dispatcher is not a taxable person. Only arrivals by taxable persons should be reported in Intrastat.

Waste products

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

144. Although **waste materials** (including recoverable material) belong to the category of specific goods or movements the normal rules apply for them. They are in the scope of the ITGS to be

recorded as border-crossing goods transactions since the waste is not mentioned on the list of exclusions.

145. Cross-border trade of waste can be differentiated into selling/buying transactions of valuable waste containing recoverable (valuable) materials, the processing of valuable waste, and the disposal of waste:

- **Buying/selling of valuable waste:** This is a trade transaction between two entities which is considered as a purchase/selling transaction for tax purposes. In ITGS this has to be declared as a normal purchase (NoT 11). Example: Purchase/sale of iron scrap (CN 7204 10 00).
- **Processing of valuable waste.** In this case the owner of the valuable waste commissions a processor to extract valuable materials from waste and to subsequently return these recovered materials. In ITGS this has to be reported as processing (NoT 41/51). Example: processing of defective catalysts (CN 8421 39 60).
- **Disposal of waste.** A company exports waste for disposal against payment, i.e. the company pays for the disposal services of the exported waste. In this case, it makes no difference whether the waste contains valuable materials that can potentially be recovered. In ITGS this should be reported with NoT 99, the actual weight and 1 unit of value. Example: Disposal of liquid chemical waste (CN 3825 69 00).

146. Waste and scrap should be recorded and classified under the appropriate commodity heading, whenever a special CN code for waste goods is allocated (e.g. CN 7602 00 — Aluminium waste and scrap, CN 5103 00 00 — Waste of animal hair, CN 3825 10 — Municipal waste, etc.). However if there are no specific CN codes allocated to certain waste products, general rules for the interpretation of the CN shall be used.

147. If the waste has no market value and its shipment is seen only as a service, and the exporter pays for waste disposal (the value of waste might be negative), then for practical reasons the negative value **shall** be adjusted close to zero or to 1 unit of value.

148. The collection of information in Intrastat from traders about the waste which has no market value, and its movement is related to the service might be difficult, as they might not be required to provide VAT returns, which would prevent them from being identified. Moreover, they would be excluded from reporting to Intrastat as their trade would be below the exemption threshold. If a company is an Intrastat reporter because of trade with other goods then it shall also report trade in waste even with 0 value.

149. In extra-EU trade statistics, the waste with positive or negative value will have to be declared to Customs. If the waste has a negative value, statistical value **shall** be adjusted close to zero or to 1 unit of value.

Migrant effects, humanitarian aid and other similar items relieved from customs duties and taxes

Extra-EU trade

Commission Regulation (EU) No 113/2010, Annex I, point (j)

150. The commodities such as bridal outfits, trousseaux and household effects involved in moving house or personal property acquired by inheritance⁽¹⁾, goods for the benefit of disaster victims⁽²⁾ and similar customs-free commodities have to be recorded by statistics in principle. However due to the application of the exemption thresholds in Intrastat or the possibility of declaring such goods orally to Customs, in practice such goods will not be covered by statistics.

⁽¹⁾ Council Regulation (EC) No 1186/2009, Articles 3, 12 and 17.

⁽²⁾ Council Regulation (EC) No 1186/2009, Article 74.

Intra-EU trade

151. In Intrastat these goods should be reported only in cases where a private individual being considered a taxable person exceeds the exemption thresholds.

Extra-EU trade

152. According to point j) of the list of exclusions, commodities that may be orally declared to Customs and that are of non-commercial nature are generally exempted from a customs written or electronic declaration. In this respect this is applicable for migrants' effects, humanitarian aid and similar goods.

153. However if the national Customs requires these types of goods to be declared on paper or electronically, such goods should not be excluded from statistics.

154. If these goods have to be declared to Customs, the specific commodity codes would be used:

- 9905 00 00 for migrants' effects;
- 9919 00 00 for other commodities.

Newspapers and periodicals under subscription

155. Border-crossing movements of newspapers and periodicals are in principle in the scope of ITGS. Only if the general exemptions may be applied (extra-EU trade: below EUR 1 000/1 000 kg per consignment; intra-EU trade: company is below the current national statistical exemption threshold), newspapers and periodicals are not reported.

156. The newspapers and periodicals sent under direct subscription are excluded from the general merchandise statistics not only according to BPM6, but also according to IMTS 2010. Although European ITGS regulations do not address these types of goods, trade in periodicals under direct subscription **should** be considered as trade in services.

Goods under financial and operational lease

Intra-EU trade

Commission Regulation (EC) No 1982/2004, footnote 1 in Annex III

Extra-EU trade

Commission Regulation (EU) No 113/2010, footnote 1 in Annex II

Financial leasing

157. **Financial leasing** includes commercial transactions where the lessor receives lease payments to cover its ownership costs. The lessee is responsible for maintenance, insurance, and taxes. Some financial leases are conditional sales or hire purchase agreements. The leasing rates are calculated so that they cover the whole or nearly the complete value of the commodity. The benefits and risks of the ownership are passed over to the lessee; at the end of the contract, the lessee becomes also the legal owner of the commodities. All cross border movement of goods related to financial leasing should be recorded in ITGS. However other provisions might be applicable for some specific movements.

158. During the lease period the lessee is not the legal owner of the good, although he can be considered as the economic owner as the lessor has no interest in the goods being returned. After the leasing period the lessee has usually a contractual buying option at the residual market value. For this reason, financial leasing is considered as an atypical lease contract (instalments against cession of right to use) with transfer of the risks of material damage and price variation to the lessee in combination with a subsequent buying option on the reduced residual value.

159. Characteristic for such contracts is the fixed minimum leasing period during which a termination of the contract by the lessee is impossible.

160. The following characteristics could lead to a leasing which is classified as financial leasing and differentiated from operational leasing:

- a fixed minimum leasing period covers a substantial part of the economic life of the goods (without right to terminate the contract by the lessee);
- the investment risk is born by the lessee;
- various options after the end of the minimum leasing period (purchase, return, etc., especially if the transfer takes place under special conditions);
- costs for measures to preserve value (maintenance, insurance) are born by the lessee;
- the leased good is specifically built for the lessee and cannot be used by third parties;
- the lessee capitalises the leasing object (straight-line depreciation over the machine life).

161. For vessels and aircraft, the differentiation between financial and operational leasing cannot be made solely on the basis of the title of the leasing contract. As various forms of leasing contracts exist, supplementary criteria for vessels and aircraft have to be analysed and assessed before deciding if the vessel has to be recorded in ITGS or not. The decision on a record should be made on the basis of certain criteria to determine if the leasing is linked with a change of economic ownership of the vessel/aircraft or not. For more information on the treatment of vessels and aircraft, please refer to chapter [3.3 Vessels and aircraft](#).

Operational leasing

162. **Operational leasing** is a kind of leasing that resembles hire but in many cases it includes further services which are not typical of hire. Essential characteristics are:

- there is in principle not a fixed minimum term of lease and hence a right of cancellation at any time within the cancellation period; or
- it may be that there is a fixed lease term within which a termination of the agreement is not allowed but it is very short;
- the lessee records the leasing rates as expenses;
- supplementary services such as maintenance and repair are at the expense of the lessor;
- the attribution on the balance sheet and capitalisation is effected by the lessor. He depreciates the leasing objects on a straight-line basis over the usual economic life of the goods (amortisation).

163. Operational leasing transactions with duration of less than 24 months should be excluded from ITGS statistics and recorded under services for all goods which do not fall under the provisions of specific movements. For some specific movements other provisions might be applicable.

164. In connection with the recording of vessels and aircraft, it is necessary to get further information to assess if there is a change of economic ownership or not.

Receptacles

Intra-EU trade

Commission Regulation (EC) No 1982/2004, Annex I, point (c)

Extra-EU trade

Commission Regulation (EU) No 113/2010, Annex I, point (c)

165. Empty receptacles (e.g. empty bottles, fire extinguishers etc.) which are temporarily imported or exported with the aim of filling them with goods should, as a general rule, as commodities for temporary use be exempted from reporting.

Call-off and Consignment stock transactions

166. A common business practice for companies who provide regular supplies to customers is to keep inventory in a warehouse that either belongs to the customer, or is located in close proximity of the customer. This reduces transport costs and times and gives the customer easy access to stock when required. From the point of view of VAT, there are two options how the goods can be stored in another Member State.

167. A distinction is drawn between the terms **consignment stock** transactions and **call-off stock** transactions. Consignment stocks are created when a business transfers its own goods to another Member State to create a stock over which it has control and from which it makes supplies. Typically, there are multiple potential customers for consignment stock. Whereas call-off stock is a transfer of goods by a business from one Member State to another to create a stock of goods for particular customer, which 'call-off' the goods when he requires them. As regards intra-EU trade, goods supplied from one Member State to another under the consignment stock or the call-off stock arrangements must be declared as a dispatch and arrival with an open market value of the goods. (see chapter [2.6 Value](#)).

168. **Consignment stock.** When a trader transfers his own stocks to another Member State to create a stock he controls, it is treated as an intra-EU supply of goods. Since this transfer of goods is effectively an intra-EU acquisition of the trader's own goods in another Member State, the trader must account for the acquisition VAT for the movement of the goods under the target country's rules — typically a VAT registration of the trader in the target country is required. Subsequently, the trader will need to file periodic VAT returns to report both the arrival of the goods in the Member State and the onward sale to customers. The reference period is the calendar month during which the dispatches and arrivals of the goods take place (see chapter [2.2 Reference period](#)). As regards the nature of transaction, generally code '1' will be used (see chapter [2.11 Nature of Transaction](#))

169. **Impact on ITGS of the new call-off stock arrangements.** Before the Council Directive (EU) 2018/1910 entered into force, when a trader moved goods to another Member State, it gave rise to a deemed supply (in the Member State of departure of the goods) and a deemed intra-Community acquisition (in the Member State of arrival of the goods), followed by a 'domestic' supply in the Member State of arrival. Moreover, it was required that the supplier is identified for VAT purposes in that Member State. With the implementation of the Directive, such transactions, where they take place between two taxable persons should be considered to give rise to one exempt supply in the Member State of departure and one intra-Community acquisition in the Member State of arrival.

170. For VAT-purposes, the chargeable event is dissociated from the intra-EU goods movement. With effect 1 January 2020 the time of supply is the date the goods are called-off by the customer in the Member State of acquisition. This fact needs to be kept in mind for ITGS, because of the time lag between movement of goods and the fiscal reporting obligation, which can make up to 12 month.

171. In order to record movement of goods under call-off stock arrangements, for ITGS purposes the following data sources of information available at VAT administration or directly at the trader can be used in the Member States of dispatch:

- First recapitulative statement (VIES declaration) must be filled in when call-off stocks are sent from a Member State of dispatch to a warehouse or a customer's storage facility in a Member State of arrival. Although the value of goods can be still missing, this declaration provides indication in which reference period the goods should be counted for intra-EU statistics. Based on the information available in the first VIES declaration, Intrastat compilers can establish a list of traders working in the framework of call-off stock arrangements. If those traders are above of Intrastat exemption threshold, they can be reminded to provide Intrastat declarations in the reference period of physical movement of goods.
- Second recapitulative statement should be provided by the supplier when the goods are called-off by the customer. This supply should be treated as giving rise to the intra-community transaction. All data elements including value should be filled in. These data can be useful for compiling information for the traders which are below Intrastat exemption threshold. Linking the first and the second recapitulative statements of the same trader, can help to allocate transactions to the correct reference month.
- VAT declaration should be filled in by supplier when the goods are called-off by the customer.
- In addition to the sources mentioned above, the trader is obliged to establish and

update Call-off Stock Register (in line with the Article 54a of Council implementing regulation (EU) No 282/2011). This register has to be updated each time the goods enter or leave the premises. Among other data elements, the value, description and quantity of the goods that arrived in the warehouse must be recorded.

172. For the purpose of VAT, the supplier makes the supply of the goods to the customer when the goods are called-off by the customer in the Member State of arrival. The VAT declaration must be filled in by the customer in the reference period when the goods are call-off. This can make problems to compile statistics on arrivals, in the month of the physical movement of goods.

173. For compilation of imports there are less data sources than for recording of dispatches, as VIES declarations are not available. However mirror VIES declarations from other Member States can help to allocate transactions to the required reference month. As a general rule, to ensure comparability with VAT data, the reference period **should** be defined as the calendar month for which the same transaction is recorded for fiscal purposes. The nature of transaction code 1 is to be used in call-off stock arrangements.

Example 16

Trader AT₁ delivers metal goods to its call-off stock facility in Slovakia. Customer SK₁ is able to take the goods for the stores at will and may use the metal goods in the frame of a production process or sell the metal goods to another customer trading partner e.g. SK₂.

The definition of the reference period for call-off stock arrangements is the same as for other goods, therefore when the goods will be reported for Instrat depends on the national requirements. If the reference period is the month of dispatch or arrival of goods in both MS, then

- AT₁ will report a dispatch from Austria to Slovakia at the time of physical movement of goods. SK₁ will report an arrival in Slovakia from Austria in the month the goods arrive to the warehouse facility.
- If the customer SK₁ reports arrival to Slovakia in the month during which a chargeable event occurs, it can lead to a significant time lag between the physical movement of goods and reporting in Instrat.

Emergency aid

Intra-EU trade

Commission Regulation (EC) No 1982/2004, Annex III

Extra-EU trade

Commission Regulation (EU) No 113/2010, Annex II

174. The ITGS records both the delivery of 'goods for first aid in emergencies' and 'humanitarian aid shipments'. These deliveries may cover variety of goods: food, clothing, medicaments etc. whether provided by governments, international or non-governmental organisation to organisations or individuals from other country.

175. For simplification reasons, there is a possibility from the point of view of customs law to declare 'imports of goods for the first aid in emergencies' pooled under the special commodity code 9919 00 00 provided the importer is a charitable or philanthropic organisation (aid agency) as recognised by the national law and approved by the competent national authorities (e.g. Charity Commission for England and Wales). Reporting such goods for exports and within Instrat follows general rules.

176. If the aid supplies are provided free of charge as is usually the case, the NoT code '3' **shall** be declared as nature of transaction.

1.4 Statistical territory

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 4

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 2(b)

177. **Statistical territory.** The statistical territory of a Member State is generally defined by its customs territory as defined in [Article 4 of the UCC](#) (EU) No 952/2013 (with the exception of Heligoland⁽¹⁾ which belongs to the statistical but not the customs territory of Germany).

178. Intra-EU trade statistics are produced on goods traded between the statistical territories of Member States. If goods are traded with territories outside the statistical territory of the EU the trade should be recorded in general within extra-EU trade. However, for some specific movements intra-EU and extra-EU trade statistics are not linked to the statistical territory (e.g. special rules on vessels and aircraft).

179. The customs territory of the EU includes the territorial waters, the inland maritime waters and the airspace of the Member States, except the territorial waters, the inland maritime waters and the airspace of those territories which are not part of the customs territory of the EU.

180. **Exclusive economic zones.** Every coastal state may establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles and this part of the territory belongs to its customs territory and thus its statistical territory. However, in addition, a country may also define an exclusive economic zone (which was given binding international recognition by the Third United Nations Convention on the Law of the Sea in 1982) as a zone beyond and adjacent to the territorial sea, not exceeding 200 nautical miles, in which it has sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources. This zone may coincide with the Member State's continental shelf⁽²⁾). These exclusive economic zones do not belong to the statistical territory of the Member States. However the exclusive right of a Member State to exploit seabed and subsoil in these zones is considered when compiling trade in goods delivered to and from offshore installations.

181. **VAT territory.** For the purpose of VAT the territorial scope is defined in Title II (Articles 5 to 8) of [Council Directive 2006/112/EC](#). Some parts of the EU customs territory do not belong to the EU fiscal territory; consequently the VAT Directive is not entirely applicable in these territories. Trade between these territories and other Member States is recorded via customs declarations (see chapter [1.5 Data sources](#)).

⁽¹⁾ Island in the North Sea.

⁽²⁾ The continental shelf of a coastal state comprises the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured where the outer edge of the continental margin does not extend up to that distance (Article 77.1 of UN Convention on the Law of the Sea).

So the continental shelf can spread out beyond the exclusive economic zone of a country depending on the seabed topography. Therefore the wording 'may coincide' is used in the paragraph instead of the wording 'coincides.'

Table 3: VAT, customs and statistical territories of Member States

Member State/Country/Territory	VAT	Customs	Statistical
Belgium (BE)	Y	Y	Y
Bulgaria (BG)	Y	Y	Y
Czechia (CZ)	Y	Y	Y
Denmark (DK)	Y	Y	Y
the Faeroe Islands (FO)	N	N	N
Greenland (GL)	N	N	N
Germany (DE)	Y	Y	Y
the Island of Heligoland (DE)	N	N	Y
the territory of Büsingen (CH)	N	N	N
Estonia (EE)	Y	Y	Y
Ireland (IE)	Y	Y	Y
Greece (EL)	Y	Y	Y
Mount Athos (EL)	N	Y	Y ⁽¹⁾
Spain including Balearic Islands (ES)	Y	Y	Y
Ceuta (XC)	N	N	N
Melilla (XL)	N	N	N
Canary Islands (ES)	N	Y	Y ⁽¹⁾
France including Corsica and Monaco (FR)	Y	Y	Y
French Guiana (FR)	N	Y	Y ⁽¹⁾
Guadeloupe (FR)	N	Y	Y ⁽¹⁾
Martinique (FR)	N	Y	Y ⁽¹⁾
Réunion (FR)	N	Y	Y ⁽¹⁾
Mayotte (YT) ⁽²⁾	N	Y	Y ⁽¹⁾
Saint-Martin (FR)(French part)	N	Y	Y ⁽¹⁾
New Caledonia (NC)	N	N	N
Saint-Pierre and Miquelon (PM)	N	N	N
Wallis and Futuna Islands (WF)	N	N	N
French Polynesia (PF)	N	N	N
French Southern (TF) and Antarctic Territories	N	N	N
Saint-Barthélemy (BL)	N	N	N
Croatia (HR)	Y	Y	Y
Italy including Sicily and Sardinia (IT)	Y	Y	Y
the municipalities of Livigno (IT)	N	N	N
Campione d'Italia (CH)	N	N	N
the Italian water of Lake Lugano (IT)	N	N	N
San Marino (SM)	N	N	N
Cyprus including UK Sovereign Base Areas, Akrotiri and Dhekelia (CY)	Y	Y	Y
Latvia (LV)	Y	Y	Y
Lithuania (LT)	Y	Y	Y
Luxembourg (LU)	Y	Y	Y
Hungary (HU)	Y	Y	Y

Y : the area is part of the relevant territory,
N : the area is not part of the relevant territory,

⁽¹⁾ The statistical information for intra-EU trade statistics is obtained via the customs declaration
⁽²⁾ Mayotte has been part of the statistical territory of France since 1 January 2014

Member State/Country/Territory	VAT	Customs	Statistical
Malta (MT)	Y	Y	Y
The Netherlands in Europe (NL)	Y	Y	Y
Austria (AT)	Y	Y	Y
Poland (PL)	Y	Y	Y
Portugal including Azores and Madeira (PT)	Y	Y	Y
Romania (RO)	Y	Y	Y
Slovenia (SI)	Y	Y	Y
Slovakia (SK)	Y	Y	Y
Finland (FI)	Y	Y	Y
the Aland Islands (FI)	N	Y	Y ⁽¹⁾
Sweden (SE)	Y	Y	Y

Explanation: Y : the area is part of the relevant territory

N : the area is not part of the relevant territory

(¹) The statistical information for intra-EU trade statistics is obtained via the customs declaration

182. As a general rule, it can be said that trade between territories with the country code of one of the 27 Member States (BE, BG, CZ, DK, DE, EE, IE, GR, ES, FR, HR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE) belongs to intra-EU trade statistics and trade of a reporting Member State with a territory which has another country code belongs to extra-EU trade statistics.

183. It is recommended that NSAs include a table in manuals to PSIs showing the territories which are included in and excluded from the statistical territory of each Member State and to state clearly that for movements to or from an excluded territory, an Intrastat declaration must not be made. This prevents the duplication of effort for businesses trading with these territories and prevents the data being declared twice.

1.5 Data sources

1.5.1 INTRA-EU TRADE STATISTICS

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Articles 5, 9 and 10

Commission Regulation (EC) No 1982/2004, Articles 4, 5, 15, 16, 18, 23 and 24

Intrastat declaration

184. **Intrastat declaration and format.** The Intrastat declaration is the standard data source in the INTRASTAT data collection system, used for the provision of statistical information about trade in Union goods. Each Member State organises independently how Intrastat data are supplied by the PSIs; however electronic data transmission is promoted by Eurostat and by the Member States.

185. The format of Intrastat declarations may not be the same in each particular Member State. The graphic form of the declaration is developed individually by each Member State, as well as the way of uploading the declaration into the system. The declaration is used to submit information to the Intrastat system or to transmit corrections of the previously transmitted data. NSAs may require PSIs to submit a so-called 'Null Intrastat declaration' if they did not carry out trade transactions during the reporting period.

186. Mandatory data which have to be collected by the NSAs and optional information which may also be collected for national needs are defined in the basic regulation on intra-EU trade statistics.

Mandatory data elements

- The individual identification number allocated to the party responsible for providing information in accordance with Article 214 of Directive 2006/112/EC
- The reference period
- The flow (arrival, dispatch)
- The commodity, identified by the eight-digit code of the Combined Nomenclature
- The Partner Member State
- The value of goods
- The quantity of the goods
- The nature of transaction

Optional data elements

- The identification of the goods, at a more detailed level than the Combined Nomenclature
- The Country of origin, on arrival
- The region of origin, on dispatch, and the region of destination, on arrival
- The delivery terms
- The mode of transport
- The statistical procedure

Types of Intrastat declaration

187. The **standard Intrastat declaration** covers all required information which shall be collected by the responsible parties. However, with a view to reducing the burden of reporting on PSIs the simplification of the Intrastat system was introduced. A prime means of reducing the burden on PSIs is to limit the data elements on the Intrastat declarations. Therefore some Member States introduced **simplified Intrastat declarations** which make it easier for the PSIs to provide information to the NSAs.

Data provided by tax administration

188. The responsibility for the collection/compilation of intra-EU trade statistics varies across Member States. In some Member States it is the sole responsibility of either the statistical office, customs or tax administrations, while in others it is a joint responsibility. However tax administrations in all Member States are obliged to provide the NSAs with information collected within the VAT system.

189. Usually the tax administration has the responsibility for maintaining a VAT register. This is an important source of data as it identifies who might be required to make Intrastat declarations and also helps keep track of VAT ID numbers.

190. Other tax sources of data used in the compilation of intra-EU trade are VAT returns and VIES data. In line with the regulations on intra-EU trade statistics, the national **tax administrations are required** to provide statistically relevant information to the NSA. VAT and VIES data can be used as a source for statistical estimations of trade below thresholds and non-response. They are also useful in terms of assessing the quality of Intrastat declarations.

Data provided by Customs

191. Although the major part of information on intra-EU trade is collected on Intrastat declarations, some intra-EU movements are covered by customs declarations for example:

- goods for processing moving between two Member States (e.g. inward processing) In addition to the declared EU partner country code, NSAs should check other data elements — in particular, the CPC in Box 37 — to establish particulars of the actual movement taking place. [Annex 2: Allocation of customs procedure to type of trade and statistical procedure](#) identifies the CPCs most likely to be associated with such movements (although there may be variations used at a national level) and which should be recorded under intra-EU trade.

- movements to/from or between special territories which are inside the customs, but outside the fiscal territory of the EU.
 - Special territories which do not have their own ISO country code (e.g. Aland Islands, Livigno, etc.) so the country code of the 'mother' Member State is used.

Whilst reviewing the other data elements, NSAs should pay particular attention to the information declared in the first sub-division of **SAD-Box 1** (Declaration). In this example, the code 'CO' should be used to distinguish these movements and establish the accuracy of the declaration.

- Special territories which have their own ISO country code (e.g. Guadeloupe, Canary Islands, etc.).

For these particular types of special territories, NSAs should consider changing the declared country code to that of their 'mother' Member State and record the movement in intra-EU trade statistics.

Example 17

A) Goods undergoing inward processing in Germany and then sent to France would be covered by a customs declaration in France using CPC 4054xxx (if entering free circulation) or 5154xxx (if being further processed). Such movements should be recorded as at dispatch/arrival between Germany and France.

B) Goods sent from the Aland Islands to the United Kingdom should be covered by a customs declaration. The appearance of an EU country code as the 'partner' country together with 'CO' declared in Box 1 (Declaration) indicates that this movement should be recorded (for statistical purposes) as an Intrastat dispatch/arrival between Finland and the UK.

C) Goods sent from Guadeloupe to the Netherlands should be covered by a customs declaration. Where the country code for the Special Territory (GD) is used, together with 'CO' declared in Box 1 (Declaration), such movements should be recorded (for statistical purposes) as an Intrastat dispatch/arrival between France and the Netherlands.

192. There are also other cases where there is suspicion that an EU country code has been used on the customs declaration in error, and where the customs declaration should be subjected to further checks. This will include, for example, where the customs declaration has a Country of Origin of a third country and the Country of Dispatch/Destination of an EU country for no apparent reason.

193. **National Customs are required** to provide NSAs with any information related to intra-EU trade but declared on customs declarations at least once a month. NSAs can usually identify such movements by the CPC(s), cross-referred to other relevant data elements.

194. NSAs should consider adopting a national process linked to the CPCs to identify intra-EU movements covered by customs declarations to ensure that they are correctly recorded in intra-EU trade, rather than extra-EU, once the data is received from the customs authority.

195. As an exception to the above, some customs simplifications (e.g. Single Authorisation) permit the intra-EU movement of non-Union goods without the need for a customs declaration. These simplifications are restricted to 'approved' operators only. Unfortunately, the lack of a customs declaration prevents the usual identification by NSAs of such intra-EU movements. In order to capture this trade, **NSAs are required** to ensure that these movements are reported on Intrastat declarations, otherwise missing data on intra-EU movements of non-Union goods between Member States shall be estimated.

196. **National Customs are required** to provide NSAs with any available information to identify the person who carries out dispatches and arrivals of goods under inward processing. This may be information on operators to whom national Customs has issued Single Authorisation, on consignees/consignors from notifications exchanged between customs offices involved etc. In case of **Single Authorisation for inward processing**, the Customs authority in the participating Member State holds the information of the authorisation which was issued in the supervising Member State and has therefore at its disposal the information on the parties involved in the intra-EU movements of non-Union goods. NSAs may also have to issue special guidance through their customs authority to ensure operators understand the requirement to report such dispatches and arrivals on their Intrastat declaration.

1.5.2 EXTRA-EU TRADE STATISTICS

Customs declaration

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Articles 4 and 7

Commission Regulation (EU) No 92/2010, Article 1

197. **Customs declaration and format.** If not stated otherwise, the customs declaration is the standard data source from which the statistical data shall be obtained for the compilation of EU extra-EU trade statistics. This provision explicitly gives no leeway to collect the data directly from traders or operators. Under the previous Community Customs Code the customs declaration could be available in paper form **Single Administrative Document** or alternatively and most commonly, in electronic format. Under the UCC⁽¹⁾, the electronic declaration became the default type.

198. **Types of declarations.** On the full declaration, all relevant customs and statistical data have to be declared at the time of importation or exportation. Under certain **simplifications** granted by Customs to operators (e.g. simplified customs declaration), only a limited dataset needs to be declared. The full dataset will be delivered later by means of a **supplementary declaration** containing the data for all imports/exports of a previous period (usually the previous month).

199. **Customs decisions.** It is important to underline that '**amendments or changes to statistical data resulting from decisions by Customs⁽²⁾ pertaining to them**' are an integral part of the statistical data source. This means that once Customs has accepted the declaration but has assessed the data differently than declared (e.g. a different product code) this new assessment 'replaces' the initial data. The aim of this provision is not simply to collect the declared data but also to include customs control based findings, request information on the import preferences actually granted by Customs⁽³⁾ and identify declarations which were cancelled or invalidated, thus enhancing the relevance of the statistical data. Therefore, in the case of transaction based customs controls (= at the moment of the goods' movement), Customs are obliged to feed the 'changed' data into the data transmission to the NSA chain. In the case of customs decisions following post clearance controls (e.g. audits) Customs must ensure that the 'changed' data are sent to the NSA as corrections of the initially transmitted data.

200. Member States may arrange that only those corrections which have an effect on the relevance of the revisions of the statistical data are transmitted by Customs e.g. Customs would not need to send corrections in 2015 for audited imports relating to 2011. If the transmission of 'changed' data would entail a disproportionate burden on national administrations, a threshold linked to the nationally applied statistical threshold could be applied.

Data sources in case of simplifications applied by Customs

201. **Customs declaration and location of the goods.** As a general rule and notwithstanding specific simplifications or waivers to present the goods, a customs declaration has to be lodged to the same customs office as the one to which the goods have been presented. As a consequence, the data transmission for such declarations from the national Customs to the national NSA concerns goods presented on this Member State's territory.

202. **Use of other data sources for the compilation of national statistics.** The customs simplification Centralised Customs Clearance (CC) or formerly applied SASP allows the Member State where the goods are presented to be different from the one where the customs declaration is lodged. As a consequence of such dissociation, the Member State where the goods are presented/located does not have available the customs declaration with the relevant statistical dataset.

⁽¹⁾ Regulation (EU) No 952/2013 of the European Parliament and of the Council.

⁽²⁾ Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 2(f).

⁽³⁾ Commission Regulation (EU) No 92/2010, Article 2(2)(p).

203. It poses a problem for the compilation of the national trade statistics of this Member State, as a default data source is missing. To compensate for this lack it may use other data sources it considers appropriate. However, as soon as a general customs data exchange system between Member States has been implemented, the possibility to use such other data sources will cease to apply. In the meantime and considering technical, administrative and language aspects there are two basic possibilities:

- **Direct collection from the trader.** For a direct reporting system, it is already necessary for the customs authorities concerned to cooperate in the authorisation process with the NSAs of the Member States where the goods will be located at the time of the release into the customs procedure. **Customs administrations are encouraged** to grant the CC (SASP) authorisation for traders only when the NSAs concerned have agreed.
- **Bilateral agreement on a statistical data transfer between the Member States involved.** As direct reporting obviously entails additional administrative burden on the enterprises involved, a more favourable solution would be to obtain the statistical data directly from the other Member State's administration. For such statistical data transfer, it is necessary for the Member States involved to agree beforehand on such data exchange, either between the national customs authorities with subsequent forwarding of the data to the respective NSA or a transmission of data directly between the NSAs involved.

204. When using '**other data sources**'. In order to avoid duplication of data at EU level, the Member State must pay utmost attention to exclude the data collected directly from traders from the EU trade statistics data to be submitted to Eurostat. Extra-EU trade data should be transmitted to Eurostat exclusively based on the information collected from genuine customs declarations actually logged at national Customs.

205. **Data sources for specific goods or movements.** In the case of recording trade in specific goods or movements, such as trade in vessels, aircraft, gas, electricity etc. other data sources may be used whenever information on customs declarations is not complete or the transaction is not recorded by Customs. All existing administrative data sources should be analysed and used for statistical purposes.

1.5.3 DATA SOURCES FOR SPECIFIC GOODS OR MOVEMENTS

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 5

Commission Regulation (EC) No 1982/2004, Articles 15 — 24

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Articles 4(1) and 4(4)

Commission Regulation (EU) No 113/2010, Articles 17 — 25

206. Specific goods or movements are goods or transactions which by their nature call for specific provisions. Therefore ITGS legislation foresees a possibility for NSAs to use additional data sources for all specific goods or movements alongside the traditional ones — Intrastat and customs declarations. Specific movements (e.g. industrial plants, staggered consignments, etc.) for which special provisions were introduced in the legislation with the goal to simplify reporting procedures for the traders, normally do not require additional data sources to be used. However specific goods or movements, for which special provisions were introduced due to the methodological difficulties in collecting information (e.g. vessels and aircraft, sea products, electricity and gas, etc.) need to use additional data sources. This is inevitable in order to ensure good coverage of the information collected.

Industrial plants

207. Intrastat and customs declarations are the data source from which statistical information for industrial plants shall be obtained for the compilation of trade statistics. According to the national provisions, PSIs may ask NSAs to allow them to apply the simplified procedure for the declaration of industrial plant. If the NSA agrees, the PSI should use the standard Intrastat and customs declaration and complete it in line with the national requirements for the recording of industrial plants.

Staggered consignment

208. The Intrastat and customs declaration (if national Customs apply this simplification) is the data source from which statistical information for staggered consignments should be obtained for the compilation of trade statistics. Data on staggered consignments may be collected from PSIs only once, in the month when last consignment took place.

Vessels and aircraft

209. Intrastat and customs declarations may be a data source for statistical data on trade in vessels and aircraft. However due to the difficulties in collecting information on trade in these specific goods, other data sources which allow economic operators to be identified and contacted are needed. All available information e.g. ships and aircraft registers, information from classification companies, etc. should be used in order to ensure completeness of information. Moreover, **NSAs in Member States involved are encouraged** to cooperate and to share information about this type of transaction.

210. Access to international databases on vessels and aircraft may provide very useful information. However, the Member States must be aware of the limitations of these databases, so they may simply act as another trigger for further investigation into transactions.

211. **National authorities which are responsible for maintaining vessels and aircraft registers** at the request of the national statistical authorities **are required** to provide NSAs with all information available in the registers. The frequency and other modalities of data exchange between national authorities are decided individually by each Member State.

Example 18 (from the practice of Poland)

Vessels

Data are provided from the Polish Permanent Vessel Register maintained by Maritime Chambers under the District Courts in Gdańsk and Szczecin.

Aircraft

Data are provided from the Civil Aircraft Register of Poland maintained by the Civil Aviation Office.

Information supplied from registers contains the following data elements:

- Description of the goods and their CN code;
- Partner country;
- Carrying capacity in tones (ct/l) for vessels;
- Maximum take-off weight (MTOW) for aircraft;
- The month of transfer of economic ownership;
- Information on address of the providers and their ID (tax number and National Official Business Register Number called REGON);
- The date of registration in the vessels/aircraft registers.

Data elements are received from registers **quarterly**.

Sea products

212. The data sources which may be used to compile statistics on the trade in sea products are Intrastat declarations, if requested according to the national instructions, customs declarations and all kinds of alternative data sources. The ITGS regulations allow the NSAs to request any type of information from other national administrations which would allow arrivals/imports and dispatches/exports of sea products to be correctly recorded.

Example 19 (from the practice of Poland)

The data source for the sea products (e.g. fish acquired by the national vessels on the high seas) is the information provided by the agency which monitors fishing. The Polish NSI is supplied with the data by the Fishery Division of the Ministry of Agriculture and Rural Development. Data elements are transmitted to the statistics in electronic form.

Information supplied by the Ministry of Agriculture and Rural Development contains the following data elements:

- Description of the goods and their CN 8-digit code;
- Partner country;
- Net mass (kg);
- Statistical value;
- The data from the Ministry are received **monthly**.

Electricity and gas

213. The data on trade in electricity and gas may be collected from different data sources: Intrastat or customs declarations, information provided from grid operators, energy statistics etc. The trade statistics should record only physical cross-border movements; however this may differ from the commercial trade flows. The ITGS regulations allow NSAs to request any type of information from other national administrations or companies (e.g. grid operators) which would allow them to correctly record arrivals/imports and dispatches/exports of electricity and gas.

Example 20 (from the practice of Poland)

The data on electricity are obtained from the statistics of the Ministry of Economy under which the Energy Market Agency S.A. (ARE S.A.) which collects the data from grid operators is established. The administrations responsible register trade flows with neighbouring countries only.

The data on supplementary units in 1 000 kWh are provided monthly and are broken down by partner countries. Information on electricity prices in foreign trade is supplied quarterly. The monthly data on turnover of electricity are estimated.

The data on gas are obtained from two data sources: the data on supplementary units in gross calorific value TJ from ARE S.A., the data on quantity in m³ broken down by partner countries directly from trading companies.

The data are received **monthly**.

Military goods

214. The basic data sources for military goods in Member States are the standard Intrastat and customs declarations. However, in the case of trade which constitutes military secrecy and consequently due to security measures, the data may be supplied through special channel or using specific procedure which are defined by the national administrations of each individual Member State.

Goods delivered to vessels and aircraft

215. For this type of goods, information is collected on customs declarations or Intrastat declarations if requested according to the national instructions.

Motor vehicle and aircraft parts

216. These specific goods are related to the simplification of the procedures which traders may use to provide Intrastat information and does not require additional data sources.

Waste products

217. Waste products are included in trade statistics on the basis of the records of customs or Intrastat declarations.

Goods to or from offshore installations

218. Goods to or from offshore installations are normally included in trade in goods statistics on the basis of the records of customs or Intrastat declarations if requested according to the national instructions. In practice, Member States have not as yet defined additional data sources.

Spacecraft

219. For the recording of trade in spacecraft, the primary data source remains Intrastat declaration if requested according to the national instructions and customs declarations. However the implementing provisions foresee the possibility of using additional data sources which may be available at national administrations or even at international organisations. These could be international registers of satellites or any other data sources which would allow the transfer of the economic ownership of the finished spacecraft from a person in the Member State/country of construction to the new economic owner of the spacecraft to be identified.

220. It is necessary to distinguish between movements of the spacecraft and its launcher. As the launchers (e.g. Soyuz, Vega or Ariane rocket) should be treated as means of transport, their launching into space shall be excluded from ITGS⁽¹⁾ while all transactions (imports and exports, whether final or for processing) linked to the construction of the launcher shall follow standard ITGS rules. Therefore Intrastat and customs declarations are the source of information for these transactions.

1.6 Data collection process

1.6.1 INTRA-EU TRADE STATISTICS

Direct data collection from economic operators

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 5(1)

221. Member States collect monthly data from parties responsible for providing the information. This is the principle data source for intra-EU trade statistics. The data collection system is called Intrastat. Often the term 'Intrastat' is used for the entire system of EU statistics relating to the trading of goods between Member States. However, this is not correct as the 'Intrastat system' is only applicable to data collected from PSIs. Article 5(1) of Regulation (EC) No 638/2004 defines the 'Intrastat system' and should be read in conjunction with the scope of trade defined in Article 3(2)(a) and 3(3)(a) of the same regulation. In general, trade information collected from PSIs corresponds to the trade defined in those paragraphs.

222. Some movements of non-Union goods between Member States (such as goods placed under the inward processing customs procedure or moving between Member States under Single Authorisation) have to be recorded in intra-EU trade statistics although these goods have not entered for free circulation (in the cases of Article 3(2)(b) and 3(3)(b)). These movements may not be recorded using the standard data source — the Intrastat or customs declaration. In these cases **NSAs are required** to estimate missing data.

Brexit implications on Intrastat data collection

223. The United Kingdom withdrew from the European Union on 31 January 2020. However under the Protocol of Ireland and Northern Ireland, Northern Ireland will continue to follow some EU rules, notably related to goods: the Union Customs Code (UCC), VAT and excise rules will apply to all goods entering or leaving Northern Ireland. This avoids any customs checks and controls on the island of Ireland.

224. The Protocol is of particular relevance for ITGS compilers: the EU ITGS legislation will apply to and in the United Kingdom in respect of Northern Ireland. The absence of customs declarations means that the ITGS compilers use Intrastat system for the collection of data on their trade in goods with Northern Ireland. For this purpose a new code XI was introduced in [Geonomenclature](#), which should be used to record partner country when the goods moves to and from Northern Ireland. Although the trade data with Northern Ireland are collected via Intrastat system, this trade makes part of the United Kingdoms' trade and is counted as extra-EU trade.

225. In contrast, trade between the Member States and the other parts of the UK (i.e. with Great Britain) are covered by customs declarations and compiled in extra-EU data collection system from 1 January 2021.

⁽¹⁾ Commission Regulation (EC) No 1982/2004, Annex I, point (i).
Commission Regulation (EU) No 113/2010, Annex I, point (i).

Parties responsible for providing Intrastat information

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 7

226. Intrastat data are to be collected from all taxable persons (defined in Title III of Directive 2006/112/EC) who carry out intra-EU trade operations and exceed Intrastat exemption thresholds (see chapter [5. Thresholds within Intrastat system](#)). The regulation on intra-EU trade statistics establishes a close link between the PSI and the taxable person, which is very important to ensure statistical data quality and completeness. The regulation indicates that the party responsible for providing Intrastat declarations is a **taxable person** as defined in Title III of the [Council Directive 2006/112/EC](#) (VAT Directive).

227. **Definition of taxable person.** According to Article 9 of the VAT Directive the 'Taxable person' shall mean any person who, independently, carries out in any place any economic activity, whatever the purpose or results of that activity. However employed persons are excluded from VAT.

228. In addition, any person who, on an occasional basis, supplies a new means of transport, which is dispatched or transported to the customer by the vendor or the customer, or on behalf of the vendor or the customer, to a destination outside the territory of a Member State but within the territory of the European Union, shall be regarded as a taxable person.

229. **Definition of 'economic activity'.** Any activity of producers, traders or persons supplying services, including mining and agricultural activities and activities of the professions, shall be regarded as 'economic activity'. The exploitation of tangible or intangible property for the purposes of obtaining income therefrom on a continuing basis shall in particular be regarded as an economic activity.

230. **Liability for Intrastat.** In the case of dispatches or arrivals a taxable person, i.e. PSI has to provide an Intrastat declaration if he:

- has concluded the contract, with the exception of transport contracts, giving rise to the dispatch/arrival of goods or, failing that;
- dispatches, takes delivery or provides for dispatch or delivery of the goods or, failing that;
- is in possession of the goods which are the subject of the dispatch or delivery.

231. The PSI who fails to submit his Intrastat declaration or provides incorrect information shall be liable to penalties under the penalty system which the **NSAs are required** to establish. As every Member State may organise the way Intrastat data is supplied, according to their national administrative arrangement, the penalty system will depend on the arrangement, particularly if the statistical system is merged with other administrative systems.

232. **Third parties.** According to Article 7(2) of Regulation (EC) No 638/2004 the PSI may transfer to a third party (e.g. external accounting offices, forwarding agents, other specialised fiscal service companies etc.) the task of providing his Intrastat declarations to the NSA. However this transfer does not remove the responsibility of the PSI for providing accurate and timely data. Moreover the PSI is responsible for proving the correctness of the provided statistical information, at the request of the NSA.⁽¹⁾

233. Due to the complex trading schemes it is sometimes difficult to define the PSI responsible for the provision of Intrastat declarations. If the legal owner of the goods is not present in the Member State of arrival or dispatch then other taxable persons responsible for the physical presence of the goods in the Member State are obliged to provide the Intrastat declarations instead.

⁽¹⁾ Commission Regulation (EC) No 1982/2004, Article 4.

Example 21

A) Processing under contract involving several processing companies: There is a risk of double counting. Moreover, it is difficult to trace these transactions as they are not reported on VAT returns for supply or acquisition of goods.

B) Warehouses carrying out stocking and distribution services for a number of clients: The warehouse-keeper is responsible for reporting arrivals and dispatches if the legal owner (trader) of the goods is not established in the Member State. It creates the danger of double counting, i.e. the warehouse-keeper and the trader might both report.

C) Financial institutions (e.g. a bank or finance house) buying goods for clients (e.g. cars, large machinery): In cases where the bank concludes the contract giving rise to the supply of goods on behalf of its client, it may be difficult to establish who is responsible for the Intrastat report. There is a danger of double counting or misreporting, i.e. both bank and client provide Intrastat declarations or no one provides them.

234. **VAT registration.** In practice nearly all taxable persons are registered for VAT and they make up the basic population for the Intrastat survey. However VAT registration is not the **only** criterion which obliges traders to report for Intrastat.

235. In general the rules for VAT registration are very strict. The entity shall register for VAT if he is in business (and therefore is considered as 'taxable' person) and the business activities are above VAT registration threshold in the Member State where activity takes place. Anyone can be registered for VAT purposes:

- an individual;
- a partnership;
- a company;
- a club;
- a farmer;
- an association;
- a charity;
- any other organisation or group of people acting together under a particular name, such as an educational or health institution, exhibition, conference, etc.;
- a trust;
- a local authority.

236. There are two exceptions when the business may not need to register for VAT:

- if his sales of goods and services are exempt from VAT;
- if his sales of VAT-liable goods/services fall below a certain annual limit.

These limits ('thresholds') vary from country to country. In some countries (e.g. the Netherlands, Spain, Sweden), there is no limit and businesses must register as soon as they make any taxable transaction.

237. Where there is a registration limit and the total value of taxable sales in the year falls below it, the business may be exempt from VAT and do not charge VAT. However the business can register voluntarily, in which case he must charge VAT. The limit applies only to businesses established in that country and not to businesses based abroad.

238. There are special VAT schemas, whose applications imply registration or non-registration for VAT purposes. Only distance sales, sales of new means of transport and flat rate farmers are not obliged to register for VAT if they comply with certain conditions. However, in practice, the very low thresholds for obligatory VAT registration in the latter cases and other restrictions ensure that there is no missing data in Intrastat reporting. Intrastat thresholds in all Member States (except Malta) are always higher than any VAT threshold.

239. **Non-taxable legal persons.** States, regional and local government authorities, health boards, public hospitals, educational establishments and other similar bodies governed by public law shall be regarded as non-taxable persons in respect of the activities or transactions in which they engage as public authorities, even where they collect dues, fees, contributions or payments in connection with those activities or transactions. However, they shall be considered as taxable persons in respect of those activities or transactions where their treatment as non-taxable persons would lead to significant distortions of competition (e.g. a hospital running a canteen for staff and visitors).

240. Non-taxable legal persons are obliged to register for VAT in two cases: 1) when they are regarded as taxable persons and 2) when the total value of their intra-EU acquisitions exceeds the fiscal threshold defined by national tax administrations in Members States of arrival (the threshold may not be less than EUR 10 000)(¹).

241. In the second case, as they are registered for VAT, they are included in the population of Intrastat operators. However, if these persons only buy goods from another Member State and thus they are not considered taxable, they may refuse to report Intrastat information. Then **NSAs are required** to estimate their intra-EU trade.

242. **Private individuals**, in general, are not considered to be taxable persons and are not registered for VAT. However a private individual who supplies or acquires(²), on an occasional basis, a new means of transport to/from another Member State, in line with the VAT Directive, is regarded as a taxable person and is obliged to provide an Intrastat declaration when the exemption threshold is exceeded. In other words, all taxable persons, regardless of being VAT registered or not, are obliged to provide Intrastat declarations whenever the exemption threshold for dispatches or arrivals defined by the national statistical authorities is exceeded.

243. When a taxable person supplies goods to a non-taxable person in another Member State, the supplier of goods, being a PSI, should fill in an Intrastat declaration on dispatch. However his counterpart in the Member State of arrival as a non-taxable person does not need to report arrivals. As only one side of the transaction may be reported, there may be an asymmetry in the intra-EU trade of the Member States involved if an arrival is not estimated.

244. Therefore there are three conditions for Intrastat reporting:

- Physical movement of goods from one Member State to another:
 - the majority of which is caused by intra-EU trade operations related to supply and acquisition of goods. In order to raise awareness among intra-EU operators of their statistical obligation **the national tax administration is required** to inform those VAT registered of their possible obligation to provide Intrastat information;
 - humanitarian help and other transfers of goods without financial compensation;
 - dispatch and arrival of goods for processing;
 - dispatch or arrival of goods on leasing conditions;
 - dispatch or arrival of the following goods defined by legislation as specific goods or movements: industrial plant, staggered consignments, motor vehicle and aircraft parts, electricity and gas, military goods (the criterion of physical movement of goods from one Member State to another for these goods is applicable as there are not specific provisions defining the arrival/dispatch of such goods).
- The person responsible for the movement of the goods can be considered as a 'taxable person' in line with the VAT Directive's definition;
- The PSI exceeds exemption thresholds for Intrastat reporting.

245. Cases when a taxable person related to the supply and acquisition of goods **does not need to be registered for VAT**:

- When the annual value of supply or acquisition of goods does not exceed the exemption threshold, which normally is very low (EUR 10 000). The VAT Directive allows each Member State to apply exemptions or graduated relief for very small enterprises. These small taxable persons have no VAT ID number (See also paragraph 237);

(1) Council Directive No 2006/112/EC, Article 3(2)(a). For more information see:
https://ec.europa.eu/taxation_customs/business/vat_en

(2) Directive 2006/112/EC, Article 9(2).

- States, regional and local government authorities, health boards, public hospitals, educational establishments and other similar bodies governed by public law when they act as a non-taxable person;
- When he/she appoints a tax representative;
- Private individuals occasionally supplying new means of transport;
- Farmers under the special VAT scheme.

246. Who in practice is out of scope of Intrastat reporting?

- Small and medium traders with annual trade values below exemption thresholds;
- Private individuals, farmers, as their trade in most cases never exceeds Intrastat exemption thresholds;
- Non-taxable legal persons acting as public authorities;
- Distance seller below Intrastat exemption thresholds.

247. **Non-established trader** is a trader who makes taxable supplies or acquisitions in a Member State but he is not resident in that Member State, does not have a place of business there, is not registered in the statistical business register of that Member State, and is not incorporated under that Member State law.

248. Normally all traders supplying or selling goods in Member States other than the one in which they are established have to register for VAT purposes in that Member State. However they do not need to be registered in the statistical business register. Non-established traders have the same obligations as established traders concerning the Intrastat system. In the case of intra-EU supplies or acquisitions, they have to provide national tax administrations with VAT returns and to submit Intrastat declarations.

249. In practice to collect information from non-established traders is more complicated as they do not have a physical presence in the reporting Member State. However in most cases such non-established traders appoint tax representatives who are legally responsible for furnishing Intrastat declarations. **NSAs are required** to estimate the trade of foreign established PSIs on the basis of their fiscal VAT declarations if they do not declare for Intrastat in spite of all the efforts of the national authorities.

250. **Tax representatives**, depending on the rules of national legislation, normally are liable together with the non-established taxable person for rendering returns and paying taxes. They may be personally liable in respect of any failure to secure their principal's compliance with obligations or liability, which is imposed jointly and severally on both of them. A non-established trader may opt to appoint **an agent** to act on his behalf, who normally is not liable for debts incurred by the taxable person.

251. **Tax groups**. Two or more companies or limited liability partnerships may register as a single taxable person — or VAT group — if they meet the following criteria⁽¹⁾:

- each body has its principal or registered office in the reporting Member State;
- they are closely bound to one another by financial, economic and organisational links.

252. A VAT group is treated in the same way as a single taxable person registered for VAT on its own. The registration is made in the name of the 'representative member'. The representative member is responsible for completing and submitting a single VAT Return and making VAT

(1) https://ec.europa.eu/taxation_customs/taxation/vat/topics/taxable_persons_en.htm.

payments or receiving VAT refunds on behalf of the group. However, all the members of the group remain jointly and severally liable for any VAT debts.

253. In this case the representative member should be responsible for providing the complete Intrastat information for all subordinated entities. The representative member may transfer the task of reporting for Intrastat to the subordinated units according to Article 7(2) of Regulation (EC) No 638/2004. However, such transfer in no way reduces the representative member's responsibility for the correct overall trade declaration of all members of the tax group.

254. Monitoring of tax groups brings additional problems to NSAs, especially when producing statistics on trade by enterprise characteristics, as one tax group might include enterprises with different economic activities, thus distorting the quality of these statistics. Therefore the NSA could agree with the tax group that the Intrastat declarations would be provided by group members if they have separate VAT numbers. However the NSA should take into account, that only one VAT return will be provided for all tax group members and this will impact Intrastat and VAT data comparisons.

255. As legally all members of the tax group are jointly liable for VAT payments and debts, therefore in Intrastat the tax group representative member should be considered as the responsible PSI for Intrastat reporting in spite of the fact that Intrastat declarations, in line with prior agreement of the NSA, may be furnished by individual members, i.e. tax group data will be used in order to determine if the tax group is above or below exemption thresholds and the tax group will be liable for penalties in the case of non-response.

Role and functioning of the Intrastat register

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 8

Commission Regulation (EC) No 1982/2004, Articles 5 and 6

256. The essential function of the Intrastat register which **NSAs are required** to set up and manage is the maintenance of an up-to-date list of intra-EU operators with their company identification data. This information is used:

- to identify companies who may be required to provide Intrastat declarations;
- to ensure the timely collection of statistical information;
- for quality checks and data analysis;
- for estimates of below threshold trade and partial and non-response.

257. **National Statistical Institutes are required** to link the statistical business register to the register of intra- and extra-Union operators. Therefore an adequate structure should be implemented that allows ease and fast linkage.

258. The content of the register is therefore much wider than simply a list of PSIs with their identification data and data on their intra-EU trade. The register should make available information on all natural or legal persons who trade with other Member States and information retrieved from the statistical business register and other data needed for the operation of Intrastat. Moreover the information on companies who are not liable to report for Intrastat and companies who trade only with non-member countries should be made available.

259. Each Member State must decide how to organise the PSI register, however it is advisable that the following information should be easily available for the good functioning of the register:

- identification data about the company: ID numbers (VAT ID number, ID number used for statistical purposes, other ID numbers), name, address, phone, fax, e-mail, etc.;
- status and demography of the company: operating or not operating, liquidated, bankrupted, information on reorganisations, groups, mergers, take-overs and other information important for monitoring a business;
- date of entry into the register (once an entry for a PSI has been made, it should not be deleted), other relevant dates;
- main and secondary activities of the company (according to the statistical classification of economic activities), organisational set up, size of the company, number of employees, etc.;

- other indicators describing the profile of the company: only intra-EU, only extra-EU, intra- and extra-EU operator, main activity based on value of trade, involved or not in processing, problematic or not problematic as PSI, etc.;
- monthly values of intra-EU trade and monthly VAT data;
- information about contact person(s): name, address, phone, fax, e-mail, etc.;
- liability of the company to report for Intrastat (for each flow separately);
- reporting media (paper, EDI, web, other);
- full or simplified reporting, reporting of statistical value;
- status of declarant, i.e. whether third party;
- complete information on third party declarant, i.e. company, contact persons;
- technical information needed for EDI and/or web reporting;
- other information for contact and monitoring purposes, e.g. the most frequently traded commodities of a company.

260. The quality of the register should be constantly checked and maintained because the coverage and quality of intra-EU trade data depend directly on the quality of the register. Various sources can be used for updating and maintaining the register, but the most important are:

- VAT register and VAT returns — for the identification of companies who may be liable to report for Intrastat and calculation of thresholds;
- The data related to the Value Added Tax Information Exchange System, i.e. VIES data. Any VAT registered trader is obliged to submit periodic recapitulative statements to their fiscal authority about the value of the supply and the VAT ID number of the trader in the partner Member State where VAT exempt intra-EU supplies are made. For Member States collecting acquisitions in addition to supplies on VAT recapitulative statements, this information could be used instead of VAT returns;
- Intrastat declarations: for the update of administrative information, for global checks at company level and for estimations of missing intra-EU trade;
- Customs data: information on companies who trade with non-member countries and in cases where a customs declaration covers an intra-EU movements;
- Other registers, databases or directories, statistical or administrative, e.g. statistical business registers;
- Direct contacts with businesses.

261. **NSAs are encouraged** to regularly assess the quality of the administrative data — VAT and VIES data — in terms of accuracy, timeliness and, where possible, comparability with Intrastat data — in view of:

- identifying the most appropriate estimation methods for trade below threshold and non/late response;
- measuring how far VIES data can be used to allocate the estimates for missing intra-EU trade by partner Member State;
- measuring how far the administrative data can be used to control the quality of Intrastat data.

Use of VAT data

Commission Regulation (EC) No 1982/2004, Article 5

262. VAT data are essential for the operation of the existing Intrastat system. The information to be provided by the tax administration to the statistical authority is the following:

- identification of the trader who has declared intra-EU acquisitions and supplies of goods for fiscal purposes (name of the taxable person; address, including postal code; identification number);
- the taxable amount of intra-EU acquisitions and supplies;
- the tax period.

263. The EU legislation defines only the main requirements for VAT returns. Therefore implementation measures are the responsibility of the Member States which means that VAT returns are not EU harmonised.

264. The most useful data of the VAT returns for Intrastat purposes are the two boxes which contain information on the value of intra-EU acquisitions and supplies. Time of availability of VAT data at statistical authorities of Member States varies from less than 30 days after the end of the reference month to several months. Therefore the use of the VAT data for Intrastat purposes highly depends on the situation in the individual Member State. Each Member State must decide how to use available VAT data in order to gain the maximum benefit.

265. Cooperation of statistical authorities with the tax administrations is essential and should be established so as to fully support the operation of Intrastat. **MSs are encouraged** to establish a service level agreement between statistical and tax administrations, which would define the obligations of both parties, e.g.:

- definition of tax data that should be transmitted to the statistical authority;
- periodicity and deadlines for data transmission;
- the record format and other technical specifications and protocols for exchange of data;
- the obligation on the statistical authority to respect the confidentiality of the VAT data.

266. Taking into account timeliness, periodicity and other factors, the main uses of VAT data for Intrastat purposes are Intrastat register management, estimations of missing intra-EU trade and data quality checks.

267. **Updates of Intrastat register.** Updating and maintaining the Intrastat register is one of the areas where the use of VAT data is most substantial. It is the main data source for obtaining and updating the following information:

- **Identification information.** According to the legislation, **the tax administration is required** to provide the national statistical authority with contact and identification information about persons who have declared intra-EU acquisitions and supplies of goods: name of the taxable person, address including post code and an identification number. This information might be obtained from the VAT register. In addition to VAT returns data statistical authorities might request access to the VAT register as well; this can be very useful, not only for the implementation of the Intrastat register but also for its maintenance.
- **Identification of parties responsible for providing statistical information.** Information from the VAT register and on VAT returns on acquisitions and supplies (two boxes on the VAT return), is essential for the identification of companies who may be liable to report for Intrastat. The VAT register provides information on all persons registered for VAT purposes. However not all VAT registered persons must report Intrastat data. The taxable amount of intra-EU acquisitions and supplies of goods collected from VAT returns is the key indicator for the identification of new traders who have exceeded the exemption threshold and are liable to provide Intrastat information.
- Some traders, (e.g. involved in processing activities) cannot be identified on the mere basis of VAT data. Therefore the use of other data sources is necessary. As the scope of traders liable to provide Intrastat declarations is changing every day (new traders exceed the exemption threshold, others cease their activities) it is important that the Intrastat register is constantly updated. **It is recommended that NSAs** update as frequently as possible, at least once per month, the information about the liability of the companies to report for Intrastat.
- **Identification of parties authorised to provide simplified statistical information.** Information on intra-EU acquisitions and supplies is also very important for the identification and updates of traders who are authorised to report simplified statistical information. According to the national legislation, relevant variables should be included and constantly updated in the Intrastat register, such as exemption from providing statistical value, nature of transaction, information about the quantity of the goods, possibility of regrouping products according to the simplified rules of Article 10(4)(c) of Regulation (EC) No 638/2004.

268. **Estimation of full trade coverage.** NSAs are required to transmit to Eurostat monthly results which cover their total trade with Member States. The Intrastat regulation sets the minimum requirements for the estimates of missing intra-EU trade which have to be included in the data sets transmitted to Eurostat. Trade coverage should be ensured by using estimates which compensate all missing data, and in particular **the trade below the exemption threshold and the non-response**. VAT data, whenever available for a given release of information, are a very useful data source to carry out estimations of missing arrivals and dispatches, in particular those which are considered as intra-EU acquisition/supply⁽¹⁾). However **it is recommended that**, to the extent possible, **NSAs** avoid estimating the main PSIs' trade by taking any necessary measures to get their Intrastat declarations in due time.

269. The sum of values reported in VAT returns (intra-EU acquisition/supply) of the operators not liable to report for Intrastat makes up the total estimated value of arrivals/dispatches of trade below the exemption threshold. However **it is recommended that** NSAs estimate the total trade below the exemption threshold by using the most reliable data sources — current month's or historical administrative data (VIES or VAT) — available at the time the estimation process should be launched.

270. Even though VAT data are used the most frequently for estimation of non-response trade more data sources might be needed dependently on the time of data release and consequently on the availability of the data sources. Therefore **it is recommended that** NSAs estimate the total trade of PSIs late in submitting their Intrastat declarations by using the most reliable data sources — current month's or historical administrative data (VAT or VIES), current month's or historical Intrastat data — available at the time the estimation process should be launched.

271. Since VAT data do not contain information on partner countries and commodities, other data sources and methods for commodity/partner country distribution should be applied. **It is recommended that** NSAs allocate the estimated total trade below the exemption threshold by product and partner Member State by using data collected from the most similar traders above the exemption threshold. 'Most similar traders' should be understood as traders with a most similar activity or/and of most similar size. 'Traders with a most similar activity' means 'traders with the same NACE activity code or with a NACE activity code as similar as possible'. 'Traders of most similar size' means 'just-above-threshold traders'. As regards the allocation by partner Member State, an alternative to the use of most similar traders' data would consist in applying the pattern captured from VIES data.

272. As regards the PSIs late in submitting their Intrastat declarations, **it is recommended that** NSAs allocate the estimated total trade by product and partner Member State by using their historical Intrastat data or, if not available or not relevant, by using Intrastat data collected from the most similar traders. 'Most similar traders' should be understood as traders with a most similar activity or/and of most similar size. 'Traders with a most similar activity' means 'traders with the same NACE activity code or with a NACE activity code as similar as possible'. 'Traders of most similar size' means 'traders with most similar trade value or turnover'. As regards the allocation by partner Member State, an alternative to the use of the PSI's historical Intrastat data or of similar traders' data would consist in applying the pattern captured from VIES data.

273. **NSAs are encouraged** to monitor the accuracy of the non/late response estimates at product and partner level by comparison with real data when Intrastat declarations are submitted. They should improve their estimation method in the case this monitoring reveals quality issues.

⁽¹⁾) When using VAT data, in particular data on intra-EU acquisition/supply, for estimation of missing intra-EU trade conceptual differences between VAT and Intrastat such as processing, triangular trade etc. should be taken into consideration. The estimates should cover all missing arrivals and dispatches as defined by the scope provisions including goods for and after processing, returned goods, goods delivered with assembly and installation etc.

274. **Data quality checks.** VAT data is one out of many auxiliary data sources which can be used to improve the quality of Intrastat data. The comparison of the total taxable amount of arrivals/dispatches reported for Intrastat and the taxable amount indicated in the two boxes of VAT returns at PSI level, provides information on possible errors. The most important traders with highest discrepancies between Intrastat and VAT figures can be contacted and data corrected if needed.

275. A PSI is also responsible for proving the correctness of the statistical information provided on the VAT return, at the request of the NSA. The obligation to prove the correctness is limited to data which the provider of statistical information has to deliver to the competent tax administration in connection with his intra-EU movements of goods. Therefore the NSAs can require trade descriptions of the goods, copies of invoices or delivery notes.

276. Several issues should be taken into account when preparing algorithms for Intrastat data quality checks based on VAT data:

- **Methodological differences between VAT and Intrastat system.** The influence of methodological differences should be eliminated as much as possible from both VAT and Intrastat data in order to achieve the highest comparability of data.
- **Period to be compared.** Although in most cases the period of reference for both systems is the calendar month, it is advisable to compare data at PSI level over a longer period, for example a quarter, 6 months or a cumulative value since the beginning of the year. The total values of longer periods are less influenced by possible differences of the reference period in both systems, by revisions or other factors. Consequently the quality control procedure becomes more efficient.
- **Criteria for selecting cases to be clarified.** It is highly important to define efficient criteria according to which traders may be contacted to clarify causes for discrepancies. Usually the differences in value and in percentage are taken into account. Analysis of differences and contacts with PSIs concerned may result in corrections of Intrastat or VAT data.

Example 22

Erroneous cases that cause discrepancies in VAT and Intrastat data of the same trader

- incorrect use of the VAT boxes, sometimes services are included in the boxes for intra-EU acquisition and supply of goods;
- triangular trade is included in the boxes for acquisition and supply, even if it should be reported in the separate box or otherwise identified;
- two PSIs report the same transaction for Intrastat: when more than one PSI is involved in a processing activity sometimes both can report; financial leasing transaction can be reported by the bank and the lessee;
- wrong nature of transaction code is indicated on the Intrastat declaration;
- inconsistent reporting of VAT and Intrastat (e.g. a trader may declare arrivals in Intrastat, but not acquisitions on the VAT declaration).

Possible use of VIES data

Commission Regulation (EC) No 1982/2004, Article 6

277. The VIES information to be provided by the tax administration to the national statistical authority is at least the following:

- on intra-EU supplies:
 - the VAT ID number of each national supplier;
 - the VAT ID number of the partner Member State acquirer;
 - the taxable amount between each national supplier and partner Member State acquirer,
- on intra-EU acquisitions:
 - the VAT ID number of each national acquirer;
 - the total taxable amount by national acquirer aggregated by partner Member State.

278. According to Article 263 of Directive 2006/112/EC, the **VAT recapitulative statements (VIES declarations)** shall be drawn up for each calendar month within a period not exceeding one month and in accordance with a procedure to be determined by the Member States. In some cases Member States may allow taxable persons to submit the VIES declaration quarterly. The possible use of VIES

data thus depends on practices applied in the Member States. Differences between the reference periods in Intrastat and VIES data should be taken into account.

279. Data reported on VIES declarations are linked to the data declared on VAT returns. However, VIES declarations contain an additional piece of information which can be very useful for Intrastat purposes: the partner country and the taxable value for each acquirer of goods. **It is very important to take into account that the concept of the partner Member State used in the VIES system differs from the one applied in Intrastat.** In the VIES system the partner Member State is defined on the basis of the fiscal flow (invoice) while in Intrastat, the partner country is connected with a physical flow of goods. The VAT ID number (including the code of the Member State) of the person acquiring the goods in the other Member State is reported on the VIES declaration and does not necessarily indicate the country where the goods physically move.

280. VIES declarations contain information on intra-EU supplies of goods (since 2010 the information on supply of services is collected as well) and can, consequently be used for analysis and quality improvements of Intrastat data on dispatches of goods. According to [Council Regulation \(EC\) No 1798/2003](#) the national tax administration receives from tax administrations of all other Member States relevant VIES information. Consequently, information on intra-EU acquisitions is available and can be used for the improvement of statistics on arrivals of goods.

281. Taking into account available data elements, timeliness, periodicity and other factors, the VIES data for Intrastat purposes may be used in data quality checks, for estimations of trade below the exemption thresholds, non-response and updates of the Intrastat register.

282. **Estimates of missing intra-EU trade.** As it was mentioned above, VIES data are only an auxiliary data source for information on the partner country. This information may be used for the distribution of estimated trade below the exemption thresholds or non-response. Furthermore, it is available at PSI level and the estimates based on VIES information may give quite accurate estimates of the partner country. Before deciding to use VIES data, **NSAs are encouraged** to analyse the differences between data on partner country in Intrastat and VIES at PSI level.

283. **Data quality checks.** VIES data can be very useful for reconciling intra-EU trade asymmetries. They provide not only information on the partner country but also the VAT ID number of the partner Member State acquirer (trader). This information is very important and useful when the national legislation allows exchange of confidential data.

Methodological differences between data on Intrastat declarations and VAT data

284. There are no major methodological differences between VAT and VIES data. If according to the national VAT rules the triangular trade should not be included in the box for intra-EU supplies of goods on the VAT return, the value declared in the mentioned box at individual trader level should usually match with the total taxable amount of goods declared on the VIES declaration. Therefore the methodological Intrastat and VAT differences discussed below apply to the VIES data as well.

285. For the majority of cases the totals of the values declared on Intrastat declarations for dispatches and arrivals at individual trader level should match the figures declared on the VAT return for intra-EU supplies and acquisitions, provided that some conditions are met:

- data from both sources refer to the same reference period;
- data are methodologically comparable (transactions of a certain nature should thus be excluded from comparison or treated differently and other methodological aspects should be considered, e.g. triangular trade, exchange rates, etc.);
- the VAT data are correct (in practice this is not always the case, therefore the analysis of Intrastat — VAT data may also result in better quality of VAT data if a PSI himself corrects VAT return after being contacted by NSA; however the statistical confidentiality requires a strict separation of statistics from other administrations therefore it is not allowed to communicate errors even in addresses of PSIs back to the fiscal authorities).

286. However, there are a number of legitimate reasons for the figures to be different. The following table illustrates cases where the figures declared on Intrastat declarations may be different from

respective data on VAT and VIES returns because of methodological reasons. The list is not exhaustive and does not take into account any CIF/FOB adjustments if necessary.

Some methodological reasons that cause discrepancies in Instratstat and VAT/VIES data

1. **Goods sent for or returned after processing** (for more details see sub-chapter Processing trade). For VAT purposes, processing is regarded as a service and the value of processing costs should be reported for services and should not be entered in the boxes dedicated to intra-EU acquisitions/supplies of goods. In the Instratstat system the total value of goods (including processing costs) sent for processing or returning after processing should be reported. **Instratstat > VAT**.
2. **Financial leasing** (for more details see paragraphs 157 — 161). Financial leases are generally paid in instalments and are calculated in such a way as to cover the total value of the goods. At the end of the contract the lessee usually becomes the legal owner of the goods. For Instratstat the total value of the goods must be declared at the moment of dispatch/arrival of the goods under the financial leasing contract. However on VAT returns only the amounts paid as instalments or nil (depending on national practice) are reported. **Instratstat > VAT** (at the month of dispatch or arrival of the goods) or **Instratstat < = VAT** (when no movement of the goods takes place).
3. **Credit notes** (for more details see paragraphs 437 and 438). Credit notes reduce the taxable amount that should be declared on VAT returns. However credit notes in Instratstat will not be considered if granted for several deliveries of goods.
4. **Returned goods.** Goods that are returned in exchange are not recorded as acquisitions on the VAT return but must be recorded as arrivals in Instratstat. **Instratstat > VAT**.
5. **Triangular trade** (for more details see chapter Triangular trade). Reporting obligations for fiscal purposes and for Instratstat differ in the case of triangular trade: in Instratstat triangular trade should be excluded in an intermediary Member State, whereas for VAT it should be reported
 - When only Member States are involved in triangular trade, an intermediary (i.e. goods do not enter or leave the country of intermediary) does not report for Instratstat but declares a taxable value of the goods or nil (depending on national practice) for VAT. **Instratstat < = VAT**.
 - As far as VIES is concerned, the seller of the goods (see **Figure 47: Triangular trade within the context of VAT recapitulative statements (VIES)**) reports an intra-EU supply, indicating the intermediary country as partner country. The same trader should report a dispatch of goods for Instratstat, indicating the Member State of destination as partner country. Therefore different partner Member States are declared for Instratstat and VIES.
 - When the intermediary is from a non-member country (invoice from the non-member country) and not registered for VAT purposes in the EU, but goods move between two Member States, no value is reported in the boxes for intra-EU acquisitions and intra-EU supplies of the VAT return. However the value of the goods should be reported in the Instratstat system. **Instratstat > VAT**.
6. **Distance sales** (for more details see subchapter Distance sale). The distance sales above the distance sales threshold (defined by national tax administrations in the Member State of destination of goods) in some Member States are reported on VAT returns as intra-EU supplies and acquisitions. However the reporting obligation is defined by national rules and therefore the data may not be available on VAT returns in all Member States. Distance sales below the distance sales threshold will not usually be reported on VAT returns, as there is no obligation (but a possibility) to register for VAT in the Member State of supply of goods. In Instratstat, distance sales are treated as normal sales of goods and should be reported when exceeding Instratstat exemption thresholds. **Instratstat > VAT**.
7. **Sales to and purchases from private individuals.** If a PSI purchases goods from or sells goods to a private individual who is not registered for VAT purposes in another Member State, this trade should be reported in the Instratstat system. However, this transaction is not declared in the two boxes of the VAT return. **Instratstat > VAT**.
8. **Goods delivered with installation or assembly.** When goods are supplied as an integral part of a supply of services, no values are declared in the boxes for intra-EU acquisitions and supplies on VAT returns. However the value of the goods should be recorded in Instratstat declarations. If the invoice contains the total value of both goods and services, the value of the goods should be adjusted from the total invoice value. **Instratstat > VAT**.

- 9. Goods subject to excise and other duties.** Provided that the tax base also includes excise duties, the data from tax returns will be higher than the statistical value of the traded goods. **VAT > Intrastat.**
- 10. Electricity and gas.** For tax purposes the supply of electricity and gas is not considered an intra-EU acquisition and supply and thus the transactions are not reported in the boxes relevant for Intrastat. **Intrastat > VAT.**

Correction of the Intrastat declaration

287. At the time when the PSIs complete their Intrastat declaration they do not always have all the information necessary to make a full and accurate data return. Consequently there will be a need to correct data contained in the first submission.

288. Reasons for PSI data errors include

- Data validity errors: incorrect or missing codes, missing values in the declarations, character data in numeric fields and vice versa;
- Data credibility errors: The data can be valid according to the previous criterion of validity but can still be incorrect. For example, the declaration might be inconsistent internally in the comparison of the different variables, or it might not be consistent with what was submitted in previous months;
- Data completeness errors: This refers to whether the reported trade data represents the complete trade of the given PSI in intra-EU data.

289. Where possible data errors should be corrected preferably by the PSI, for example

- Replacing estimates with collected data;
- Correcting inaccurate and incorrectly reported data;
- Deletion of incorrectly reported movements of goods that never took place.

290. In some cases correction of errors can be automated at the data editing stage or even before. With the use of electronic reporting systems and data entry control the NSAs often detect and correct erroneous declarations at an early stage. **NSAs are required** to create the conditions enabling PSIs to use automatic data processing and electronic data transmission systems so such kind of checks should already be carried out by the PSIs themselves.

291. In other cases it might be necessary to contact the PSI, particularly in the case of data credibility errors to ascertain if ‘inconsistent data’ is actually incorrect data. Ideally all such inconsistencies would be checked with PSIs however resource constraints will often mean some prioritisation will be needed and only a relatively small number of PSIs will be contacted. PSIs have a legal obligation to provide complete and accurate data.

292. Changes in reporting because of a subsequent alteration of contracts (e.g. price reduction because of market difficulties) are not to be considered correction, if the declaration corresponds to the terms of contract in the relevant reporting time (for more details see Credit notes and their impact on statistical value).

293. Corrections will usually only be relevant for the data users, if the published data are going to be revised subsequently. In most cases, revisions of ITGS are done by the NSAs for the current and for the previous year (the ‘non-finalised data’). However **it is recommended that NSAs** revise data, which are considered final, where the revision is significant for the interpretation of the data. However the obligation for corrections by the party responsible for providing information should therefore be restricted as far as possible to the reporting periods, of which the results are not irrevocable yet.

294. Corrections have to be transmitted by the PSI — preferably by electronic means — in due time after detecting the mistake. **NSAs are encouraged** to define rules how PSIs should submit corrective Intrastat declaration. Otherwise NSAs should coordinate bilaterally with the party responsible for providing information.

295. For pragmatic reasons, the extent of the corrections should be limited to essential cases. **NSAs are encouraged** to define correction thresholds. In case of value corrections they may refer to value changes, in cases of changes of other statistical characteristics to the total value of the respective

indicator. However, a percentage correction requirement (such as correction of quantity by more than 10%) is also possible.

1.6.2 EXTRA-EU TRADE STATISTICS

296. **Obligation to provide a customs declaration.** The legal requirement and specifications for providing a customs declaration are laid down in the European customs provisions. The customs declaration has to be provided by **the declarant**⁽¹⁾ being the person liable for respecting the customs formalities and rules. This operator does not necessarily need to be involved in the trading of the goods, e.g. as importer/exporter or owner of the goods.

297. **Statistical declaration and statistical data.** The statistical declaration is not foreseen under Union legislation on extra-EU trade statistics nor is there any obligation for traders to provide such a declaration. The statistical data are collected through the relevant data on the customs declaration: '**... the [statistical] data shall be contained in the customs declaration**'⁽²⁾. On this declaration, the statistical data can be of common interest for customs and statistics (e.g. goods code according to the CN) or of purely statistical relevance (e.g. nature of transaction). All data elements on the customs declaration can only be collected if explicitly required by European customs provisions or national instruction (note: the monthly reference period⁽³⁾ must be deduced from the timestamp of acceptance of the customs declaration).

298. **Data collection process — standard customs declaration.** Where the customs declaration is the source of the statistical data, these data have to be transmitted from Customs to NSAs. **National Customs are required** to provide NSAs customs declarations lodged with them at the latest the month following the month of acceptance. The transmission has to take place in line with the agreement between Customs and national statistical authorities: daily, weekly, monthly or any other agreed periodicity.

299. **Data collection process — simplified declaration.** In cases where a simplified declaration is lodged and completed by a supplementary declaration, the data need to be transmitted or lodged to Customs at the latest the month after the acceptance of the simplified declaration. NSAs should consult the national deadlines applied by Customs and ensure that these deadlines do not go beyond the statistical deadline.

Impact of simplifications applied by Customs on statistical data availability

300. The UCC introduced and further developed several facilitations and simplifications to traders which are important for statistics in a view to data availability however they are not essentially new to the ones already defined by the former customs legislation.

301. **Simplified customs declaration.** The most widespread simplified procedure granted to operators is the use of the 'simplified plus supplementary declaration' for clearance processes within a Member State. Except for a short delay in the data transmission to NSAs, there are no further consequences on the availability of data. As the time lag for providing supplementary declarations is set by the national customs provisions **NSAs are encouraged** to ensure that the time lag will not be in contradiction with statistical requirements (see paragraph 860).

Example 23

Simplified declaration procedure and entry into declarants' records

Step 1: in the case of the 'Simplified declaration procedure': Lodging of a simplified (incomplete) customs declaration at the local customs office responsible for customs clearance at the place where the goods are located.

⁽¹⁾ According to Article 5 of the UCC 'declarant' means: the person lodging a customs declaration, a temporary storage declaration, an entry summary declaration, an exit summary declaration, a re-export declaration or a re-export notification in his or her own name or the person in whose name such a declaration or notification is lodged.

⁽²⁾ Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(3).

⁽³⁾ Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(b).

in the case of the entry into declarants' records : notice to the local customs office responsible for customs clearance on the arrival of the goods (because of release of goods) by entering the goods in the book keeping accounts.

Step 2: lodging of a supplementary (complete) customs declaration at the so-called payments customs office (normally the customs office responsible for the authorisation); generally summarised at the beginning of the following month.

302. **The customs centralised clearance (CC)** defined by the UCC enables traders to declare goods electronically, making a standard or simplified customs declaration, and to pay their customs duties at the place where they are established, irrespective of the Member State where the goods are presented to Customs, imported, exported or consumed. Thanks to this new facility, traders can deal with a single customs office at which all their customs declarations are lodged whilst importing and exporting via multiple Member States.

303. Centralised clearance can be authorised only for AEO for the following customs procedures ⁽¹⁾:

- release for free circulation,
- customs warehousing,
- temporary admission,
- end-use,
- inward processing,
- outward processing,
- export and re-export.

304. In the context of centralised clearance the supervising customs office⁽²⁾ must transmit to the customs office to which the goods in question have been presented:

- any amendment to or invalidation of the standard customs declaration that has occurred after the release of the goods;
- where a supplementary declaration has been lodged, that declaration and any amendment or invalidation thereof.

305. **Self-Assessment**, where a company can manage their customs activities through their own IT systems to determine their duty liability and notify it periodically to customs. Such companies may be authorised to carry out certain customs formalities which are to be carried out by the customs authorities and to perform certain controls under customs supervision. The customs procedures covered are the same as for entry in the declarant's records.

306. **Entry in the declarant's records**⁽³⁾ (former LCP: Local clearance procedure⁽⁴⁾) — authorised persons can make their customs declarations, both standard and simplified, in the form of entries in their own records (EIDR), rather than through formal lodgement of customs declarations. The authorised economic operator for customs simplifications (AEOCs) may also be authorised to enter customs declarations into their records without having to present the goods to customs, as long as the supervising customs office has access to all information necessary to examine the goods, if it wishes. Entry in the declarant's records may be authorised for the same customs procedures as for Centralised Clearance⁽⁵⁾.

307. In cases where the centralised clearance is combined with the use of simplified customs declaration or entry in the declarant's records, according to Article 232 of the UCC IA the supervising

⁽¹⁾ Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015, Article 149.

⁽²⁾ This customs office has the responsibility to supervise the placing of the goods under a customs procedure. It is also the customs office where, according to Article 179 the UCC, the customs declarations are lodged and supervises the operations of the authorisation holder.

⁽³⁾ Former corresponding terminology is: Local Clearance Procedure (LCP).

⁽⁴⁾ All the authorisations for LCP becoming EIDR after 1 May 2016 must be assessed before 1 May 2019.

⁽⁵⁾ Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015, Article 150.

customs office has to transmit to the customs office of presentation the supplementary declaration or its particulars extracted from the trader's IT system.

308. These facilities are directly connected with the on-going implementation of the IT systems. The UCC requires that all exchange of information between customs authorities and companies must be electronic: customs declarations, applications as well as notifications.

309. The major problem for statisticians related to the introduction of simplifications for traders is timely data availability. The UCC and its delegated and implementing acts better define data requirements. For instance, it is required that a *supplementary declaration* containing the particulars necessary for the customs procedure concerned has to be lodged at the competent customs office within a specific time-limit in all above-mentioned cases of simplifications. It is also provided that the customs authorities may allow the supplementary declarations to be available through direct electronic access in the IT system of the person concerned. In this way all data needed for statistics may become available at the request of NSA.

310. In order to ensure the availability of supplementary declarations or other customs records which were subject to later amendments or changes by Customs (for additional information please refer to par. 199 (Customs decisions), the provisions laid down in Article 1(3) of Regulation 92/2010 form legal grounds to enable compilers to have access to revised records on imports and exports where statistical data already provided are amended or changed.

Transitional rules for certain provisions of the UCC

311. **Transitional period:** during the transitional period, each Member State can choose to modify its existing technology or take the opportunity to transition to the complete system. Each country can choose its own timelines to implement changes in line with the latest Work Programme established by the Commission⁽¹⁾. As regards the functionality necessary for trans-European exchange of information in the context of centralised clearance it should be operational by 2023 for export (UCC Automated Export System (AES)) and by 2025 for import (UCC Centralised Clearance for Import (CCI)). Before the deployment of these changes, according to Article 18(1) of the UCC Transitional Delegated Act (TDA), centralised clearance will continue to be applied in a similar manner as Single Authorisation for Simplified Procedures (SASP). The customs authorities involved will set out necessary arrangements. Thus, Article 18(2) of the TDA states that the existing means of exchange used for SASP can remain until AES or CCI is deployed.

312. **Single Authorisation for simplified procedures (SASP)** is a similar simplification for traders as Centralised Customs Clearance, which was used before introduction of the UCC and is used now under the name of *Centralised Customs Clearance* in the situation where trans- European data exchange system is not fully operational. Customs may authorise an operator to carry out a customs clearance involving more than one Member State if the respective national Customs offices have come to a common agreement beforehand in the framework of the consultation procedure⁽²⁾. **NSAs are encouraged** to look for a close cooperation with their national Customs during the transitional period in order to be a part of the consultation procedure and agree on statistical data requirements in advance.

313. The major difference between SASP and the CC is that SASP is based on individual agreements ('consultation procedure') between the customs authorities involved. However the CC is based on generally accepted standardised proceedings agreed upon by the Member States in advance. The standardised proceedings are defined by the UCC delegated/implementing acts.

314. The usual supplementary declaration serves as data source for EU trade statistics. However, in order to be able to allocate the goods movement to the relevant Member State (Member State of

⁽¹⁾ Commission Implementing Decision (EU) 2019/2151.

⁽²⁾ Commission Implementing Regulation (EU) 2015/2447, Article 31.

destination on imports or Member State of actual export on exports)⁽¹⁾ this information is necessary. As the UCC IA (Article 231 and 232) provides for an exchange of customs records among Member States involved in the CC, the statistical data availability in the participating Member State should be assured as all data of supplementary declarations and amendments will be exchanged between supervising and participating Member States. Consequently it is very important that information about Member State of destination/actual exports is recorded on customs declaration. While these data elements are **optional during transitional period**, **NSAs are encouraged** to request their national Customs to include the indication of these data elements in the authorisation. Member State of destination and Member State of actual export become mandatory under the implementation of Union Customs Code delegated/implementing acts.

315. The rules on compilation and transmission of extra-EU trade statistics to Eurostat by Member States remain the same as long as the 'Centralised clearance in the transitional period' applies⁽²⁾ and until the trans-European IT systems are operational. Consequently, the NSA of the Member State where the customs declaration is lodged is responsible for compilation and subsequent transmission of ITGS to Eurostat, as it presented in Figure 11 and 12.

316. From the time Member States customs introduces a mechanism for mutual electronic data exchange, the rules on compilation and transmission of extra-EU trade statistics to Eurostat change. For ITGS-purposes, that exchange by customs under their IT-systems AES and CCI is referred to as 'automated centralised clearance'⁽³⁾.

317. The customs systems are designed to exchange the full content of the customs declaration from the customs authority where the declaration is lodged to the customs authority of the Member State where the goods are located. The receiving customs authority must then provide the relevant declarations to its NSA, which in turn is obliged to compile ITGS from that data source (Figure 10). Compared to centralised clearance in the transitional period, i.e. SASP-type CC, under the automated centralised clearance, the compilation obligation for ITGS shifts from the Member State where the customs declaration is lodged to the Member State where the goods are located. At the same time, the NSA of the Member State where the customs declaration is lodged must exclude the respective CC-related trade in its data submissions to Eurostat.

318. During the transitional period SASP type centralised clearance and automated centralised clearance can be applied in parallel in a given Member State, depending whether or not the partner Member States' customs authority deployed AES and CCI.

⁽¹⁾ Commission Regulation (EU) No 113/2010, Articles 6(3) and 6(4).

⁽²⁾ Commission Regulation (EU) No 92/2010, Article 1(1)(a).
Commission Implementing Regulation (EU) 2016/1253.

³ Commission Regulation (EU) No 92/2010, Article 1 (1)(b).

Figure 10: ITGS data compilation under automated customs clearance

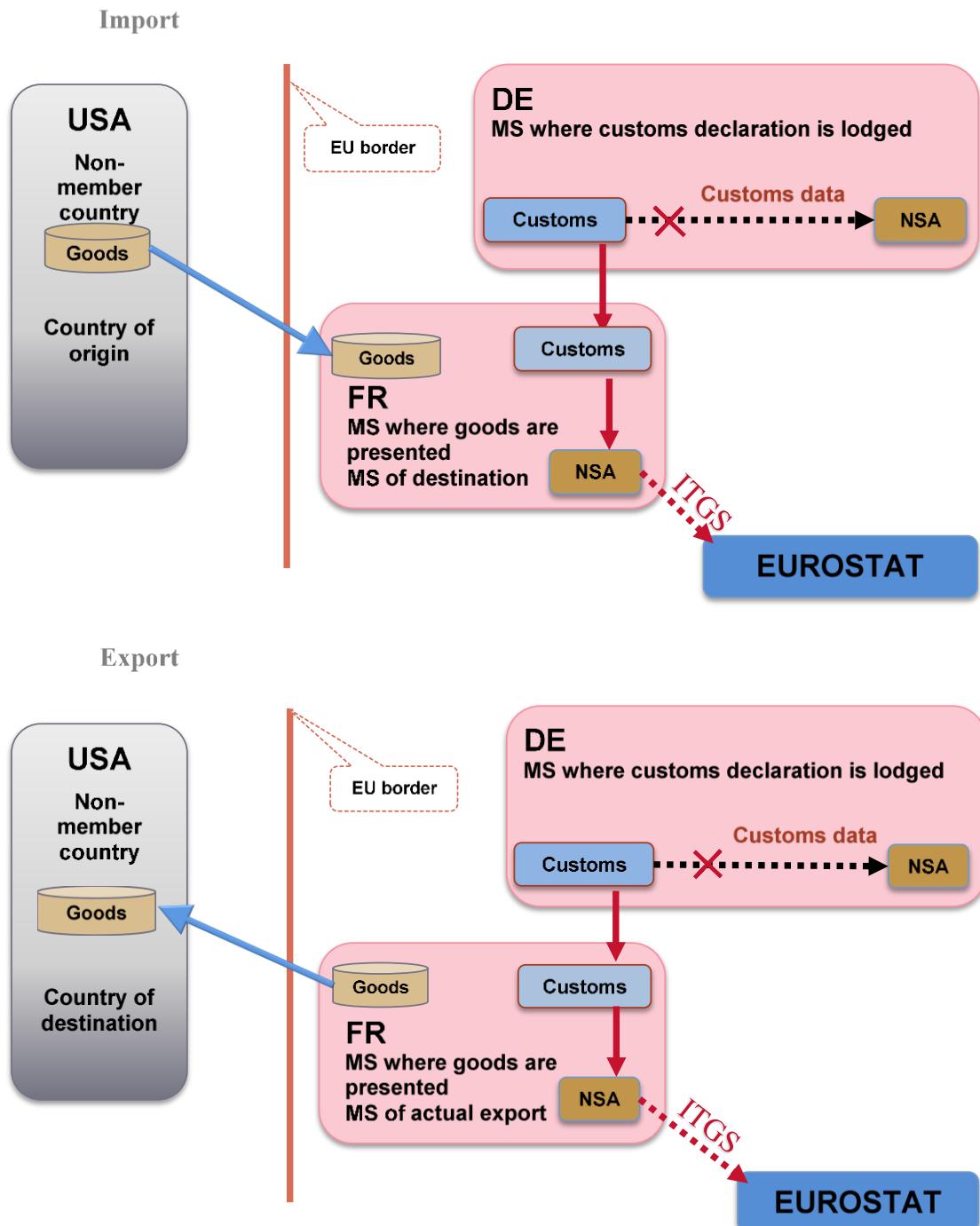


Figure 11: Imports data compilation under SASP-type CC

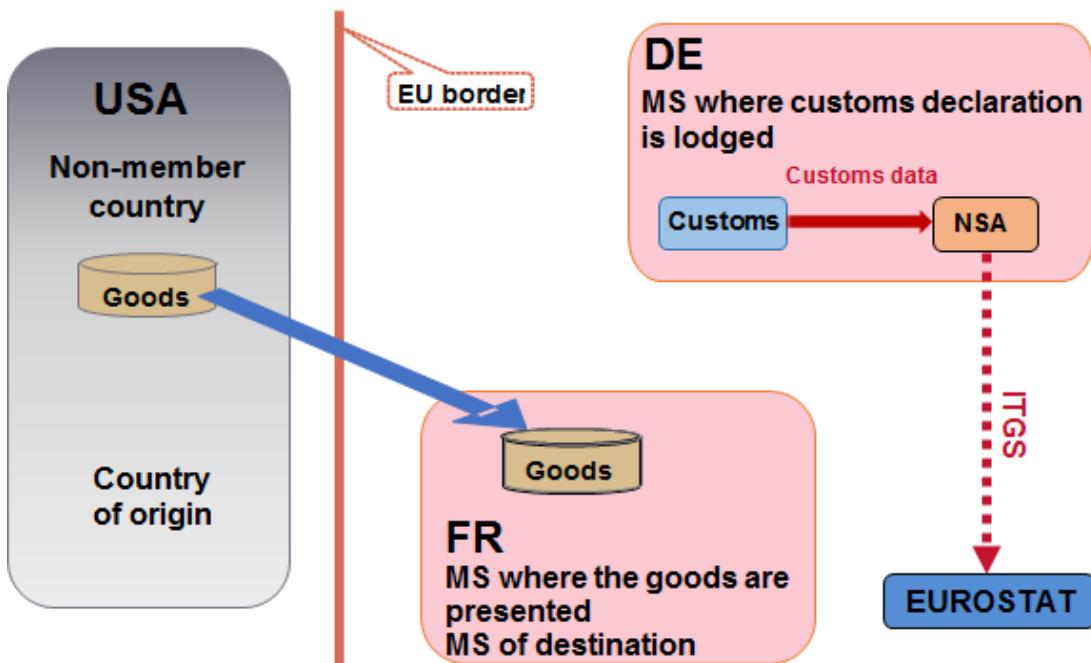
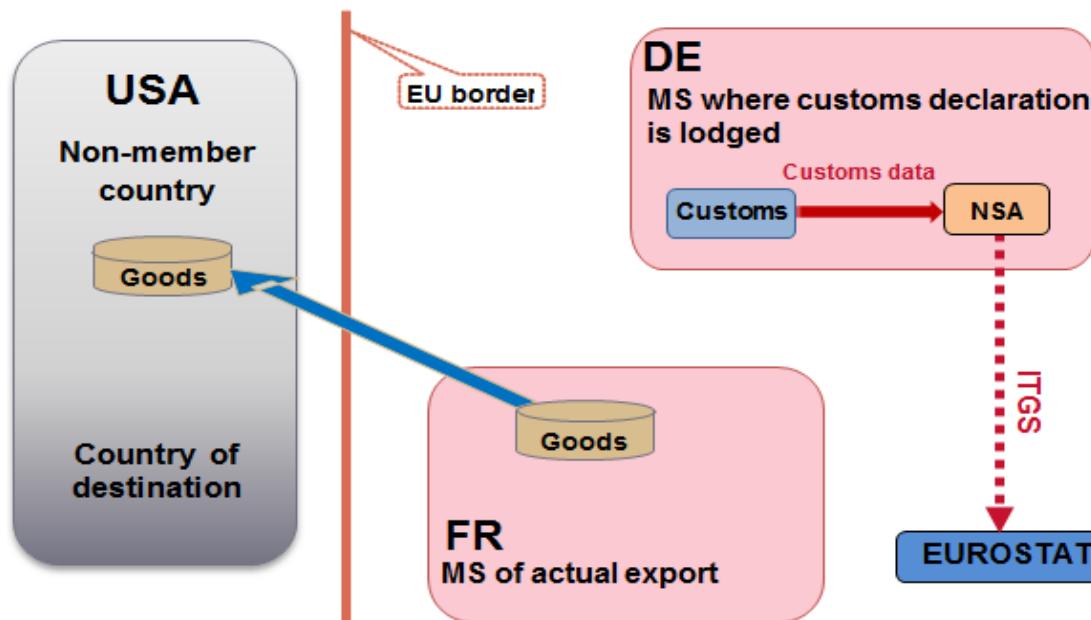


Figure 12: Export data compilation under SASP-type CC



319. **Mutual electronic data exchange under centralised clearance.** Unlike under SASP, the system of centralised clearance requires as a prerequisite the availability of a mutual electronic data exchange system between the national customs authorities. For this purpose, the customs administration of the Member State where the customs declaration has been lodged has to send the customs declaration to the customs authorities of the Member State where the goods are located at the time of release into the customs procedure. The receiving customs office is then obliged to transmit the relevant information to its national NSA.

320. **Need for NSAs to contact operators (data verification).** The legal provisions on extra-EU trade statistics do not foresee an explicit statistical reporting obligation for importers or exporters. These operators are therefore not obliged to answer enquiries from any NSA. The only legal possibility to enforce information verifications is under the empowerment given to the NSA to ask Customs (national or of another Member State) to verify the correctness and completeness of the data⁽¹⁾. Therefore it is advisable for NSAs to establish data correction procedures with their national Customs and in line with their national provisions, which would clearly define how and with which frequency the NSAs inform Customs on incorrect transactions and set the deadlines for clearing errors for their customs administration.

321. While not explicitly mentioned in the regulation, the possibility to directly contact the traders to verify the data should not be excluded, as it is much more efficient and practical than the verification of data via Customs. Therefore, it should remain as an option irrespective of the fact that traders could refuse to answer questions by NSAs.

322. If Customs and NSA of the same Member State are involved, the Member State is free to organise such enquiry procedures under national provisions. However, as soon as **two** Member States are involved (in the case of centralised clearance) the administrations of the two Member States (NSA, Customs) need to establish operational procedures. Future practice will show how and if such trans-national verification procedures can be successfully established.

Extrastat Register (EORI) — accessibility and use by NSAs

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(e) and Article 6(2)

Commission Regulation (EU) No 113/2010, Articles 13, 15(3) and 15(4)

Commission Implementing Regulation (EU) 2015/2447, Annex 12-01

323. The identification of traders has become very important for ITGS, although information about traders is not disseminated. The majority of NSAs traditionally have had access to the identification of traders. However specific obligations for customs authorities to provide traders' identification numbers (trader-ID) to NSAs was introduced by Regulation (EC) No 471/2009 in 2010.

324. Trader identification in extra-EU trade has been extremely useful for analytical, validation and estimation purposes. For those Member States where data quality control — or part of it — is assigned to the compiling institution, maintaining a register of extra-EU trade operators has already been essential to be able to contact traders directly.

325. With the evolution of ITGS, more emphasis has been put on the enterprise characteristics of the trade. Additional statistics have been introduced, called Trade by Enterprise Characteristics, which are based on linking trade information at trader level with the statistical business register. In order to enable linkage and facilitate quality work, access to trader-ID of Customs has been granted by the legislation to the statistical authority compiling ITGS.

326. In parallel with the developments in statistics, the identification of traders for customs purposes has been harmonised at EU level and a new ID system, namely the Economic Operators Registration and Identification (EORI) system was introduced in mid-2009.

327. EORI registration covers data elements that are listed in Annex 12-01 of the Regulation (EU) 2015/2447.. Data elements include EORI number, name, contact information, address and all VAT ID numbers that the entity has registered within the EU. These data elements provide a solid basis for maintaining a register for statistical purposes. Legislation grants full access to the EORI register to compilers of ITGS. **The competent national authorities are required** to provide access to data in EORI database at the request of NSA. However, **NSAs are encouraged** to acquire the EORI

⁽¹⁾ Commission Regulation (EU) No 92/2010, Article 1(4).

register along with trade data from Customs on a regular basis and include this agreement in the Memorandum of Understanding between Customs and NSA.

328. However, the data quality of EORI numbers on these **SAD-Boxes** can be negatively affected by human error, lack of quality checks and limitations of IT-systems. Missing EORI numbers for example, should normally not occur unless the trader is a private individual. Instead of an EORI number private individuals may provide another type of identification, e.g. their name and address, according to national practice. In these cases Customs IT-systems offer at least two types of trader identification, leaving it up to the trader which one to choose.

329. Data quality can also be negatively affected when the EORI number entered into the declaration is not (immediately) validated against the central EU EORI database maintained by DG TAXUD. Traders using look-alike EORI numbers that do not exist in the EORI database might therefore be difficult to match with the statistical business register.

330. Even when valid EORI numbers are used errors can occur. For example, when the declarant enters an EORI number in **SAD-Box 2** that identifies an economic operator other than the actual consignor/exporter. Such errors might occur more often when traders use services of customs agents. Agents with a lot of customers might mix up their EORI numbers more easily.

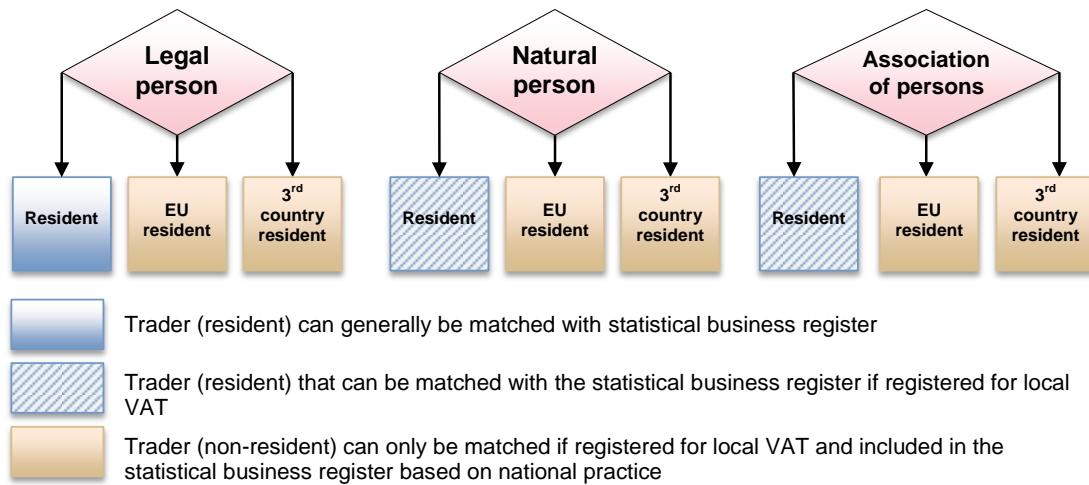
331. In order to produce trade statistics according to enterprise characteristics, traders identified via EORI should be matched with the statistical business register. The key variable for matching is the VAT ID number. If the statistical business register uses the VAT identification number as the key identifier, matching can be done in one step, otherwise there is another phase needed for matching the VAT ID number with the statistical business register identification number.

332. Depending on the quality of EORI information received from Customs and the national rules, content and quality of the statistical business register, the success rate of matching traders identified via EORI with the statistical business register may highly vary in Member States. However, complete matching is not possible due to the rules of obtaining an EORI registration and non-resident companies.

333. According to the list of entities subject to EORI registration, the population that can be matched with the statistical business register covers legal persons, natural persons and associations of persons (if according to national rules they are VAT registered) of the resident economy. Based on national practice, legal persons, natural persons and associations of persons established in another Member State or non-member country, but due to their local activity registered in the national VAT system, may be contained within the statistical business register, and thus can be matched with EORI. However, non-resident legal persons, natural persons and associations of persons without VAT registration in the national economy are generally not possible to be matched with the statistical business register.

334. The table below summarises the different types of trader with EORI registration, and their potential to be matched with the statistical business register:

Figure 13: Scheme of type of traders with EORI registration



335. EORI might have additional uses in national systems for the compilation of extra-EU trade statistics. For example, traders obtaining authorisation for CC (SASP) but lacking VAT registration in the resident economy can only be identified via an EORI number.

2

The data

2.1 Identification number of the PSI/operator

2.1.1 INTRA-EU TRADE STATISTICS

Regulation (EC) No 638/2004 of the Council and Parliament, Article 9(1)(a)

336. Providers of statistical information carrying out intra-EU acquisitions and supplies are identified through the value added tax identification number. A harmonised European VAT ID number does not exist and the number is issued by national tax administrations according to national legislation. The number contains a prefix according to ISO International Standard No 3166-alpha 2 except Greece which uses the prefix 'EL'. The prefix allows the related Member State to be identified. Whether the prefix is also requested for Intrastat declarations depends on national requirements.

337. In addition to the VAT ID number, national authorities may require supplementary information to identify the declarant on Intrastat declarations such as the full name and address of PSIs and of any agents (third parties) appointed by PSIs to submit Intrastat declarations on their behalf. The addresses might correspond either with the address indicated in the tax registers or with the address of the person who carries out the trade activity and may differ from the official address.

338. PSIs may submit Intrastat declarations separately for their individual branches. **NSAs are encouraged** to make these submissions the subject of prior approval by the national authorities. For these cases special Intrastat identification numbers should be issued which, together with the VAT ID number of the company, allow an unambiguous identification of the branches. Identification numbers of branches could be based for instance on numbers of local units already applied in the statistical business register.

339. Traders who are predominantly engaged in intra-EU processing operations do not declare intra-EU acquisitions and supplies on the VAT return (or the value of their trade may be below the exemption threshold) and it might be difficult to identify these traders. Although the control and monitoring of these traders is further complicated by data provided from tax administrations, it is advisable that the VAT ID number for these traders is also made available to statistical authorities.

340. An identification number should also be assigned to an economic operator when using additional data sources for specific goods or movements. **It is recommended that NSAs assign** this identification number in such a way that it is linked to the VAT ID number system, if possible.

2.1.2 EXTRA-EU TRADE STATISTICS

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 6(2)

341. The EORI number (**D.E. 3/2**) is a unique identifier assigned to entities which are in the course of their business involved in activities covered by customs legislation. Unlike VAT registration, a single entity shall have only one EORI number within the EU, which is to be used in all Member States, where it is carrying out customs activities. The EORI number should normally be issued to traders resident in the EU in the Member State where they are established. For traders resident in non-member countries, the place (i.e. the Member State) of registration is where they first get contact with EU Customs.

342. There are three types of entities subject to EORI registration according to the Union Customs Code implementing provisions: natural persons, legal persons and associations of persons which are

not legal persons, but which are recognised under Union or national law as having the capacity to perform legal acts. (further on: association of persons). However, the obligation for registration of natural persons to EORI is decided at Member State level⁽¹⁾.

343. The structure of the EORI number contains the 2-digit Member State country code according to the Geonomenclature and a maximum 15-digit alphanumeric code often based on the VAT number or another national identification number assigned by the national authority issuing the EORI-code. DG TAXUD on its internet page provides a facility to validate EORI numbers⁽²⁾.

344. ITGS practically considers the entity mentioned in **SAD-Box 2 Exporter** or (D.E. 3/2)⁽³⁾ for exports and **SAD-Box 8 Importer** (D.E. 3/16) for imports as the trader relevant for statistical purposes. Additionally, **SAD-Box 14 Declarant/Representative** provides information about the entity to be contacted for data checking/correction purposes. Using the EORI code in these boxes is obligatory; therefore theoretically Customs provides a full coverage of trader information to ITGS identified via EORI with insignificant exceptions, when the trader has no EORI number.

2.2 Reference period

2.2.1 INTRA-EU TRADE STATISTICS

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 6

Commission Regulation (EC) No 1982/2004, Articles 3, 16(2) and 17(3)

345. The intra-EU trade statistics regulation provides two definitions of the reference period to be used in the Intrastat system. The reference period for the information to be collected shall be the calendar month of the dispatch or arrival of goods. However, the reference period may be adapted by Member States to take into account the linkage with VAT obligations. Member States may define the reference period to which the monthly trade flows should be allocated as the calendar month when the chargeable event for VAT purposes occurs. Furthermore, specific provisions on the reference period are applied for the collection of some specific goods or movements.

346. Thus, the legislation defines several reference periods to which monthly trade flows could be allocated:

- The calendar month within which dispatches or arrivals of goods take place. This is the month in which the goods physically enter or leave the statistical territory of the reporting Member State;
- The calendar month when the chargeable event for VAT purposes occurs;
- The calendar month during which the declaration is accepted by Customs. This is important for certain customs inward processing transactions and goods belonging to the statistical but not to the fiscal territory of the Union. The information is provided by Customs;
- The calendar month during which the transfer of economic ownership takes place for vessels, aircraft;
- The calendar month during which the last consignment arrives or is dispatched for staggered consignments.

347. The Intrastat system is closely linked to the system of VAT. However, sometimes the calendar month within which the dispatch or arrival of goods takes place may differ from the one when the chargeable event for VAT purposes occurs. VAT shall become chargeable on issue of the invoice, and no later than on the fifteenth day of the month following that in which the chargeable event occurs. As a consequence, for some trade transactions, the reference period according to VAT obligations may differ by about one calendar month from the reference period determined according

⁽¹⁾ https://ec.europa.eu/taxation_customs/resources/documents/customs/customs_code/guidance_dih_en.pdf.

⁽²⁾ https://ec.europa.eu/taxation_customs/dds2/eos/eori_validation.jsp?Lang=en.

⁽³⁾ The new customs provisions do not refer to the number of the SAD boxes but to the Data Element (DE) Number.

to the physical movement of goods. To ensure comparability with VAT data, it is advisable that the reference period is also determined as the calendar month in which the same trade transaction is recorded for fiscal purposes in the so-called 'two VAT boxes' (intra-EU acquisitions and supplies). In all cases where the calendar month within which the dispatch or arrival of the goods takes place differs significantly from the month recorded for fiscal purposes, the date of dispatch should be used as the reference period.

348. For other goods not reported on a VAT return as intra-EU acquisitions or supplies (for example processing, returned goods, trade in electricity and gas and other), the reference period **shall** be defined as the calendar month during which the dispatch or arrival of the goods takes place.

349. Specific provisions on the reference period shall be applied to some specific goods or movements e.g. vessels and aircraft or spacecraft. For instance, the reference period for arrivals and dispatches of vessels and aircraft shall be the month when the transfer of economic ownership takes place (For more details see chapter [3.3 Vessels and aircraft](#)).

350. When one of the conditions for movements of goods previously exempted because of temporary use is not met (e.g. they stay longer than two years) the goods must be included in intra-EU and extra-EU trade statistics. The reference period **shall** be defined as the calendar month when the event breaking the conditions of the provisions took place.

2.2.2 EXTRA-EU TRADE STATISTICS

Regulation (EC) No 471/2009 of the European Parliament and Council, Article 5(1)(b)

Commission Regulation (EU) No 113/2010, Article 3, 18(2) and 19(3)

Commission Regulation (EU) No 92/2010, Article 2(2)(b)

351. The legislation provides only very general provisions regarding the reference period. It states that the reference period shall indicate the calendar year and month in which the goods are imported or exported. Only cases where the data source is the customs declaration are specified more precisely. According to the regulation, when the customs declaration is the source for records on imports and exports, the reference period shall be the calendar year and month when the declaration is accepted by customs authorities.

352. As in the intra-EU trade statistics, specific provisions on the reference period are applied to the trade in vessels, aircraft. For such goods the reference period is the month when the transfer of economic ownership takes place.

2.3 Commodity Code

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 9(1)(d) and Article 9(2)(a)

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(h)

Commission Regulation (EU) No 113/2010, Article 8

Combined Nomenclature

Council Regulation (EEC) No 2658/87, Article 1

2.3.1 COMBINED NOMENCLATURE

353. One of the key requirements for trade in goods statistics is that they are classified by commodity code as set out in the EU Combined Nomenclature. In the CN the full commodity code for a particular product can be broken down as follows:

- the first six digits are taken from the Harmonised Commodity Description and Coding System (known as the Harmonised System, or HS), developed and maintained by the World Customs Organisation. The HS is used worldwide by the majority of trading nations; it is reviewed and updated in 5-year cycles (although exceptionally the time between updates may differ). The last

revision is from 2012;

- The eight digits form the EU Combined Nomenclature which is a further detailed breakdown to reflect EU industry in terms of trade statistics, customs tariffs and other EU policies.

Example 24

CN structure

HS Chapter	18	Cocoa and Cocoa Preparations
HS Heading	1806	Chocolate and other food preparations containing cocoa
HS Subheading	1806 10	Cocoa powder, containing added sugar or other sweetening matter
CN Subheading	1806 10 15	Containing no sucrose or containing less than 5% by weight of sucrose (including invert sugar expressed as sucrose) or isoglucose expressed as sucrose

354. An optional breakdown beyond the 8th digit is available, for intra-EU trade only, to Member States wishing to collect statistical data of national interest.

355. To help in classifying commodities, CN Explanatory Notes are produced on an ad-hoc basis, although they are not legally binding. The application 'CN Search Tools' is also available from Eurostat. Harmonised System Explanatory Notes, published by the World Customs Organisation, provide guidance at HS level.

356. **Revision of CN.** The CN is revised on an annual basis. Changes may be made:

- as a result of requests from
 - EU Trade Federations (sometimes representing Member States at national level) to reflect industry developments; or
 - Commission Departments/Directorates, for example Agriculture, Fisheries — to meet EU policy etc.
- to accommodate international requirements; or
- for legal reasons.

357. As a result of revisions, the CN codes are created, deleted or merged each year. A new version is usually published in October as a Commission Regulation. Changes take effect from 1 January of the following year. Around the same time Eurostat distributes the publication 'Update of CN codes' which describes the CN structure and its historic evolution of codes from 1988. **It is recommended that NSAs inform PSIs about the modifications in good time in order to allow traders to prepare and make any changes to their systems.**

358. **NSAs are required** to transmit collected data to Eurostat for publication at eight digit level of the commodity code. The CN in force for a given year is always applied to the reference periods of that year. This means, for example, that data referring to the period of 'Year N' must contain the codes which are valid in 'Year N'. This applies even when they are transmitted to Eurostat the following year ('Year N+1') when the Year N codes are no longer valid. In other words, the transmission of revised data must contain the CN codes applicable at the time when the original transaction occurred.

359. Customs legislation provides for the rules which are applicable to the coding of the goods on the customs declaration: by default, the declarant filling in the customs declaration is obliged to classify each good separately and in application of the legal requirements of the CN, especially the General Rules for the interpretation of the Combined Nomenclature. To reduce this declaration burden, Article 177 of the UCC provides for an unlimited simplification possibility: at his request, Customs may authorise the declarant to indicate for goods which have different goods codes, only one single code on the customs declaration

360. For ITGS this simplification means that the goods code will be arbitrary and contain irrelevant information; this would obviously have negative consequences on the quality of all other statistical information related to the respective individual trade transaction. As Article 177 was adopted to facilitate trade between EU traders and third countries, it can be assumed that it will actually be applied in Member States, although at different scales and interpreted in different ways.

361. Therefore, it would be a good practice if NSA:

- obtain information from national Customs
 - on the rules governing the application of Article 177 of the UCC by national customs; and
 - how the application of the said Article can be identified in the data (e.g. by means of a procedure sub-code⁽¹⁾)
- and to consequently implement identification routines.

362. Only where NSA has found in the data from customs declarations that:

- a transaction is covered by Article 177⁽²⁾ of the UCC, and
- they assess or assume that the relevance or quality of the data is negatively affected, **NSAs are required** to flag imports or exports (e.g. by means of a special goods code provided by Doc MET400) covered by a customs authorisation relating to Article 177 of the UCC in their data submissions to Eurostat. In its dissemination of statistics, Eurostat would then be able to consider these effects in appropriate way.
- however, this specific requirement applies only where compilers did identify such authorisation from the data source and, moreover, only where the quality or relevance of the transmitted data is negatively affected.

2.3.2 TARIC

Council Regulation (EEC) No 2658/87, Article 2

363. The Integrated Tariff of the European Communities (TARIC) identifies additional provisions specified in the EU legislation to monitor tariff requirements such as suspensions, quotas and preferences — for imports from outside the EU. The TARIC code comprises the eight digit CN code with an additional two digits to identify tariff requirements. For example, chapter 46 CN codes are dedicated to ‘basketwork and similar products’. When these goods are ‘hand-made’, a tariff quota is available to allow lower duty rates. 10-digit TARIC codes allow this distinction to be made:

Example 25

TARIC subdivision

CN Subheading	4602 11 00	Basketwork and similar products of bamboo
TARIC code	4602 11 00 10	Hand made
	4602 11 00 90	Other

364. To serve trade policy purposes which fall under the competence of the Commission, the Extrastat legislation **requires** Member States to compile their import statistics by TARIC 10-digit goods code in cases where the data source is the customs declaration. Since TARIC subheading codes are likely to have validities which differ from the calendar year and are likely to change in the course of a calendar year, **NSAs are encouraged** to closely monitor those changes (e.g. by obtaining promptly from national Customs the applicable TARIC codes including their respective validities) and to consider this specificities accordingly in their data validation procedures.

⁽¹⁾ Regulation (EU) No 952/2013 (UCC) Annex B will provide for a respective Union sub-code in Data Element 1/11 (Additional procedure). Codes F47 and F65 – provides information about simplification of the drawing-up of customs declarations for goods falling under different tariff subheadings provided for in Article 177 of the Code.

⁽²⁾ 1. Where a consignment is made up of goods falling within different tariff subheadings, and dealing with each of those goods in accordance with its tariff subheading for the purpose of drawing-up the customs declaration would entail a burden of work and expense disproportionate to the import or export duty chargeable, the customs authorities may, upon application by the declarant, agree that import or export duty be charged on the whole consignment on the basis of the tariff subheading of the goods which are subject to the highest rate of import or export duty.
2. Customs authorities shall refuse the use of the simplification referred to in paragraph 1 to goods subject to prohibitions or restrictions or excise duty where the correct classification is necessary to apply the measure.

2.3.3 SPECIAL COMBINED NOMENCLATURE CODES

Regulation (EC) No 1186/2009 of the European Parliament and of the Council, Article 2

Commission Implementing Regulation (EU) No 927/2012 amending Annex I to Council Regulation (EEC) No 2658/87

365. There are a number of areas where simplification exists to allow operators to group various goods together within one or more commodity codes.

366. **Chapter 98** contains codes to simplify the classification of individual parts of an industrial plant (see chapter [3.1 Industrial plant](#)).

367. **Chapter 99** contains a number of special commodity codes for collection and transmission to Eurostat. Application of some codes is defined by the ITGS legislation (codes for deliveries to ships and aircraft and offshore installations as well as a code allocated for the coding of goods if the simplification threshold is applied). These codes are mandatory in intra-EU trade, as they are part of the simplifications provided to traders. However the use of these codes in extra-EU trade depends on national customs rules; Customs may choose not to apply them.

368. There are other codes in chapter 99, which are not defined by the legislation, but are based on the rules of Doc MET 400. This document is a gentlemen's agreement between Member States and Eurostat which describes the rules for data transmission to Eurostat. Although the document is not legally binding, the application of codes defined by this document must be respected by all Member States.

369. CN codes applicable to intra-EU and extra-EU trade:

- Goods delivered to vessels and aircraft (see chapter [3.5 Goods delivered to vessels and aircraft](#)):
9930 24 00; 9930 27 00; 9930 99 00
- Goods delivered to offshore installations (see chapter [3.6 Goods delivered to and from offshore installations](#)):
9931 24 00; 9931 27 00; 9931 99 00
- Trade under military secrecy (see chapter [3.10 Military goods](#)):
9999 99 99, 9999 xx 99 (xx is the CN chapter); 9999 xx xx (xxxx is the HS4 code). These codes **should** be used only in exceptional cases. The real CN code is preferred.

370. Codes applicable to intra-EU trade only

- Low value transactions (see chapter [5.3 Individual transaction threshold](#)) and trade under the simplification threshold (for residual products only) (see chapter [5.2 Simplification threshold](#)):
9950 00 00
- Parts for motor vehicles (see chapter [3.4 Motor vehicle and aircraft parts](#)):
9990 87 zz (zz according to national purposes)
- Parts for aircraft:
9990 88 zz (zz according to national purposes)

371. Codes applicable to extra-EU trade:

- Certain goods, which are not subject to duties or other prohibitions or restrictions:
 - 9905 00 00 for personal property belonging to natural persons transferring their normal place of residence;
 - 9919 00 00 for the following goods, other than those mentioned in 9905 00 00:
 - trousseaux and household effects belonging to a person transferring his or her normal place of residence on the occasion of his or her marriage; personal property acquired by inheritance;
 - school outfits, educational materials and related household effects;
 - coffins containing bodies, funerary urns containing the ashes of deceased persons and ornamental funerary articles;
 - goods for charitable or philanthropic organisations and goods for the benefit of disaster victims.

- 9951 00 00 for goods where the customs authorities allowed to aggregate different goods under one CN code (as referred to in Article 177 of the UCC).
372. These codes are foreseen to be used in extra-EU trade only, as in Intrastat such movement of goods in practice will never be recorded due to the application of the exemption threshold. Nevertheless these codes might appear in intra-EU trade statistics as well when the transaction is recorded on customs declarations (e.g. transactions with French overseas departments).

2.4 Partner Member State/partner country

Customs territory

Regulation (EU) No 952/2013 of the European Parliament and of the Council, Article 4

Geonomencalature

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(2)

Commission Regulation (EU) No 1106/2012

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 9(1)(e) and Annex

Commission Regulation (EC) No 1982/2004, Article 7

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(g)

Commission Regulation (EU) No 113/2010, Article 7

2.4.1 GEONOMENCLATURE

373. The nomenclature of countries and territories for the international trade in goods statistics of the EU — known as the ‘Geonomencalature’, abbreviated to GEONOM — is an essential element in compiling intra- and extra-EU trade in goods statistics. In particular, it makes it possible to identify those countries involved in trade, i.e. *inter alia* the reporting country, the partner Member State/country.

374. The Geonomencalature is subject to revisions in order to incorporate the adjustments needed for statistical and customs purposes and to take into account any geopolitical changes that may have occurred. The latest version of the implementing act on the nomenclature of countries and territories for the European statistics on international trade in goods and on the geographical breakdown for other business statistics (GEONOM) was published in the Official Journal of the EU on 13 October 2020 as [Commission Implementing Regulation \(EU\) 2020/1470](#). The GEONOM implementing act will enter into force on 1 January 2021. This version of GEONOM introduces special country codes (XU and XI) which are needed for the implementation of the Ireland and Northern Ireland protocol.

375. The alphabetical coding of countries and territories is based on the ISO 3166 alpha standard 2 in force as far as it is compatible with the requirements of the EU legislation. The description of countries and territories in the Geonomencalature specifies more precisely which territories are covered by the code.

376. The Geonomencalature also contains codes which enable Member States to apply simplified reporting of a partner Member State/country for specific goods or movements (e.g. codes QQ, QR, QS), to record a specific territory (code QP) or to report not specified territories (e.g. QU, QV, QW etc.). Even though the codes are set as optional headings, they may be used where provided for in legal provisions, customs or statistical ones, requiring a country code. Codes QQ, QU and QX are used when non-member countries transmit ITGS data to Eurostat. As Member States shall compile and transmit intra-EU and extra-EU trade data separately, codes QQ, QU and QX are not allowed to indicate partner countries (See also Doc MET 400)

377. Miscellaneous codes defined in the Geonomencalature:

- Stores and provisions
 - QQ
 - QR (in the framework of intra-EU trade)

- **QS** (in the framework of extra-EU trade)
- Countries and territories not specified
 - **QU**
 - **QV** (in the framework of intra-EU trade)
 - **QW** (in the framework of extra-EU trade)
- Countries and territories not specified for commercial or military reasons
 - **QX**
 - **QY** (in the framework of intra-EU trade)
 - **QZ** (in the framework of extra-EU trade)
- Maritime domain outside of territorial waters
 - **QP**

Example 26

A) Transatlantic cables are laid at the bottom of the Atlantic Ocean. The construction company submits the export customs declaration in a Member State, as the cables leave the customs territory. The QP code will be used to indicate the country of last known destination in **SAD-box 17a**.

B) A wind turbine is delivered from Germany (mainland) to an offshore installation situated in the sector, according to information indicated in **SAD-box 8 Consignee-address**, where Denmark has exclusive right to exploit the seabed. As the installation is located outside the customs territory, the exporter will lodge the customs declaration in Germany. Code QP could be used to indicate the country of last known destination in **SAD-box 17a**. However when transmitting data to Eurostat either code DK or QV shall be reported.

2.4.2 INTRA-EU TRADE STATISTICS

378. Within intra-EU trade statistics the partner Member State for dispatches is the Member State of destination, and for arrivals the Member State of consignment. In addition, for national purposes Member States may collect the country of origin for arrivals. EU trade statistics are not recorded in Member States where goods are passing through in simple circulation (see chapter [4.1 Goods in transit](#)).

Member State of destination

379. **Member State of destination.** In the case of dispatch, the Member State of destination is the Member State to which goods are dispatched by the reporting Member State, without — as far as it is known at the time of dispatch — being subject to any halts or legal operations which are not inherent in their transport.

380. If it is known at the time of dispatch that goods are to be delivered to a Member State 'A' but will first enter a third Member State 'B' where they are subject to any halts or legal operations which are not inherent in their transport, the Member State 'B' is the Member State of destination and Member State 'A' should not be reported as part of this transaction.

Member State of consignment

381. **Member State of consignment.** In the case of arrivals, the Member State of consignment is the Member State from which goods were dispatched to the reporting Member State, without any halts or legal operations which are not inherent in their transport taking place in any intermediate Member State.

382. If, before arriving in the reporting Member State, goods enter a third Member State and are subject to halts or operations not inherent in their transport, that third Member State should be taken as the country of consignment.

383. A **halt** is any temporary interruption of the physical movement of the goods before continuing the movement to the final destination. A **legal operation** can be any commercial transaction or comparable operation having legal consequences (e.g. sale or processing under contract). Halts or operations related to transport of the goods include, for instance, a change of means of transport, preserving operations to keep the goods in good condition during transport, breaking-up and assembly of packages.

384. The Member State of purchase, i.e. the Member State in which the invoice was issued, **should** be recorded if the Member State of consignment is unknown.

Country of origin

385. **Country of origin.** On arrival, the country of origin means the country where the goods originate. The origin of goods wholly obtained or produced in a country is attributed to that country.

386. Goods whose production involved more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working in a company equipped for that purpose, resulting in the manufacture of a new product or representing an important stage of manufacture.

387. The origin of goods can be changed only by processing or working; any other operations (e.g. sale/purchase, return of goods etc.) preserve the origin. Also using the goods in a country for many years does not change their origin, even if their commodity code might change (e.g. used cars). Therefore the code of a non-member country is also allowable in intra-EU trade for this statistical data. If the country of origin is not known, it may be substituted by the country of consignment; codes QW/QV provided by Geonomenclature may also be used.

2.4.3 EXTRA-EU TRADE

388. Within extra-EU trade statistics the partner country for exports is the country of last known destination. For imports the partner countries are the country of consignment/dispatch and the country of origin. EU trade statistics are not recorded in the Member States where the goods are passing through in transit (see chapter [4.1 Goods in transit](#)).

Country of last known destination

389. **Country of last known destination.** The partner country on export is the last non-member country to which it is known at the time of release into the customs procedure or customs approved treatment that the goods are to be delivered. This statistical data element corresponds to the D.E. 5/8⁽¹⁾ on exports declaration (**SAD-box 17a**) which is defined by customs legislation as the 'country to which it is known at the time of release into the customs procedure that the goods are to be delivered'.

Country of consignment

390. On customs declaration country of consignment refers to the data element D.E. 5/14 (**SAD-box 15a**). On the import, one of the two partner countries is the country of consignment, which reflects non-member country or the Member State from which the goods were dispatched to the Member State in which the goods are located at the time of their release into customs procedure, without any commercial transaction or other operation which changed the legal status of the goods, taking place in any intermediate country.

391. An operation changing the legal status of the goods can be any commercial transaction or comparable operation having legal consequences (e.g. sale or processing under contract). Neither halts nor operations related to transport of the goods taking place in an intermediary country will change the country of consignment. Such halts related to transport include, for instance, a change of means of transport, preserving operations to keep the goods in good condition during transportation, breaking-up and assembly of packages, or a stoppage to enable consolidation of the goods en route.

Country of origin

392. On the import, there is also the country of origin as a partner country, which refers to non-preferential origin of goods, i.e. the country in which the goods are wholly produced or the last substantial transformation took place in accordance with the provisions of Title II Chapter 2 of the UCC. The rules on non-preferential origin consist of two basic criteria laid down in Article 60 of the UCC :

(¹) The new customs provisions do not refer to the number of the SAD boxes but to the Data Element Number.

- Goods wholly obtained in a single country or territory shall be regarded as having their origin in that country or territory;
- Goods the production of which involves more than one country or territory shall be deemed to originate in the country or territory where they underwent their last, substantial, economically-justified processing or working, in an undertaking equipped for that purpose, resulting in the manufacture of a new product or representing an important stage of manufacture.

393. According to the customs legislation this data element is required where (a) no preferential treatment is applied; or (b) the country of non-preferential origin is different to the country of preferential origin. However, where preferential and non-preferential origin is the same, the field is blank so the information on country of origin should be taken from D.E. 5/16 Country of preferential origin. For customs declaration these data elements are mandatory for imports, whereas for exports the country of non-preferential origin is filled in only in case economic operator opts for that. This data element refers to D.E. 5/15 (**SAD-box 34a**).

Difficulties arising in defining correct partner Member State/country

394. As regards Intrastat, difficulties for respondents in assigning the correct partner Member State on arrival and dispatch side can be found in wrong partner country allocations due to triangular trade transactions (see subchapter [Triangular trade within the context of VIES](#)).

395. In the case of difficulties to correctly assign country of origin within intra-EU trade, if collected, the Member State of consignment could be used for:

- goods classified in chapter 97 of the Combined Nomenclature;
- goods delivered after outward processing;
- returned goods;
- goods of which the origin is not known;
- goods of origin in the reporting Member State.

396. As regards specific goods or movements — especially vessels and aircraft or goods delivered to vessels and aircraft — special rules regarding the partner Member State/country exist (see chapter [3. Specific goods or movements](#)).

2.5 Importing or exporting Member State (extra-EU trade)

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(f)

Commission Regulation (EU) No 113/2010, Article 6

Commission Regulation (EU) No 92/2010, Articles 2(2)(i) and (j)

397. **New conceptual approach:** Under the extra-EU trade statistics legislation applicable until the end of 2009 the importing or exporting Member States were defined in relation to the place where the customs formalities were fulfilled, as under a traditional customs approach, the place of location of the goods was equal to the place of declaration. However, changes of clearance patterns of traders and especially the liberalisation of customs clearance procedures made allocation of the respective trade flows to a given Member State very complicated. This is why the concept introduced in the new legislation applicable from January 2010 considers both the customs clearance and the physical movement of the goods. Information on Member State of destination/actual export is not yet available on the customs declaration in all Member States. Specific provisions have been introduced to handle these cases (see paragraph 406).

398. **Member State where the customs declaration is lodged.** Traditionally this data element designates the Member State of the national Customs where the declaration was lodged. If, under customs simplifications, a supplementary declaration is submitted in a given Member State this data element refers to that Member State.

399. Such explicit distinction is necessary, as under the CC (and former SASP see paragraph 302), the customs clearance proceedings concern two Member States. This new data element was introduced for the provisions of centralised clearance under the UCC (see paragraph 302) allowing a

customs declaration to be lodged in one Member State, but referring to goods physically located in another one.

2.5.1 MEMBER STATE OF DESTINATION

400. **Member State of destination on release for free circulation (imports).** The trader can use the possibility to declare the goods for free circulation at the time and place where the goods cross the EU border in order to avoid any inner-EU movement of the goods under customs control. This means that the goods released in Member State A are destined for Member State B and the clearance in Member State A is only a purely technical or logistic aspect.

Example 27

A) An Austrian-resident company imports shoes from China to sell them in Austria. The shoes arrive in the Netherlands where they are released for free circulation. The goods move as Union goods directly to Austria and are subject to an Intrastat dispatch declaration in the Netherlands and an Intrastat arrival declaration in Austria. **Austria is the Member State of destination.**

B) An Austrian-resident company imports shoes from China to be distributed on the Slovenian market. The shoes arrive in the Netherlands where they are released for free circulation. However, the Austrian company has already resold the goods to a Slovenian company.

- the Netherlands are the Member State of destination.** The sales transaction is considered to change the legal status of the goods, so that the Netherlands are the Member State of destination and not Slovenia (Explanation: the (valuation) details on the customs import declaration would only refer to the contractual relation China — Austria and not reflect the sale/purchase Austria — Slovenia).

Note: The movement from the Netherlands to Slovenia would then be subject to an Intrastat dispatch declaration in the Netherlands and an Intrastat arrival declaration in Slovenia as the goods move as Community goods directly to Slovenia.

401. **Member State of destination in case of processing under customs supervision (imports).** This provision relates solely to the **customs procedures** of inward processing. It does not govern 'economic processing' (with pure VAT aspects) or the statistical concept of 'processing under contract'. Under the UCC the newly introduced customs procedure of end use will have to be considered too. Processing activities are increasingly carried out under the customs provisions of Single Authorisations. This means that the goods will be released in one Member State, however the processing activity will take place in another. In such cases imports should be statistically attributed to the Member State where the first processing activity is carried out. This Member State is then identified as Member State of destination.

402. Information concerning the Member State of destination is derived from customs data element (**D.E. 5/8, SAD-box 17a – country of destination**). For imports it is defined as the Member State where the goods are located at the time of release into the customs procedure. In case where arrivals from fiscal territories are concerned, this data element is optional.

403. However, where it is known at the time of drawing up the customs declaration, that the goods will be dispatched to another Member State after the release, this latter Member State should be recorded as country of destination.

Example 28

A German-resident company has a Single Authorisation for inward processing covering Germany, France, Poland and the Netherlands. It buys raw materials in the USA to produce final products for exports to Russia. The raw products arrive in the Netherlands where they are released into the inward processing procedure. The goods move as non-Union goods to France for processing. Further processing is then carried out in Poland.

- France is Member State of destination as the first processing activity is carried out there.

2.5.2 MEMBER STATE OF ACTUAL EXPORT

404. **Member State of actual export with view to customs procedure of export (SAD-box 15a).** Under the customs procedure of export, Union goods may permanently leave the EU. The customs declaration, as a general rule, should be lodged to the customs office responsible for the exporter, with the goods being presented there too. However, simplifications of customs rules make it possible that:

- the place of lodging the declaration and the place of the goods presentation are in different Member States
- in exceptional cases the goods may be presented and the declaration lodged directly at the customs office of exit (at the EU border), which is located in a Member State other than where the exporter is established.

Example 29

A) The customs declaration is lodged in Germany where the exporter is resident, with the goods located at the exporter's premises in Germany. The goods leave the EU (custom office of exit) in Germany or in any other Member State

- Germany is Member State of actual export.

B) The customs declaration is lodged in Germany where the exporter is resident, while the goods are located in Austria. The goods leave the EU (custom office of exit) in Austria or in another Member State.

- Austria is Member State of actual export.

C) The exporter transports the goods from his premises in France to the customs office of exit at the EU border in Lithuania. There he presents the goods and lodges the export declaration. After release into the customs procedure, the goods cross the EU border.

- France is Member State of actual export.

405. Member State of actual export in case of processing under customs supervision. The provision relates only to the customs procedures of inward processing. It does not govern 'economic processing' (with pure VAT aspects) or the statistical concept of 'processing under contract'. Under the UCC the newly introduced customs procedure of end use will have to be considered, too. Being aware that such processing activities are increasingly carried out under the customs provisions of Single Authorisations, a re-exportation of goods does not necessarily imply that a processing activity took place. Therefore the re-exports covered by customs processing procedures are statistically attributed to the Member State where the **last** processing activity was carried out. This Member State is identified as Member State of actual export.

Example 30

A DE-resident company has a Single Authorisation for inward processing covering DE, FR, PL, and NL. It buys raw materials in USA to produce final products for exports to Russia. The **last** processing activity was carried out in FR and the goods were then dispatched to PL where the re-export notification is provided to Customs.

- FR is MS of actual export as the last processing activity was carried out there.

406. Information concerning the Member State of actual export is derived from customs data element (**D.E. 5/14, SAD-box 15a – country of dispatch**). For exports it is defined as the Member State where the goods are located at the time of release into the customs procedure. In case where arrivals from fiscal territories are concerned, this data element is optional.

407. However, where it is known that the goods were brought from another Member State to the Member State in which the goods are located at the time of their release into the customs procedure, indicate this other Member State, on condition that

- the goods were brought from there only for the purpose of export; and
- the exporter is not established in the Member State in which the goods are located at the time of their release into the customs procedure; and
- the entry into the Member State in which the goods are located at the time of their release into the customs procedure was not an intra-Union acquisition of goods or transaction treated as such as referred to in Council Directive 2006/112/EC.

408. Reporting to Eurostat. The data submission rules to Eurostat request that the data on Member State of destination/actual export are indicated. However, as these data elements will only become mandatory on the customs declaration under the UCC, NSAs may not receive the respective data from Customs. In these cases the NSAs **shall** transmit information on Member State of destination or Member State of actual export to Eurostat according to the following rules:

- Where the information is **not applicable** because a data source other than the customs declaration is used (e.g. certain specific movements), this section in the data transmission must remain **BLANK**.
- For any other imports/exports, NSAs must transmit the information as follows:
 - a **MS-code** where it is indicated on the customs declaration (**D.E. 5/8 and 5/14, SAD-box 17a/15a**);
 - a **MS-code** where it is not indicated on the customs declaration (**D.E. 5/8 and 5/14, SAD-box 17a/15a**), but where the NSA could derive the information from other relevant content/information;
 - **code QV** (as 'fall back possibility') where the NSA cannot clearly identify the Member State of destination/actual export but can suppose with a high degree of probability that it is not the Member State where the customs declaration was lodged;

- Where the NSA can neither derive the missing relevant data from any information at its disposal nor can it decide to use code QV, the code of the Member State where the customs declaration was lodged **shall** be provided to Eurostat.

2.6 Value

2.6.1 INTRA-EU TRADE STATISTICS

Taxable amount and invoice value

Regulation (EC) No 638/2004 of the European Parliament and the Council, Article 9(1)(f) and Annex

Commission Regulation (EC) No 1982/2004, Article 8(1)

Council Directive 2006/112/EC on the common system of value added tax, Title VII

409. Whether or not the statistical value is collected, **NSAs are required** to collect the taxable amount from all PSIs. The taxable amount is the value to be determined for taxation purposes in accordance with Article 83 of Directive 2006/112/EC for trade which is declared for VAT.

410. The value must specify the amount which would have been paid in the event of sale or purchase of the total commodity **at the time and place when it crossed the border of the reporting Member State**. The value in case of sale or purchase is derived on the basis of the invoiced amount of the goods. In all other cases it should be estimated on the basis of the amount which would have been invoiced in the case of sale or purchase of identical or similar goods, preferably under similar conditions (produced in the same country, at the same time, sale at the same trade level, same quantity).

Example 31

In the case of free of charge dispatch, processing or returns, the value of goods is not always known. However, total estimated value should be declared in Intrastat.

In the case of movement of goods after processing, declared value should include the initial value + manufacturing price + the price of additional parts or materials.

In the case of financial leasing, total value of goods at the moment of crossing the national border should be declared for Intrastat. The statistical value of goods for renting or leasing should be the value of the goods at the national border at the time of delivery, not the rent or other compensation to be paid.

411. The taxable amount **shall not** include the VAT or other duties (e.g. excise).

412. Whenever the taxable amount does not have to be established for taxation purposes, **the invoice value shall** be collected instead, or failing this, the value shall be estimated. Invoice value is the value of the goods indicated on the invoice, which might contain incidental expenses according to the delivery terms but not VAT or excise duties (e.g. on alcohol, tobacco and mineral oils).

413. The invoice value may include incidental expenses if they represent payments made by the buyer to the seller and are simultaneously incorporated into the base for VAT. The incidental expenses may be the expenses related to packaging, transport, insurance or commissions. Transport costs are not only the costs directly linked to the means of transport but also include costs for necessary treatment of the transported goods during the transport (e.g. refrigeration of perishable goods, feeding of live animals or temporary storage). The invoice may show the incidental expenses separately or they may be included in the invoiced price of the goods.

Example 32

A) When dispatching goods the value of which alone is Euro 100, and under EXW delivery term, where costs related to transport of goods are paid by the purchasers themselves, the invoice value shall be Euro 100 too.

B) With the same goods and DDU — place of consignee delivery term, where the direct costs related to transport are 50, and the invoice shows total price of Euro 150 (the seller logically increased the price of goods = Euro 100, by the value of direct costs spent by him = Euro 50, which means that he included direct costs in the price of the goods) and the invoice value will be Euro 150.

C) With the same goods and DDU — place of consignee delivery term, where the direct costs related to transport are 50, and where the invoice shows separately the price of goods amounting to Euro 100 and direct costs Euro 50, the invoice value shall also be Euro 150.

414. For the declaration of value, the following points must be taken into consideration:

- the value is always the value of the goods;
- it is important to always include the total value of the goods in the declaration, for the following

trade although it is not declared for VAT as an intra-EU acquisition/supply:

- if there is no invoice the value declared is the estimated amount that **shall** be the value which would have been invoiced in the event of a purchase or sale under normal market conditions;
- the amount which would have been invoiced in the event of a sale or purchase, in the case of free delivery, processing or returns, the value of the goods is not always known;
- in the case of movements of goods ‘after’ processing, the value declared must include the value of the product initially dispatched in addition to the processing fee;
- in the case of financial leasing, at the end of a financial leasing, only the residual value is invoiced. However, for the Instrastat declaration, the total value of the goods must be declared at the start of the leasing contract.

415. When qualified estimation of the taxable amount is necessary, PSIs when estimating the taxable amount **should** follow the same principles applied for determining the customs value according to Article 70 of the UCC.

416. Where an invoice includes services as well as goods, PSIs **should** separate the values. Only the value of the goods should be declared (as an estimate, if necessary). If no retail price is stated for each type of goods and just one invoice total is given, the total price must be estimated for each commodity code.

417. **Currency.** The taxable amount (or failing that invoice value) **shall** be expressed in the national currency units.

Statistical value

Regulation (EC) No 638/2004 of the European Parliament and the Council, Article 9(1)(f), Article 12(1) and Annex

Commission Regulation (EC) No 1982/2004, Article 8(2)

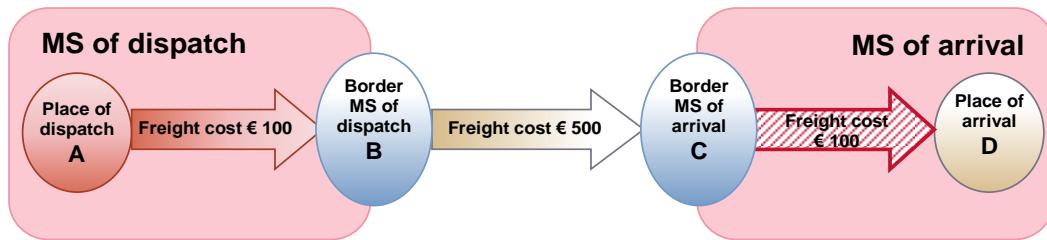
418. A **statistical value** has to be established for all transactions that are included in intra-EU trade statistics, irrespective of whether or not the goods were sold, exchanged or provided without payment. Statistical value must include only incidental expenses, such as transport and insurance, relating to that part of the journey which takes place:

- in the statistical territory, from the delivery point to the border of the dispatching Member State, for dispatch;
- outside the statistical territory, up to the border of the importing Member State, for arrival.

419. If transport and/or insurance costs are not known, they may be assessed on the basis of costs usually payable for such services (considering especially, if known different modes of transport). The statistical values are to be derived from the taxable amount as defined in Article 8(1) of Commission Regulation (EC) No 1982/2004 and adjusted as follows:

- The statistical value for dispatch shall be a FOB-type value (free on board) which means the value of the goods as they leave the territory of the Member State reporting the dispatch. Incidental expenses (e.g. transport, insurance) incurred from the place of dispatch in the reporting Member State to the port, airport or other frontier-crossing point at its national border shall be taken into account.
- The statistical value for arrival shall be a CIF-type value (cost, insurance, freight). This means that incidental expenses (e.g. transport, insurance) incurred from the place of dispatch in the partner Member State to the national border of the Member State reporting the arrival are included in the value.
- If the dispatch or arrival takes place near to the national border, the statistical value could be declared as equal with the invoice value of the respective goods.

Figure 14: Calculation of statistical value for one item with delivery term EXW

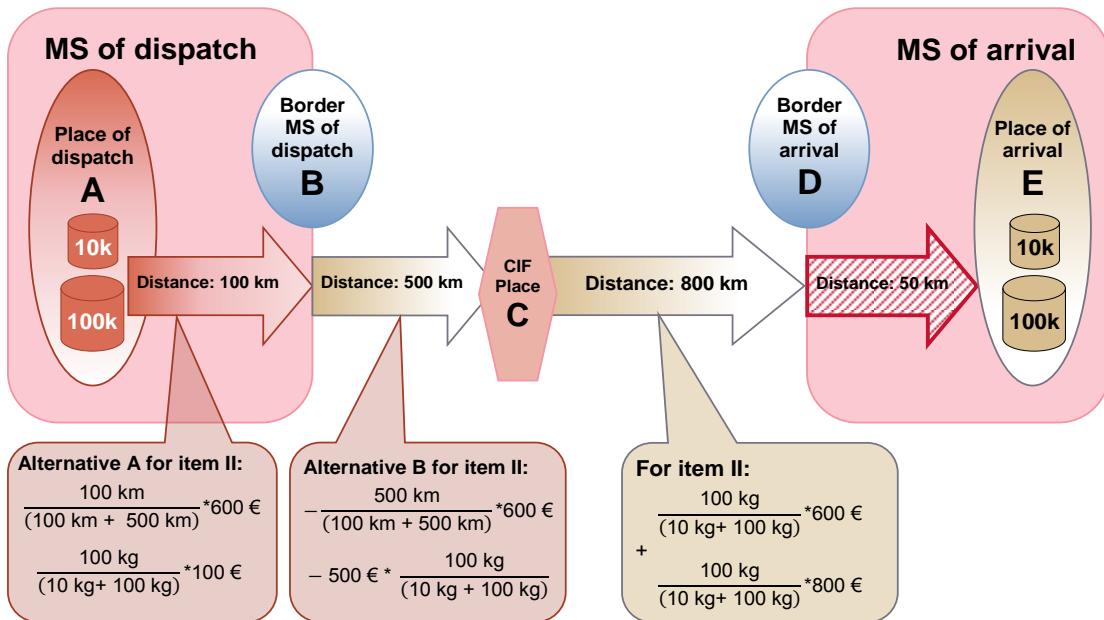


Note: If delivery term EXW – Place of dispatch is applied, invoiced value will not include any freight cost (ancillary charges such as transport and insurance). As Freight cost from A to B are not known in MS of dispatch they **need to be estimated**.

Value of goods	€ 2 000
<u>Freight cost from A to B</u>	€ 100
Statistical value in MS of dispatch	€ 2 100

Value of goods	€ 2 000
<u>Freight cost from A to B</u>	€ 100
<u>Freight cost from B to C</u>	€ 500
Statistical value in MS of arrival	€ 2 600

Figure 15: Calculation of statistical value for two items with delivery term CIF



Note: Place "C" is outside the dispatching Member State, so costs from border "B" until C shall be excluded from the statistical value reported in Member State of dispatch. Where freight costs are invoiced for as TOTAL (= no disaggregation by journey and/or item):

- for the distance, costs need to be split on a pro rata basis (kilometers)
- for the two items, the freight costs need to be allocated on a pro rata basis according to net mass to each item (unless not reasonable due to the very nature of the items e.g. 10 kg Chinese Ming vase plus 100 kg steel coil).

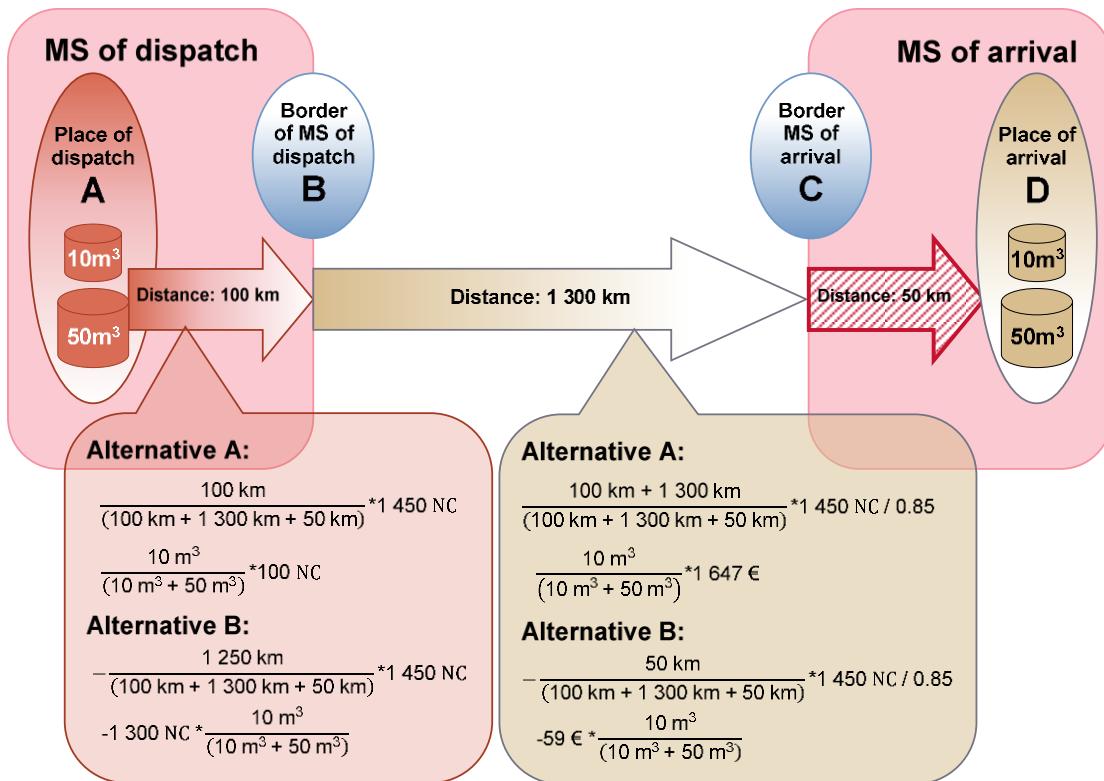
Alternative A: Freight costs are invoiced separately

Invoice value of item I (10 kg)	€ 2 000	Invoice value of item I (10 kg)	€ 2 000
Invoice value of item II (100 kg)	€ 1 000	Invoice value of item II (100 kg)	€ 1 000
Invoiced freight cost from A to C	€ 600	Invoiced freight cost from A to C	€ 600
└ Freight cost from A to B	€ 100	└ Freight cost from A to C for item I	€ 54
└ Freight cost from A to B for item I	€ 9	└ Freight cost from A to C for item II	€ 546
└ Freight cost from A to B for item II	€ 91	Freight cost from C to D	€ 800
		└ Freight cost from C to D for item I	€ 74
		└ Freight cost from C to D for item II	€ 726
Statistical value in MS of dispatch of item I	€ 2 009	Stat. value in MS of arrival of item I	€ 2 128
Statistical value in MS of dispatch of item II	€ 1 091	Stat. value in MS of arrival of item II	€ 2 272

Alternative B: Freight costs are included in the invoice value of goods

Invoice value of item I (10 kg)	€ 2 054	Invoice value of item I (10 kg)	€ 2 054
Invoice value of item II (100 kg)	€ 1 546	Invoice value of item II (100 kg)	€ 1 546
Freight cost from A to C	€ 600	Freight cost from C to D	€ 800
└ Freight cost from B to C	€ -500	└ Freight cost from C to D for item I	€ 74
└ Freight cost from B to C for item I	€ -45	└ Freight cost from C to D for item II	€ 726
└ Freight cost from B to C for item II	€ -455		
Statistical value in MS of dispatch of item I	€ 2 009	Stat. value in MS of arrival of item I	€ 2 128
Statistical value in MS of dispatch of item II	€ 1 091	Stat. value in MS of arrival of item II	€ 2 272

Figure 16: Calculation of statistical value for two items with delivery term DAP



Note: Place "D" inside Member State of arrival so costs from border "C" until D shall be excluded from the statistical value reported in Member State of arrival. As there are two items on the invoice, the freight costs shall be allocated on a pro rata basis according to quantity in supplementary units to each item.

Alternative A: Freight costs are invoiced separately

Invoice value of item I (10 m ³)	NC* 2 000	Invoice value of item I (10 m ³)	€ 2 353
Invoice value of item II (50 m ³)	NC 1 000	Invoice value of item II (50 m ³)	€ 1 176
Invoiced freight cost from A to D	NC 1 450	Invoiced freight cost from A to D	€ 1 706
Freight cost from A to B	NC 100	Freight cost from A to C	€ 1 647
└ Freight cost from A to B for item I	NC 17	└ Freight cost from A to C for item I	€ 274
└ Freight cost from A to B for item II	NC 83	└ Freight cost from A to C for item II	€ 1 373
Statistical value in MS of dispatch of item I	NC 2 017	Stat. value in MS of arrival of item I	€ 2 627
Statistical value in MS of dispatch of item II	NC 1 083	Stat. value in MS of arrival of item II	€ 2 549

Alternative B: Freight costs are included in the invoice value of goods

Invoice value of item I (10 m ³)	NC 2 243	Invoice value of item I (10 m ³)	€ 2 637
Invoice value of item II (50 m ³)	NC 2 207	Invoice value of item II (50 m ³)	€ 2 597
Freight cost from A to D	NC 1 450	Freight cost from A to D	€ 1 706
└ Freight cost from B to D	NC -1 350	└ Freight cost from C to D	€ -59
└ Freight cost from B to D for item I	NC -226	└ Freight cost from C to D for item I	€ -10
└ Freight cost from B to D for item II	NC -1124	└ Freight cost from C to D for item II	€ -49
Statistical value in MS of dispatch of item I	NC 2 017	Stat. value in MS of arrival of item I	€ 2 627
Statistical value in MS of dispatch of item II	NC 1 083	Stat. value in MS of arrival of item II	€ 2 549

*NC - national currency other than Euro, imaginary exchange rate from NC to EUR 0.85.

420. The statistical value shall be expressed in the national currency units and without decimals when transmitted to Eurostat.

Currency to be used

Commission Regulation (EC) No 1982/2004, Article 8(3)

421. **Currency conversion** shall be made if the invoice value is stated in a foreign currency. The exchange rate to be applied shall be:

- the rate of exchange applicable for determining the taxable amount for taxation purposes, when this is established; or
- the official rate of exchange at the time of completing the declaration or that applicable to calculate the value for customs purposes, in the absence of any special provisions decided by the Member States.

Valuation of specific trade transactions

422. **Statistical value of the goods under leasing contracts.** The value of the leased goods is their market value and not the sum of the periodic payments and the residual value fixed in the leasing contract. In the case of financial leasing, this is the value of the goods at the beginning of the leasing contract.

423. In the case of operational leasing, a declaration has to be made if the duration of the leasing contract exceeds 24 months. If the original contract foresees the duration of the leasing period as more than two years, the commodity has to be declared for Intrastat at the beginning of the leasing period, indicating the market value of the commodity. If the duration of 24 months is reached by the prolongation of the original contract, the commodity has to be declared at the time of the change of conditions of the contract.

424. The value of the goods, which have not been returned within the two-year period, should be the estimated value at the time the goods are reported for Intrastat. This will normally allow for depreciation due to use, or any other factor, which has affected the value of the commodity. It should be the market value of the commodity at the time of the reference period.

425. **Goods dispatched/arrived free of charge** (non-temporary transactions without financial or other compensation involving a transfer of ownership). Although the delivery is free of charge and no invoice may be issued, the goods have a value which must be declared. When goods are delivered without an invoice or with a pro-forma invoice (e.g. donations, consignments of goods under assistance programs partly or fully managed or financed by the European Union, other government support, other assistance (private sector, non-governmental organisations) and other deliveries/replacements free of charge), the open market value of the goods **shall** be indicated.

426. It happens that sometimes companies invoice a very low only symbolic value for the goods, which are delivered as a bonus. In such cases companies should be advised to record in value the value of the goods, which would have been invoiced for a normal trade transaction.

Example 33

Company X (a resident in MS A) buys pharmaceutical products from company Y (a resident in MS B). Company Y sends an extra amount of goods as a bonus. This extra amount is sent free of charge or invoiced with a very low value.

427. In this case the value should be estimated and the full value of the goods declared for statistical purposes.

428. **Supply and assembly of goods** (delivery of goods and services for assembly or installation work). The value to be declared for intra-EU trade statistics should cover only the value of the goods. Whenever possible, the value of the goods as part of a contract which does not show the value of the goods and their assembly separately **should** be estimated. The estimation could be made considering the proportion represented by the goods.

429. **Electricity and gas.** Estimations of the value are allowed by the legislation. The estimations can be based on historical data, information from traders, stock markets, spot prices or small surveys from price statistics. However **NSAs are required** to communicate to Eurostat the estimation methodology of the value before application.

430. **Waste.** Whenever possible the value of waste should reflect only the value of the goods. Services relating to the disposal of the waste should be excluded. Therefore, it might be necessary to estimate a residual value for the goods element. If the goods element has no residual value (or even

a negative value) the value should be adjusted near to zero, because only positive values are permitted.

431. **Processing.** The total value of the goods in their unprocessed state **shall** be reported for transactions involving goods sent for processing. This may be based on a qualified estimation in cases where the invoice does not show this amount. Regarding transactions following processing, the total value of the processed goods shall be reported. This should be the value initially reported for the unprocessed goods plus the processing costs (for more information on processing, refer to chapter Processing trade).

Example 34

Inward processing in Member State X

Value of goods to be reported for statistical purposes:

- For arrivals of goods with a view to processing under contract (nature of transaction code 41/42) the value to be reported is the estimated market value of the goods for processing;
- For goods dispatched following processing under contract (nature of transaction code 51/52) the value to be reported is only the value added which contains:
 - the price of the material and parts added in Member State X and
 - the processing cost;

Statistical value:

- For arrivals of goods with a view to processing under contract (nature of transaction code 41/42) statistical value is the estimated market value of the goods for processing plus costs of transport and insurance incurred outside the territory of Member State X (up to the border of Member State X);
- For goods dispatched following processing under contract (nature of transaction code 51/52) statistical value is the total value of the goods at the border of Member State X, which contains:
 - the original value of the goods arrived for processing
 - the price of the materials and parts added in Member State X,
 - the processing cost, and
 - transport and insurance costs incurred in Member State X;

For dispatches of left-over, waste and by-products following processing under contract the estimated value of these products plus transport and insurance costs incurred in Member State X (up to the border of Member State X);

432. **Software.** Software is to be recorded in intra-EU trade if a physical exchange of goods takes place. The total value of the goods (hardware + support + licences) should be declared. However, license agreements on the usage of software (e.g. subsequent purchase of additional usage rights) which are not directly connected with a transfer of relevant media are excluded.

Example 35

Software stored on a data carrier (e.g. CD-ROM, disk etc.) crossing the national border

Following situations may occur:

- Hardware sold together with software and licences: The total value of the package should be declared. The package must be classified by the commodity code of the hardware (e.g. commodity codes 8471....). If license fees are included in the package, these should also be reported as a part of the package.
- Standard software
 - a) Arrival/dispatch of the software stored on a data carrier, including instruction manual: This kind of software is regarded as a commodity and is to be recorded for Intrastat. The software must be classified by its correct commodity code (heading 8523....). The total value of the software-package should be declared. If license fees are included in the software-package, these should also be reported as a part of the software-package.
 - b) Updates for standard software (see above item a) stored on a data carrier: If an invoice is separately raised for the updates an Intrastat declaration is required — as mentioned under item a). If no invoice is raised for the updates no Intrastat declaration is required.

433. **Rebates and discounts.** Rebates and discounts which are known at the moment of declaring goods to Intrastat and can be related to each delivery of concrete goods should be taken into account when defining the statistical value. However, discounts granted at a later point in time (e.g. not foreseeable at the time of transaction, granted as a total amount for all previous transactions) and subsequent changes of the underlying contract do not require an adjustment of the statistical value.

434. **Low value transactions.** Transactions in the same reference period with a value below individual transaction threshold EUR 200 may be added together and declared under CN code 9950 00 00, if the NSA allows PSIs to use this simplification. The total declared value might therefore exceed EUR 200.

435. **Returned goods.** The value of the returned goods or the replacement value shall be given. When the returned goods are broken or defective, the value reported should be the value of the original sale or purchase of the goods.

Credit notes and their impact on statistical value

436. A **credit note** is a form or letter sent by a seller to a buyer, stating that a certain amount has been credited to the buyer's account. It is issued, generally, in a different period than the initial invoice which the credit note refers to. Also called a credit memo, it is issued in various situations to correct a mistake, such as when (1) an invoice amount is overstated, (2) the correct discount rate is not applied, (3) goods break down while still under guarantee, or (4) they do not meet the buyer's specifications and are returned.

437. If a credit note is issued for an error in declaring the value and the discount was granted during the same reference period as when the trade transaction took place, an Intrastat declaration with the corrected taxable amount and statistical value should be provided within the normal correction procedures applied by Member States.

438. If a credit note is issued relating to bonuses, discounts granted at the end of a certain period or good results, then the credit note will not be reflected in the Intrastat declaration because the goods value has to be established at the moment of crossing the border.

439. **NSAs are encouraged** to set thresholds which determine when corrections should be transmitted to them. PSIs should be obliged to send a correction of their Intrastat declaration if the value is of statistical relevance.

Estimations of statistical value

440. **Estimation of statistical value.** For burden reduction purposes, **NSAs are encouraged** to collect **the statistical value** within Intrastat, only from the biggest and most important traders. Hence **NSAs are required** to estimate the statistical value of transactions for which it is not collected. A correction factor has to be used to adjust the taxable amount or invoice value. For deriving correction factors several methods can be used: conversion factors can be derived from data that are collected or based on the results of specialised surveys.

441. As it is very complicated for traders to correctly calculate the statistical value, **it is recommended that NSAs** provide guidelines to the traders concerned in order to make sure that they adjust the taxable amount or invoice value in such a way that they transmit the value of their trade as CIF-type for arrivals and FOB-type for dispatches.

2.6.2 EXTRA-EU TRADE STATISTICS

Statistical value

Statistical value

Regulation (EC) No 471/2009 of the European Parliament and Council, Article 5(1)(c)

Commission Regulation (EU) No 113/2010, Article 4

Commission Regulation (EU) No 92/2010, Article 2(2)(d)

IMTS: Concept and Definitions 2010, Chapter IV

Customs value

Regulation (EU) No 952/2013 of the European Parliament and Council, Articles 70 — 74

Commission Regulation (EEC) No 2454/93, Articles 141 — 181

Agreement on the application of the article VII of GATT

442. **Data element ‘Statistical value’.** NSAs have to compile extra-EU trade statistics based on statistical value. The data are obtained from the customs declaration (**D.E. 8/6, SAD-box 46**). For this purpose, the importer or exporter is obliged by customs provisions to indicate the information for D.E. 8/6. However, in some Member States the calculation of statistical value is done by national customs clearance systems, thus exempting the trader from providing it.

443. **Nature of the statistical value.** The statistical value is a theoretically assessed value attributed to the goods at a place where and moment when they cross the border of the Member State where the goods are located at the time of release into the customs procedure, by entering it (imports) or by leaving it (exports):

- On imports, the statistical value is referred to as 'CIF-type';
- On exports, the statistical value is referred to as 'FOB-type'.

444. **Elements of the statistical value.** The statistical value consists of the **value of the goods** plus or minus those (pro-rata) **transport and insurance costs** (theoretically) accruing to reach the border of the Member State of destination/actual export (For more information on statistical value please refer to statistical value in Instrastat).

445. **Value of the goods — based on the customs value.** EU customs provisions request the determination of a customs value wherever the goods are subject to a %-duty rate (ad valorem duty). The applicable rules are quite complex and are based on the WTO customs valuation agreement. If for extra-EU imports for free circulation a customs value has been determined it shall be considered as the value of the goods. **The major difference between customs value and statistical value is that the customs value is measured at the EU border, whereas the statistical value is measured at the border of the Member State of destination/actual export.**

446. The determination of the customs value is based on the price actually paid or payable. It may well contain a number of different direct and indirect cost components. The customs value can under certain conditions also be estimated by Customs; some peculiarities exist as to the determination of the customs value for certain fruit and vegetables (customs assessed 'unit prices' or average 'standard import values').

447. **The UCC provisions and changes in transaction value⁽¹⁾.** The major change lays in the rules defining goods value in case of successive sales. The successive sales mean that there was more than one sales transaction before the goods entered the EU, however, these goods were definitely destined for the EU already in the first transaction, e.g. Chinese manufacturer is producing goods for the EU market and sells them to Hong Kong company which in its turn sells them to an EU importer.

448. Under the former customs legislation it was possible to use the sales value earlier in the chain, if it can be proved that the earlier sale took place for exports to the EU. Meaning that the transaction between the Chinese manufacturer and the Hong Kong company could be used to determine the customs value. From 1 May 2016, importers must use the value of the sale occurring immediately before the goods are brought into the territory of the EU (before customs clearance). With the new legislation, there is no possibility anymore to use a sale earlier in the chain even if it can be demonstrated that the earlier sale was done for exports to the EU.

449. **Transitional period for new rules on transaction value.** The new rule is expected to have a significant impact on the supply chain of many companies. In order to allow them time to align their business model and/or supply chain to the new rules, the UCC contains a transitional period clause. This clause allows companies bound by a binding contract to use earlier sales until 31 December 2017, provided the contract refers to an earlier sales value being used as the basis for the customs value for the goods imported into the EU.

450. **Value of the goods — not based on the customs value.** This relates especially to exported goods. Where no customs value is determined the general statistical principles for assessing the value apply: in the case of sale or purchase the price actually paid or payable; under non-sale circumstances, the price that would be paid in the event of a sale/purchase.

⁽¹⁾ Guidance on Customs Valuation.

Example 36**Valuation (only)**

A company resident in Germany sends goods free of charge to a company in the US; the goods are accompanied by a 'pro-forma invoice' stating the value at EUR 5 000. This value is acceptable on condition that it comes close to the one agreed under a **formal** sale. EUR 5 000 should be reported on the customs declaration.

451. Under the customs valuation principles, only those pricing elements which refer to the actual movement of the goods shall be considered.

Example 37**Pricing element not referring to the actual movement**

A company resident in Germany imports goods, invoiced at EUR 10 000 from a company in the US. The invoice contains a discount of EUR 1 000 relating to a previous sales transaction. However, as EUR 1 000 relate to that previous transaction, the value of the goods of the current shipment is to be assessed, for statistical purposes, as EUR 11 000.

452. **Value of the goods — processing.** In the case of activities for processing, the value of the goods shall be that of the unprocessed goods. In case of activities after processing, the value of the goods shall be that of the unprocessed goods plus the added value of the processing activity. In this context, processing covers not only the customs procedures of inward and outward processing but also economic processing (VAT aspects); processing is not limited to the statistical concept of processing under contract.

Example 38

A company resident in DE temporarily exports goods with a value of EUR 10 000 under the customs outward processing procedure to Russia. On re-importation of the processed goods the value added is EUR 2 000. Notwithstanding the provisions on the discharge of the customs procedure or the calculation of the duties, the value of the imported goods for statistical purposes amounts to EUR 12 000.

453. **Currency conversion.** The statistical value on customs declaration is expressed in the currency unit the code for which may appear in D.E. 4/12 (Internal currency unit), or, in the absence of such a code, in the currency of the Member State where the export/import formalities are completed, in accordance with the Union provisions in force.

454. In majority cases the statistical value and customs value shall be indicated in the currency of the Member State where the customs declaration is lodged (see paragraphs 398 and 400). Where elements on which the statistical value is based (value of the goods, freight/insurance costs) are expressed in another currency, they have to be converted as laid down in EU customs provisions⁽¹⁾. Under those provisions, Member States (national Customs) need to make the relevant conversion factors publicly available, e.g. on the Internet.

Credit notes and their impact on statistical value

455. The use of credit and debit notes for the adjustment of the statistical value in extra-EU trade statistics is defined by customs legislation. Basically, it is possible to modify the statistical value on the customs declaration if the change occurs:

- in case of imports, before entry of goods into the territory of Member State of destination (no later than the goods cross the border of Member State of destination);
- in case of exports, before exit of goods from the territory of Member State of actual export (no later than the goods cross the border of Member state of actual export).
- If the credit note is issued after export or import customs procedures have been carried out, no changes in the customs declaration will be made and these changes will not impact statistical data.

456. **NSAs are required** not to make any adjustments of extra-EU trade data for credit notes issued in relation to bonuses, discounts granted at the end of a certain period or for good results. The corrections of data should take place only due to erroneous data; in this case standard data correction procedures should be followed.

⁽¹⁾ The UCC No 952/2013, Article 53 and the Implementing Regulation 2015/2447, Article 146

2.7 Invoicing currency (extra-EU trade)

Regulation (EC) No 471/2009 of the European Parliament and the Council, Article 5(1)(l), Articles 6(3) and 8(2)

Commission Regulation (EU) No 113/2010, Articles 14 and 16

457. The invoicing currency (**D.E. 4/10, SAD-box 22**) is mandatory information to be collected by Customs for imported goods in all Member States. On exports, this data element is optional; therefore some Member States Customs may decide not to collect the invoicing currency. If this is the case, NSAs of such Member States need to introduce a survey in order to collect invoicing currency for exported goods as well.

458. **Definition** of the invoicing currency is provided by customs legislation and it refers to the currency in which the commercial invoice is drawn up. This information is used in conjunction with D.E. 4/11 (total amount invoiced) and D.E. 4/14 (item price/amount), where it is necessary for the calculation of import duties. The ISO-alpha-3 currency codes (ISO 4217) shall be used for the identification of currency.

459. Statistics on trade broken down by invoicing currency shall be compiled only every two years. The first reference year for which annual statistics had to be compiled was 2010. This means that statistics should be produced and transmitted to Eurostat for the reference years 2014, 2016, 2018, etc.

460. **Deadlines for the transmission.** The information on invoicing currency for the reference year T should be prepared and transmitted to Eurostat by the end of March of the year T+1.

461. For the compilation of the statistics on trade by invoicing currency Member States do not need to use full data sets; the legislation stipulates that a representative sample of records on imports and exports from customs declarations which contain the data on invoicing currency should be used.

462. Member States do not need to provide information on all currencies broken down by all products. For simplification purposes a system of codes has been introduced by the legislation which requires Member States to provide only aggregated information by currencies and aggregated information by products separately for exports and imports.

Table 4: Currency codes for Trade by Invoicing Currency

Code	Title of the code
0	Where the currency is indicated in the national currency of Member States not belonging to the euro area (e.g. krone, forint, etc.).
1	Where the currency is indicated in euro
2	Where the currency is indicated in US dollars
3	Where the currency is indicated in a currency other than the national currency not belonging to the euro area, euro or US dollars (e.g. rouble, juan, jen etc.)

Table 5: Product codes based on SITC for Trade by Invoicing Currency

Code	Title of the code
Total value	Statistical value
1	Raw materials without oil (sections 0 — 4, excluding division 33)
2	Oil (division 33)
3	Manufactured products (sections 5 — 8)

463. Whenever the data on invoicing currency for exports is not available at Customs, the **NSAs are required** to carry out a survey and collect information directly from traders. The regulation does not provide further requirements or concrete quality indicators related to the organisation of the survey. Member States are free to decide on sampling methods, coverage rates and other methodological aspects; however **NSAs are required** to organise a survey in such a way as to provide accurate results.

2.8 Quantity

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 9(1)(g) and Annex
Commission Regulation (EU) No 1982/2004, Article 9

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(d) and Article 6(1)

Commission Regulation (EU) 113/2010, Article 5

Commission Regulation (EU) 92/2010, Articles 2(2)(e) and (f)

464. Quantity refers to physical characteristics of goods, and in some cases it serves as a more reliable indicator than the value. Under ITGS legislation, the quantity of goods can be expressed in two ways:

- the net mass, which means the actual mass of goods excluding all packaging;
- the supplementary units , which mean the possible units measuring quantity other than net mass as detailed in the Combined Nomenclature in force.

465. **Net mass.** The net mass is the mass of goods without any packaging.

Example 39

A company exports 100 bottles of mineral water. Each bottle of mineral water weighs 2.05 kg and the water in each bottle weighs 2 kg. The net mass to be reported is 200 kg.

466. For extra-EU trade statistics, information about the net mass of goods is to be derived from the customs declaration data element D.E.6/1 (**SAD-box 38**).

467. In the Intrastat system, the collection of data on net mass is not always required. The following exceptions exist:

- Under the provisions on intra-EU trade statistics, where there is a supplementary unit laid down for a specific code of the Combined Nomenclature, it is not mandatory to request the specification of net mass from the PSIs. Member States can define whether the information about net mass is collected for all CN codes or only for part of them. However, for those CN codes for which information is not collected, the net mass has to be estimated. **It is recommended that NSAs estimate the net mass at CN subheading level and transmit to Eurostat.**
- In Member States which apply a simplification threshold, PSIs may be exempted from providing information on net mass if they belong to the group which benefits from the simplified reporting obligation.
- In Member States which apply the simplification for low value transactions, PSIs which report transactions below individual transaction threshold (less than EUR 200) do not have to report net mass.

468. **Estimations of the net mass in Intrastat.** Under the legislation on intra-EU trade statistics, since 1 January 2010, **NSAs are required** to estimate the net mass when it is not collected from PSIs due to simplification of reporting. The Member States apply different practices in collection of the net mass. More than half of the Member States fully collect the net mass. The remaining Member States need to make estimations of the net mass. In order to facilitate the task of the Member States, Eurostat has established European conversion factors for all the CN codes with a supplementary unit. These conversion factors were established on the basis of EU historical trade data after the filtering of outliers. Member States are free either to use the Eurostat provided list of conversion factors or any other estimation method.

469. Net mass is collected in kilograms. Regulations on intra-EU trade statistics do not include provisions regarding the level of accuracy in decimals for data on the net mass to be collected from PSIs. However, data on the net mass transmitted to Eurostat must be expressed in kilograms without decimals. The following rounding rules should be applied:

- If the remainder beyond the last digit to be reported is less than 5, drop the last digit (i.e. round down).

- If the remainder is 5 or greater, increase the final digit by 1 (i.e. round up).

470. **Supplementary units.** Supplementary units measure quantity other than net mass (e.g. metres, terajoules etc.). They are expressed in the units laid down in the Combined Nomenclature. If a supplementary unit is not given in the Combined Nomenclature, the quantity of goods is expressed only in the net mass.

471. For extra-EU trade statistics, the information about a supplementary unit is to be derived from the customs declaration data element D.E. 6/2 (**SAD-box 41**).

472. In Intrastat, the data collection of a supplementary unit is not required in the Member States which apply a simplification threshold; the PSIs below this threshold may be exempted from providing information on the quantity in the supplementary units. Besides, the PSIs which report individual transactions below individual transaction threshold (less than EUR 200) do not have to report quantity expressed in the supplementary units.

473. The information on a supplementary unit transmitted to Eurostat must be expressed in integers without decimals.

474. It should be noted that the provisions for compilation of quantity for some specific goods or movements differ from those which fall under the normal rules for compiling trade statistics. Namely, the quantity is optional for industrial plant, goods delivered to vessels and aircraft (except for net mass of goods belonging to CN chapter 27) and goods delivered to and from offshore installations (except for goods belonging to CN chapter 27). As far as vessels and aircraft are concerned, the quantity is expressed in net mass and supplementary units for aircraft and in supplementary units (pieces) for vessels. The provisions for specific goods or movements mentioned here are identical for compilation of intra-EU and extra-EU statistics.

2.9 Customs procedure

2.9.1 INTRA-EU TRADE STATISTICS

475. In a limited number of cases, movements of certain Union and non-Union goods within the EU covered by a customs procedure have to be allocated to intra-EU trade statistics. In these cases, the data of the customs declaration serve as data source for intra-EU trade statistics, as the Intrastat data collection system must not be applied to movements of goods subject of a customs declaration for customs or VAT purposes⁽¹⁾). In a similar way, decisions made by national customs authorities, which may lead to the use of customs declarations for recording of certain Union goods movements (e.g. for payment of excise duties on arrivals) should also be excluded from Intrastat reporting.

476. Union goods moving between parts of the EU's customs territory where at least one of those parts does not belong to the EU's VAT territory. By means of the relevant customs procedure codes plus the indication of the information 'CO' in data element **D.E. 1/1** (the 1st subdivision of **SAD-box 1** of customs declaration, the trade flow can be accounted for under intra-EU trade by the NSAs of the Member State of dispatch and arrival.

Example 40

Union goods are dispatched from the Canary Islands to Portugal. The Canary Islands are part of the Spanish territory but are excluded from the EU's VAT territory. The movement is covered by a customs declaration for dispatch from Spain and the customs declaration for the arrival in Portugal.

477. Non-Union goods released for free circulation having arrived from another Member State covered under the customs inward processing procedure. In principle, the goods are covered by the respective customs procedure (CPC xx54 or xx92). When released for free circulation, they must not be accounted for in extra-EU trade statistics, to avoid double counting, but have to be registered

⁽¹⁾ Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 5(1).

under intra-EU trade⁽¹⁾). The goods cannot be included in the collection process of Intrastat as this system only refers to Union goods. Therefore **NSAs are required** to include such customs declarations in the intra-EU data file when transmitting data to Eurostat.

2.9.2 EXTRA-EU TRADE STATISTICS

Commission Implementing Regulation (EU) 2015/2447, Annex B

478. **Customs procedure.** EU customs provisions govern the various customs procedures, not all of which, however, are of relevance for EU trade statistics. By means of the customs procedure the declarant requests for exports or imports the customs (and/or VAT and/or excise) regimes to which goods are being entered or from which they have been removed. The choice of the customs procedure on the customs declaration has a significant impact on the duty due and on how the consignment is treated by Customs.

479. The UCC has set up the procedures for release for free circulation, export, end-use and inward and outward processing. Not within the scope of EU trade statistics are transit, temporary storage, customs warehousing, free zones and temporary admission.

480. **Customs Procedure Code (CPC).** On the written or electronic customs declaration CPC stands for the procedure and customs treatment which the declarant requests. The 4-digit customs procedure code is a statistical data element. It serves to derive the **statistical procedure**⁽²⁾. On the SAD the CPC refers to data element D.E. 1/10 (**SAD-box 37**). NSAs must be familiar with this coding system in order to understand which trade covered by customs declarations falls within or outside the scope of extra-EU trade statistics and to avoid double recording of goods flows. NSAs must be able to conceptually link customs procedures to the relevant statistical procedures.

481. **Structure.** The CPC consists of a first plus a second subdivision. The **first subdivision** contains a compulsory European 4-digit code, where the 1st and 2nd digits represent the **requested** customs procedure, the 3rd and 4th digits represent the **previous** procedure. Only the codes of the first subdivision are legally relevant for the compilation of extra-EU trade statistics. The **second subdivision** may contain, where applicable, a European 3-digit code which further specifies the customs regime. Also the use of national codes is possible. The code of the second subdivision is not legally binding for the compilation of extra-EU trade statistics.

482. **Additional procedure** (data element D.E. 10/11, (**SAD-box 37**)). The purpose of this data element is to indicate the duty relief. For example, all codes with letter 'C' are indicating duty reliefs according to [Regulation \(EC\) No 1186/2009](#). It is also planned to have codes for VAT exemptions and for cases when VAT is to be paid in another Member State. The EU codes of the second subdivision are composed of an alphabetic character followed by two alpha-numeric characters, where the first identifies a category of measures in the following manner:

Inward processing	Axx
Outward processing	Bxx
Relief	Cxx
Temporary admission	Dxx
Agricultural products	Exx
Other	Fxx

⁽¹⁾ The previous release into the processing procedure was already accounted for under extra-EU trade.

Note: As a general rule, goods released into free circulation after being subject to a customs processing procedure are excluded from extra-EU trade statistics (Commission Regulation (EU) No 113/2010, Annex I, point (k)).

⁽²⁾ Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(i). Commission Regulation (EU) No 113/2010, Article 9(2).

Example 41

4	0	7	1	E	0	1
1 st subdivision				2 nd subdivision		

40: import for free circulation

71: customs warehouse

E01: use of the unit price for determination of the customs value

The importer requests the entry into **free circulation** (=payment of customs duties and VAT) of **goods coming out of a customs warehouse**; he requests that the customs value is determined according to the 'unit price provisions'.

4000 C07: Imports (40) without previous procedure (00) of goods of negligible value, which is relieved from import duties (C07).

4071 000: Imports (40) of goods previously placed under the customs warehousing procedure (71).

483. The customs procedure codes are used to define the scope of extra-EU trade statistics, i.e. to decide which flows of goods to include, exclude or to avoid double counting of goods. The **NSAs are required** to use the first subdivision of the customs procedure code for defining the correct coverage of ITGS. **NSAs are encouraged** to use the second subdivision of the customs procedure code when it allows them to better identify trade flows for exclusion. The table in [Annex 2: Allocation of customs procedure to type of trade and statistical procedure](#) allocates the customs procedure codes to the trade concepts and provides a link with the statistical procedure.

484. During the transitional period, customs procedure codes that were applied and not discharged before entry into force of the UCC provisions on 1 May 2016, which are no longer valid, cannot be used as the first two digits of the procedure code, but only to indicate the previous procedure⁽¹⁾:

- **CPC 41** Inward processing procedure (drawback system). This code is used to discharge inward processing procedures under the drawback system which had begun before 1 May 2016. The drawback system is no longer possible under the UCC;
- **CPC 78** Entry of goods for a free zone subject to type II controls. This code is used to discharge free zone type II procedures relating to goods that have been placed under the procedure before 1 May 2016. The code is no longer necessary under the UCC;
- **CPC 91** Placing of goods under processing under customs control. This code is used to discharge processing under customs control procedures which had begun before 1 May 2016.

485. NSAs must be aware that national Customs might in certain cases use a given CPC different from the meaning as laid down in Annex B of the Commission Implementing Regulation (EU) 2015/2447. Before any transposition, **NSAs are encouraged** to contact the national Customs in order to gain a clear understanding of the meaning of the use of a CPC in the context of national clearance specificities.

486. As a further prerequisite for the allocation of trade covered by a given CPC to the respective statistical procedure, NSAs need to assess beforehand if a given trade transaction is to be covered by extra or intra-EU trade statistics. This implies that CPCs referring to trade not under the scope of extra or intra-EU trade statistics or excluded trade (see subchapter [List of exclusions and inclusions](#)) must not be included in the compilation process and therefore must not be transposed to a statistical procedure.

Example 42

Although a given CPC (e.g. '1000' — permanent export) would basically be within the scope of trade statistics, the transaction is excluded if it refers to 'repair'.

Although a given CPC (e.g. '4000' — import into free circulation) would basically be within the scope of trade statistics, the transaction is excluded if it refers to imports by an embassy.

⁽¹⁾ [SAD Guidance during the UCC transitional period, Box 37 Procedure](#).

2.10 Statistical procedure

487. **General nature of the statistical procedure.** A statistical procedure identifies the characteristics which may be useful for statistical purposes by distinguishing different types of imports/exports or arrivals/dispatches. Their notion and relevance for EU trade statistics, however, is different under intra-EU or extra-EU trade.

2.10.1 INTRA-EU TRADE STATISTICS

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 9(2)(f)

488. Under the European provisions on intra-EU trade statistics, statistical procedure is an optional data element that Member States may collect on the Intrastat declaration⁽¹⁾ (in 2009, only six Member States collected this data element from traders). Any additional clarifications or specifications on the codes to be used remain under the competence of Member States. The information is not a part of their data transmissions to Eurostat.

489. For national purposes and requirements, the statistical procedure codes might be used to identify certain transactions useful for statistics:

- Trade in ‘quasi-transit’: trade which is released for free circulation in the reporting Member State but dispatched further on to another Member State or vice versa on arrivals (see chapter 4.3 Quasi-transit).
- Temporary relocation of stocks
- Trade based on e-commerce
- Fish landed for the first time by seagoing vessels
- Triangular trade
- Trade reported also as acquisitions and supplies according to VAT provisions

2.10.2 EXTRA-EU TRADE STATISTICS

Regulation (EC) No 471/2009 of the European Parliament and Council, Article 5(1)(i) and Article 6(1)(d)

Commission Regulation (EU) No 113/2010, Article 9

490. Under extra-EU trade statistics it is important to identify for trade policy reasons the movements of goods to which trade measures were actually applied or which were actually exported as Union goods. Although the mere temporary imports and exports are not within the scope of extra-EU trade, some temporary extra-EU trade flow categories of imports and exports relating to the customs inward or outward processing procedures still need to be further identified for the above mentioned purposes. To achieve this aim a system of 1-digit statistical procedure codes has been implemented.

491. Statistical procedure codes:

- 1 — normal imports or exports;
- 2 — imports or exports covered by the customs inward processing procedure;
- 3 — imports or exports covered by the customs outward processing procedure;
- 9 — imports or exports not recorded from customs declarations.

492. The statistical procedure codes 1, 2, and 3 are derived from customs procedure codes indicated in **D.E. 1/10, SAD-box 37**. However **Code 9** was introduced from 1 January 2010 and relates uniquely to trade for which the customs declaration is not the data source. Code 9 is especially relevant under the ‘specific goods or movements’ provisions on vessels and aircraft, where the flows relate to the change of economic owner and therefore the data can be obtained or complemented with the information from data sources other than customs declarations.

⁽¹⁾ Regulation (EC) No 638/2004 of the European Parliament and Council, Article 9(2)(f).

Table 6: Conceptual overview of the relation between statistical and customs procedures

Statistical procedure	Customs procedures and formalities
	Union Customs Code
1 — normal imports or exports	— release for free circulation — end-use — export
2 — imports or exports covered by the customs inward processing procedure	— inward processing — re-exportation of processed goods
3 — imports or exports covered by the customs outward processing procedure	— outward processing — re-importation of processed goods
9 — imports or exports not recorded from customs declarations	Not applicable

493. **Peculiarities — exclusions.** Trade covered by any other customs procedure is out of the scope of extra-EU trade, e.g. the entry into a customs warehouse or goods covered by temporary admission. However, also trade flows under a 'valid' customs procedure may be excluded from extra-EU trade statistics (c.f. list of exclusions). **NSAs are required** to establish the necessary routines to identify and exclude such trade flows. (For their identification, the data element **D.E. 8/5** 'nature of transaction' or, the respective code of data element **D.E. 1/11** (the 2nd subdivision of **SAD-box 37**) can be used if available at NSA level).

Example 43

Goods for repair might enter either under the **customs inward procedure** or under **release for free circulation**. Although entering under a 'valid' customs procedure, the flow is excluded from extra-EU trade statistics. It should be decided at national level between Customs and NSA how to identify repairs.

494. **Correlation table of customs procedures to statistical procedures.** Member States shall derive the statistical procedure from the 4-digit customs procedure. This should be done by the NSAs from the data they receive from Customs. **It is recommended that Customs** transmit all transactions with all customs procedures applicable to the NSAs, allowing for full statistical control of relevant transactions. For this purpose **it is recommended that every NSA** establishes a correlation table linking customs procedures to special (and if needed general) trade systems and to statistical procedures. Not all possible procedures will be used in all Member States. However, to allow for harmonised compilation, Member States shall refer to the correlation table in Annex 2 — Allocation of customs procedure to type of trade and statistical procedure, which contains not only the most relevant customs procedures but also error prone correlations.

2.11 Nature of Transaction

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 9(1)(h) and Annex
Commission Regulation (EC) No 1982/2004, Article 10 and Annex III

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(j), Article 6(1)(e) and Article 6(5)

Commission Regulation (EU) 92/2010, Article 2(2)(o)

Commission Regulation (EU) 113/2010, Article 10 and Annex II

495. A two-digit coding system of Nature of transaction is used to differentiate between types of trade. However, for the second digit the Member States have the option to use either the list of codes provided by the ITGS provisions or their own set of codes. The codes serve to determine the different characteristics (purchase/sale, work under contract, etc.) which are deemed to be useful in distinguishing one transaction from another either for Balance of Payments and National Accounts purposes or for the identification of transactions which are excluded from ITGS, but recorded separately for national use (e.g. repair).

496. On customs declaration Nature of transaction that refers to the data element D.E. 8/5 (**SAD-box 24**) during the transitional period is not mandatory and its application depends on the national customs rules. The Member States which require this item of information must use the single digit codes listed in column A of Table 7 to be entered in the left-hand side of the box. They may also provide for a second digit from the list in column B to be entered in the right-hand side of the box.

Table 7: Nature of transactions codes

A	B
1. Transactions involving actual or intended transfer of ownership from residents to non-residents against financial or other compensation (except the transactions listed under 2, 7, 8)	1. Outright purchase/sale 2. Supply for sale on approval or after trial, for consignment or with the intermediation of a commission agent 3. Barter trade (compensation in kind) 4. Financial leasing (hire-purchase) ⁽¹⁾ 9. Other
2. Return and replacement of goods free of charge after registration of the original transaction	1. Return of goods 2. Replacement for returned goods 3. Replacement (e.g. under warranty) for goods not being returned 9. Other
3. Transactions involving transfer of ownership without financial or in kind compensation (e.g. aid shipments)	
4. Operations with a view to processing ⁽²⁾ under contract (no transfer of ownership to the processor)	1. Goods expected to return to the initial Member State of dispatch/country of export 2. Goods not expected to return to the initial Member State of dispatch/country of export
5. Operations following processing under contract (no transfer of ownership to the processor)	1. Goods returning to the initial country of export 2. Goods not returning to the initial country of export
6. Particular transactions recorded for national purposes	
7. Operations under joint defence projects or other joint intergovernmental production programs	
8. Transactions involving the supply of building materials and technical equipment under a general construction or civil engineering contract for which no separate invoicing of the goods is required and an invoice for the total contract is issued	
9. Other transactions which cannot be classified under other codes	1. Hire, loan, and operational leasing longer than 24 months 9. Other

497. There are usually three dimensions to be considered when determining the nature of a given transaction, namely the physical movement of the goods, the transfer of ownership and the financial

⁽¹⁾ Financial leasing covers operations where the lease instalments are calculated in such a way as to cover all or virtually all of the value of the goods. The risks and rewards of ownership are transferred to the lessee. At the end of the contract the lessee becomes the legal owner of the goods.

⁽²⁾ Processing covers operations (transformation, construction, assembling, enhancement, renovation...) with the objective of producing a new or really improved item. This does not necessarily involve a change in the product classification. Processing activities on a processor's own account are not covered by this item and should be registered under item 1 of column A.

compensation. (For certain codes there are some more detailing aspects also to be considered, for example by code 7 and 8).

498. Transaction code 1. All transactions involving an actual, anticipated or intended future transfer of ownership against compensation (financial or other) are reported under code 1. ‘Transfer of ownership’ means a change of ownership between a PSI in the reporting Member State and an economic operator in another Member State or in another country. This transaction code includes most arrivals/imports and dispatches/exports of goods. The following transactions are covered:

- definite purchase/sale (code 11);
- goods movements between subsidiaries in different Member States/countries ('intra-firm trade') (code 11);
- sale on consignment, on approval, or on trial (code 12);
- barter (payment in kind) (code 13);
- financial leasing (hire purchase) (code 14);
- other (anticipated or intended future transfer of ownership, e.g. dispatch to warehouses and distribution centres in another Member State followed by a sale transaction) (code 19).

Example 44

A) A Lithuanian leasing company A (lessor) buys goods from another Member State and leases those goods (financial leasing contract) to another Lithuanian company B (lessee). The goods are delivered directly to the lessee from another Member State. The transaction should be reported by company A with NoT code 11.

B) A Lithuanian leasing company A (lessor) leases a car (financial leasing contract) to a Latvian company (lessee). The car is physically dispatched from Lithuania to Latvia. Company A reports dispatch of goods under NoT code 14.

C) A Lithuanian company C sells a car to an Estonian leasing company Y. The Estonian company X (lessee) signs a financial leasing contract with the Estonian leasing company Y (lessor). Company C receives money (the total value) for the car from company Y. The Lithuanian company C delivers the car directly to company X. Company C should report dispatch under NoT code 11. The sale transaction between the Lithuanian company C and the Estonian leasing company Y should be considered as an intra-EU supply/acquisition from the VAT point of view.

D) A mail-order company sends goods to private persons in other EU Member States. The company has to declare a dispatch in the country of its place of business and from which the goods are being sent, using NoT 11.

499. Anticipated or intended future transfer of ownership means that the economic operators intend at the time of the arrival/dispatch a transfer of ownership regardless of whether the transfer of ownership actually takes place by the time of border-crossing. If a subsequent transfer of ownership does not take place, a correction of code 19 to code 9 should be requested if the transaction is of statistical relevance (for more details and examples on using code 19 vs. 99 see also paragraphs 515 — 519).

500. When goods move between two Member States, but the transfer of ownership does not concern any party in the reporting Member State, i.e. the change of ownership takes place between parties in two other Member States then the transaction **shall** be recorded using code 9 instead of code 1. This might happen when a tax representative declares for Intrastat in the case of the quasi-import.

Example 45

A fiscal representative in a Member State clears goods from a non-member country for free circulation with a subsequent intra-EU dispatch to another Member State. In the country of dispatch an Intrastat declaration has to be filed. As the tax representative is not the owner of the goods, NoT 99 has to be used. However, in the arrival Member State NoT 11 has to be used, because otherwise the transaction cannot be identified as a purchase in the arrival country.

501. Cross-border movements between members of the enterprise group are considered as effecting the change of ownership (excluding here special transactions like processing), because the parent company and the affiliated company (or two affiliates of the same group) are considered as separate legal entities being resident in the country where they are established and therefore they should be reported under relevant code (1 or 3) depending on the compensation. However, cross-border movements registered between the different VAT registrations of the same company are to be recorded according to the nature of the underlying transaction (for example NoT 19, 4 and 5 or 99).

502. Transaction Code 2. Returned goods and replacement deliveries are included in ITGS. The reference month is the month when the return or replacement delivery takes place. NoT code 2 **shall** be used only when the original goods movement is meant to be recorded with code 1 (even if it is not actually reported because the PSI for the flow concerned is below the threshold). The value of the returned or replacement goods must be provided. Return of goods and replacement deliveries are to

be reported in the direction the goods are sent, i.e. goods received as imports/arrivals and goods dispatched as exports/dispatches.

Example 46

A) Company Y in Member State A has purchased goods from Company X in Member State B. Due to quality problems part of the goods (with value €500) are sent back to Member State A. Company X compensates Y either by money refund or credit note.

	NoT	Arrivals	Dispatches
Country A	21	€ 500	
Country B	21		€ 500

B) If the returned goods are not refunded, but replaced, the following transactions are also recorded after the transaction with NoT Code 21:

	NoT	Arrivals	Dispatches
Country A	22		€ 500
Country B	22	€ 500	

C) If the goods are not returned, no financial compensation is given but replacements are sent, the following transactions are recorded:

	NoT	Arrivals	Dispatches
Country A	23		€ 500
Country B	23	€ 500	

503. Return of goods for which the original transaction was reported with NoT codes 3, 7, 8 and 9 **shall** be declared again with the same transaction codes (i.e. 3, 7, 8 and 9). Return of goods under NoT code 4 **shall** be reported under code 5.

504. **Transaction Code 3.** Free of charge transactions with a transfer of ownership (i.e. without financial or other compensation) shall be reported under code 3. These transactions often involve aid shipments by governmental, non-governmental and individual parties. Even though the goods are free of charge and no invoice will be issued, a value must be declared by traders.

Example 47

A producer of vehicles for fire-fighters sends a demonstration vehicle as a gift to a non-profit organisation in another EU Member State to fight forest fires. The producer of the vehicle has to declare a dispatch as a transaction with transfer of ownership without compensation using NoT 3.

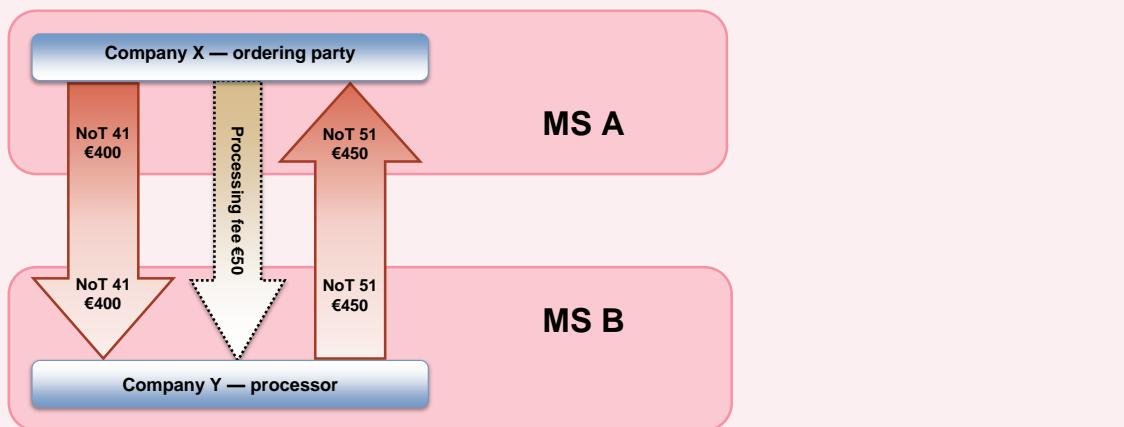
505. **Transaction Codes 4 and 5** (for additional information please refer to subchapter [Processing trade](#)). Goods exported or imported for processing under contract should be reported using code 4. Goods exported or imported following processing under contract should be reported with code 5. The following conditions must be met in order to use transaction codes 4 and 5:

- There is no change of ownership occurring in the framework of processing. If a transfer of ownership takes place (processing on processor's own account) code 1 shall be used.
- There must always be an inward goods movement which is followed by an outward goods movement in the reporting Member State or vice versa for NoT code 41 and 51. However, for code 42, either a movement to any other country (NoT 52) or a sale in the country of processing (no ITGS transaction) after processing is acceptable.

Example 48

A) A company X — ordering party from Member State A — sends goods of value EUR 400 to a company Y in Member State B for processing. Company X is the owner of the goods. Company Y is receiving EUR 50 for work carried out. The processed goods are delivered back to company X.

Figure 17: Standard case of processing under contract

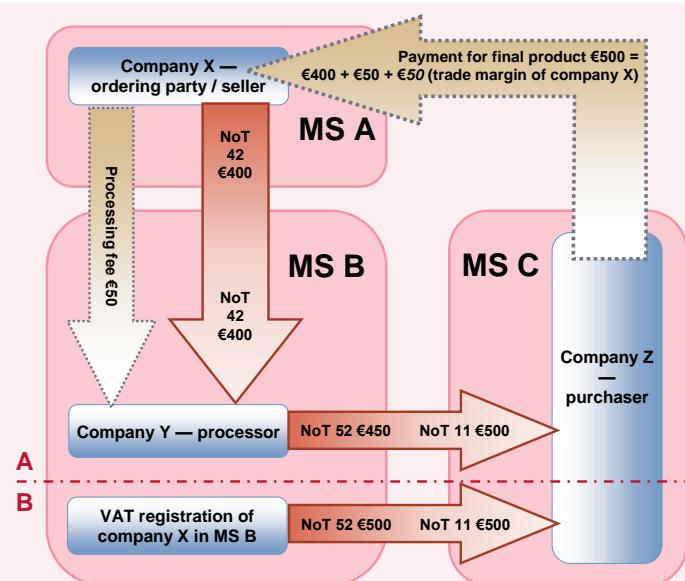


B) A company X from Member State A sends goods of value EUR 400 to a company Y in Member State B for processing. Company X is the owner of the goods. Company Y is receiving EUR 50 for work carried out. The final products are sold by company X to a company Z in Member State C for EUR 500. The processed goods are delivered from company Y directly to company Z.

Company X is obliged to register for value added tax (VAT) in Member State B and thus to report within Intradst; company Y would report only if company X omitted to register for VAT in Member State B. The transaction is considered as transfer of goods⁽¹⁾ in the meaning of Article 17(1) of Council Directive 2006/112/EC and thus as intra-EU supply from Member State A to Member State B and the subsequent sale as intra-EU supply from Member State B to Member State C.

NB: Since an intra-EU supply from Member State B to Member State C is declared for taxation purposes, the taxable amount reported within Intradst by the VAT registration of company X in MS B (EUR 500) is higher than the value of goods after the processing (EUR 450); the reported value comprises also the trade margin of company X.

Figure 18: Processing with subsequent sale to another Member State



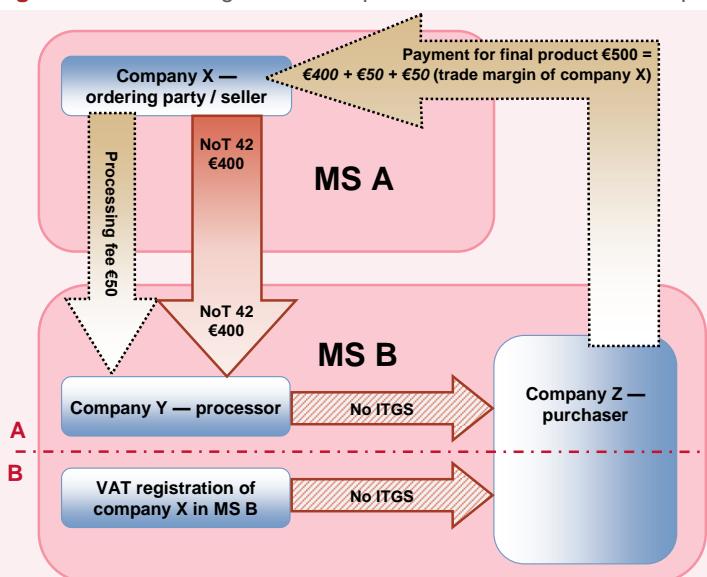
Goods undergo processing in Member State B; the processor — resident in Member State B — is not owner of the goods because neither Company X nor its VAT registration in Member State B transfers ownership. The processed goods do not return to the initial Member State of export.

(1) 'Transfer to another Member State' shall mean the dispatch or transport of movable tangible property by or on behalf of the taxable person, for the purposes of his business, to a destination outside the territory of the Member State in which the property is located, but within the Union.

C) A company X from Member State A sends goods of value EUR 400 to a company Y in Member State B for processing. Company Y receives EUR 50 for work carried out. The final products are sold by company X to a company Z in Member State B for EUR 500. The processed goods are delivered from company Y directly to company Z; goods are sold in Member State B — the Member State of processing.

In this case company X is obliged to register for VAT in Member State B and thus to report within Instrat; company Y would report only if company X omitted to register for VAT in Member State B. The transaction is considered as transfer of goods (see footnote 1) and thus as intra-EU supply from Member State A to Member State B and the subsequent sale as 'domestic' supply of goods in Member State B.

Figure 19: Processing with subsequent sale in Member State of processing



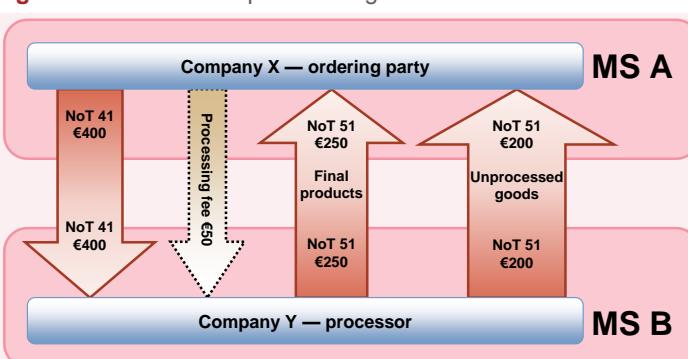
Company X does not transfer ownership of goods to the processor in Member State B; the processed goods do not return to the initial Member State of export.

506. Goods sent for processing but returned in an unprocessed state or as a side-product of the processing **shall** be reported under NoT code 5.

Example 49

Company X — ordering party from Member State A, sends goods of value EUR 400 to company Y in Member State B for processing. Company X owns the goods. Company Y receives EUR 50 for the work carried out. Half of the goods undergo processing while the other half return to company X unprocessed.

Figure 20: Return of unprocessed goods



507. NoT codes 41 and 51 should be used when processed goods are returning to the original exporting country, but not necessarily to the ordering company. For Member States collecting NoT codes at one digit level, whenever the goods are not returning to the original Member State of dispatch, NoT code 5 should be used.

Example 50

A company X from Member State A sends goods of value EUR 400 to a company Y in Member State B for processing. Company Y receives EUR 50 for the work carried out. The final products are sold by company X to a company Z in Member State A for EUR 500. The processed goods are delivered from company Y directly to company Z; the goods return after the processing to the initial Member State of export.

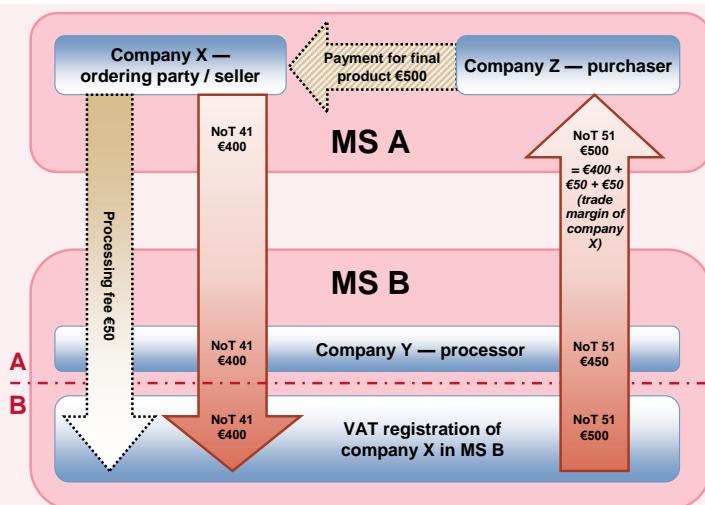
Even in this case company X is obliged to register for VAT in Member State B as the goods do not return to that company⁽¹⁾. Company X provides statistical information within Intrastat; company Y would report only if company X omitted to register for VAT in Member State B. The transaction is considered as transfer of goods (see footnote above) and thus as intra-EU supply from Member State A to Member State B.

It can be assumed that the subsequent sale of the final products will be realised under the VAT registration of company X in Member State B as company X — its VAT registration in Member State B may deduct VAT due in respect of the supply to it of service⁽²⁾ by company Y. Since the supply of goods to another Member State is exempted from VAT, it is possible that the amount of deductions of the VAT registration of company X in Member State B exceeds the amount of VAT due and therefore the registration will be entitled to a refund of the excess⁽³⁾.

Delivery of goods to company Z is considered as intra-EU acquisition in Member State A from Member State B. Therefore company Z is obliged to report the transaction within Intrastat. Company Z receives a foreign invoice with the VAT ID number of company X issued in Member State B.

NB: Since an intra-EU acquisition in Member State A from Member State B is declared for taxation purposes, the taxable amount reported within Intrastat by the purchaser in Member State A (EUR 500) is higher than the value of goods after the processing (EUR 450); the reported value comprises the trade margin of company X. It may happen that company Z will not report the NoT 51 as it is not aware that any processing was carried out in Member State B.

Figure 21: Processing with subsequent sale within the initial Member State of export



508. It may be difficult to report codes 41 and 42 correctly, as at the time of import the exact destination of the goods after processing might not be known. Also, the final products might have several different destinations (for example distribution from the processing country). Part of the goods might return to the dispatching country, be moved to other countries, or be sold in the processing country. Similar problems might arise at the time of export after processing (code 51 and 52), whenever the final product consists of materials coming from several countries. Therefore PSI **should** make suitable estimations in order to determine the proper NoT codes according to the share of the different country sources and destinations. If in exceptional cases such estimation is not possible, the application of code 42 and 52 is preferred.

(¹) Council Directive 2006/112/EC, Article 17(2):

The dispatch or transport of goods for the purposes of any of the following transactions shall not be regarded as a transfer to another Member State:(f) the supply of a service performed for the taxable person and consisting in valuations of, or work on, the goods in question physically carried out within the territory of the Member State in which dispatch or transport of the goods ends, provided that the goods, after being valued or worked upon, are returned to that taxable person in the Member State from which they were initially dispatched or transported;

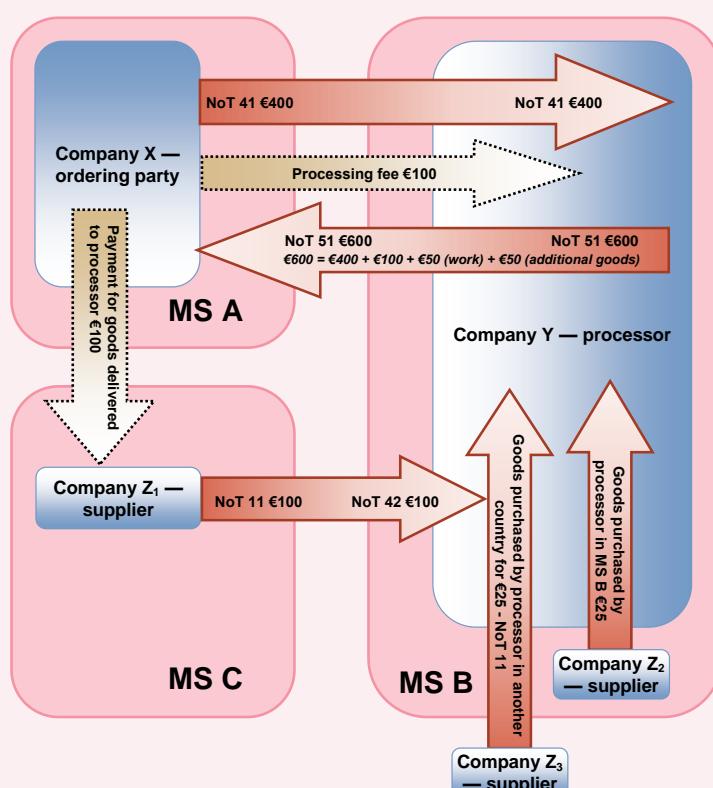
(²) Processing under contract is considered as supply of service — supply of 'work on movable tangible property' according to VAT provisions.

(³) Council Directive 2006/112/EC, Article 183.

Example 51

A) Company X from Member State A sends goods of value EUR 400 to company Y in Member State B for processing. There are additional goods of value EUR 100 purchased by company X from a company Z_1 and delivered directly to company Y to be used during the processing. Company Y purchases goods of value EUR 25 in the domestic market and of value EUR 25 in another country. Company Y receives EUR 100; EUR 50 for the work carried out plus the price of additional goods purchased by itself (EUR 25 + EUR 25). The processed goods are delivered back to company X directly from company Y; goods return after the processing to the initial country of export.

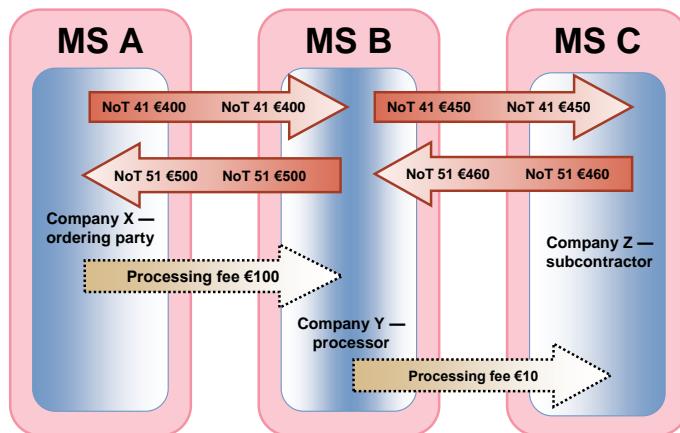
Figure 22: Processing under contract with several suppliers



B) Company X from Member State A sends goods of value EUR 400 to company Y in Member State B for processing. Company X is the owner of the goods. Company Y receives EUR 100 for the work carried out. Company Y — the processor from Member State B — subcontracts an intermediate processing in Member State C. The fee for the subcontracted processing is EUR 10 which is paid by company Y to company Z — a subcontractor. When the goods leave Member State B their value has increased by EUR 50, i.e. the value of processing already carried out by company Y. When the goods return to Member State B after intermediate processing in Member State C, the processing continues. Subsequently company Y delivers the final products to company X.

Company X does not transfer ownership of goods to company Y — the processor in Member State B. As company Y is not the owner of the semi-processed goods, it cannot transfer their ownership to company Z — the subcontractor in Member State C. Both the initial processor and the subsequent subcontractor do processing under contract. Intermediate processing in Member State C will not finish statistically the initial processing started in Member State B. If there was only one processing in Member State B, either the first or the last one, i.e. if company Y only passed either the material from Member State A to Member State C or the finished goods from Member State C to Member State A, the same coding should be used.

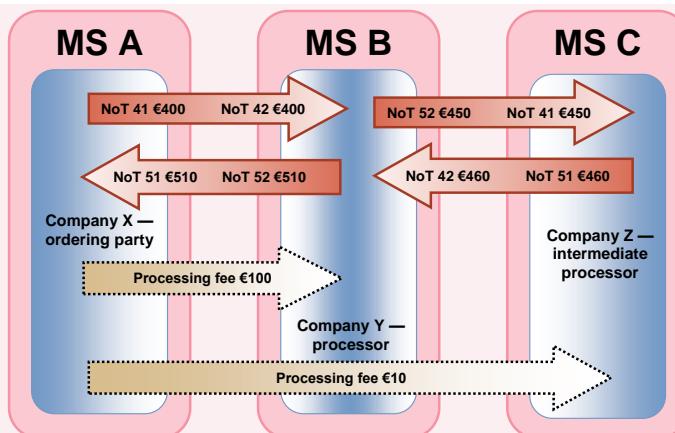
Figure 23: Processing under contract with subsequent sub-contracting



C) Company X from Member State A sends goods of value EUR 400 to company Y in Member State B for processing. Company X is the owner of the goods. Company Y receives EUR 100 for the work carried out. Company X also subcontracts an intermediate processing in Member State C. The fee for the intermediate processing is EUR 10 paid by company X to company Z — an intermediate processor. When the goods leave Member State B their value has increased by EUR 50, i.e. the value of processing already carried out by company Y. When the goods return to Member State B after the intermediate processing in Member State C, the processing continues. Subsequently company Y delivers the final products to company X.

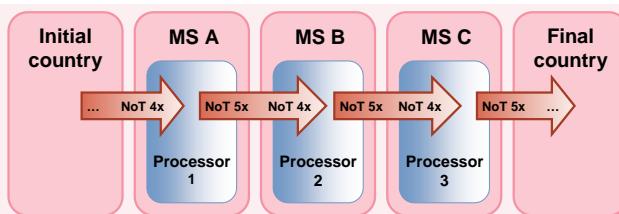
Company X does not transfer ownership of goods to company Y — the processor in Member State B —, nor to company Z, the intermediate processor in Member State C. Both companies, the initial processor and the subsequent processor, do processing under contract. Intermediate processing in Member State C will finish statistically the initial processing started in Member State B. The same coding should be used for the case when the goods return to Member State B but processing is carried out by another company.

Figure 24: Processing under contract in several countries arranged by ordering party



Note: The coding as described in the examples B and C enables one to identify the processing operation in the Member States where the processing occurs, without regard to whether the goods return to the initial company or not. The usage of the second digit of the NoT code should reflect the contractual relationship between the ordering party and the processors or the processors themselves and thus follow the principle applied in the alternatives described above. Recording of the transaction in the initial and final country (which could be the same or not) should follow the coding described in the previous examples reflecting the possible transfer of ownership.

Figure 25: Multi-country processing



509. In case of **processing of vessels and aircraft**, the partner country and reporting country are determined by the rules for specific movements, i.e. they are allocated to the country where the economic owner of the vessel/aircraft is established and the country (Member State) undertaking the processing under contract.

510. Non-Union goods which enter the EU in a given Member State without release for free circulation, and move on to other Member States under customs inward processing procedures should be recorded in intra-EU trade statistics accordingly. These transactions should also be reported using NoT codes 4 or 5 if there is no change of ownership.

511. The valuation principles of processing transactions are described in the chapters Processing trade and Value.

512. **Transaction code 6.** This code is reserved for particular transactions used for national purposes. Examples of transactions recorded under this code could include transactions not involving transfer of ownership e.g. repair, hire, loan, operational leasing and other temporary uses of less than two years, except processing under contract. Code 6 may have an important role in extra-EU trade statistics to exclude transactions out of the scope of ITGS, as the declaration of such transactions cannot be exempted due to Customs interest.

513. **Transaction code 7.** Operations under joint intergovernmental production programmes (e.g. Airbus, high-speed train) might involve very complex processing arrangements between Member States. Therefore, transaction code 7 shall be used. A joint production programme is a programme for which contractors from different countries join forces to carry out a major project. Businesses using transaction code 7 will normally be prime or first level contractors. **NSAs** of Member States involved in intergovernmental production programmes **are encouraged** to agree for which projects transaction code 7 should be applied and all PSIs concerned should be advised accordingly.

Example 52

The chassis of a high-speed train is manufactured in Member State A and is then sent to Member State B where the chassis is given a superstructure. The goods are then sent to Member State C for installation of air conditioning. These goods movements should be declared with transaction code 7 in each case.

514. **Transaction code 8.** This transaction code can be used for transactions involving the supply of building materials and technical equipment under a general construction or civil engineering contract for which no separate invoicing of the goods is done and an invoice for the total contract is issued. In other words, the contract will usually cover the movement of goods and services combined. The value to be declared for ITGS shall cover only the value of the goods (whenever possible, estimates might be necessary to apportion the different values of goods and services in the total amount of the contract). If goods and services are invoiced separately the transaction code should be 1. This transaction code is useful for BoP and NA compilers to avoid double counting of materials reported also in the framework of International Trade in Services Statistics.

515. **Transaction code 9.** Other transactions not elsewhere included shall be reported using code 9. This concerns movements of goods where there is no actual, anticipated or intended future transfer of ownership and where the movements cannot be classified under the other transaction codes. The following transactions should be declared with transaction code 9:

- Hire, operational lease with a duration of more than 2 years (code 91);
- Transfer of goods⁽¹⁾ — without transfer of ownership, or change of ownership involves no resident unit in the receiving Member State (it might be difficult for supplier to identify whether the receiver is a resident in the receiving Member State or not) — to another Member State for logistical reasons (e.g. stock movements) (code 99);

(1) As non-resident operator keeps the ownership of the goods which are located in another Member State this operator shall register for VAT in that Member State. When supplying those goods to a person from that Member State or from another Member State, the transaction becomes taxable in the Member State where the goods are located.

- Waste treatment and disposal; no exclusion as temporary movement since the processing (transformation) will be carried out (code 99).

Example 53

A) Operator X is established in Member State A. For logistical reasons the goods are moved to Member State B, but the ownership is retained by X. According to EU VAT rules X has to apply for a VAT registration in Member State B and declare the goods movement as intra-EU supply in Member State A and as acquisition in Member State B. Accordingly, the transaction is to be reported for Intrastat under code 9.

B) Company X in Member State A orders goods in a non-member country C. The goods are delivered to Member State A by passing through Member State B where they are declared for free circulation under CPC 4200 (goods released for free circulation which are the subject of VAT-exempted supply to another EU Member State). In Member State B a dispatch to Member State A should be reported under NoT code 99 as the goods became Union goods statistically by the release for free circulation.

516. Considerations on whether to use NoT code 1 or 9 should be based on the analysis of change of ownership from the country perspective and for the entire period during which the goods are staying in a Member State.

517. For those goods registered in VAT as intra-EU transactions between the two tax registrations of the same business entity, NoT is decided based on the transactions followed by the cross-border movement without change of ownership. If the goods are later sold to a resident in the Member State of arrival, then NoT code should be 19.

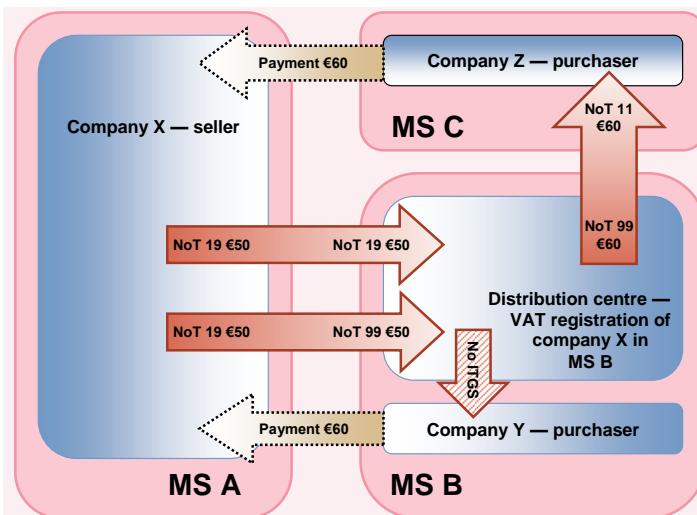
518. If the goods return to the dispatching Member State without change of ownership (the reason for the movement was connected to logistical reasons only) or the VAT registration in the acquiring Member State sells the goods to another non-resident entity and the goods leave the Member State, code 99 should be used.

519. There might be chain-transactions between non-residents and residents until the goods leave or finally stay in the acquiring Member State. As a rule of thumb the decision on whether to use NoT 19 or 99 should be based on whether or not there was a resident trader in one of the transactions in the transaction chain.

Example 54

Company X is established in Member State A and operates a regional distribution centre in Member State B. Company X moves goods of book value EUR 100 to Member State B for intended future sale to Company Y in Member State B or company Z in Member State C (not decided yet, but goods will not return to Member State A). Although there is no change of ownership by the time of the cross-border movement, according to EU VAT rules X has to apply for a VAT registration in Member State B and declare the goods of value EUR 100 as intra-EU supply in Member State A and as acquisition in Member State B by the time of the cross-border movement. Later on, company X sells half of the goods to company Y for EUR 60, and the other half to company Z for EUR 60. The sale to company Z has to be declared as VAT intra-EU supply in Member State B and as acquisition in Member State C (there is no resident owner in Member State B during the transactions). If the contractual arrangement between the seller and its distribution centre is based on consignment/sale commission agreement, code 12 should be used.

Figure 26: Non-resident transaction



2.12 Preferential treatment on import

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(k), Article 6(1)(f)
[Commission Implementing Regulation \(EU\) 2015/2447, Annex B](#)

Commission Regulation (EU) No 92/2010, Article 2(2)(p)

Commission Regulation (EU) No 113/2010, Article 11

520. **NSAs are required** to collect information on the preferential treatment of imported goods. This information relates only to extra-EU trade and only to imports. Information about **Preference (D.E. 4/17)** can be found on customs declaration (**SAD-box 36**). The legislation requests that Customs transmits to NSAs the information on their actually applied preferential treatment and not the treatment initially requested by the declarant. The reasons for a difference between 'requested' and 'granted' preferential treatment might e.g. be, that the goods

- did not qualify for the requested preferential treatment or
- were eligible for a different treatment than the requested one.

521. As a general rule, the preferential tariff system is designed to provide reduced or free rates of customs duty to goods which have been manufactured in accordance with the preference 'rules of origin'. These 'rules' are in place to ensure that a specified amount of work or processing is undertaken in the preference-receiving country. In the case of the EU's Generalised System of Preferences (GSP), the preference system enables the Least Developed and Developing Countries to penetrate the EU market and it encourages them to become more established. Proof of the preferential origin of the goods, normally a certificate (e.g. a GSP Form A), certified by an authorised body, must be presented with the goods to claim the preferential rate of duty.

522. However tariff treatment covers not only preferences in the narrow sense (e.g. reduced import duty rates under the GSP or under arrangements with the Countries of Africa, the Caribbean and the Pacific), but also various other measures affecting customs duties like 'tariff quotas', 'suspensions' and 'end-uses'. Preference also covers information about the application of the normal non-member country duty rates and non-imposition of customs duties under customs union agreements.

523. For reasons connected with the efficiency of the legislation, no comprehensively valid list of codes to be used in this box can be established. Therefore a 'matrix approach' has been taken: the necessary three-digit code has to be made up of a one-digit code (standing for a general measure) followed by a two-digit code (standing for a more detailed breakdown). It has to be noted that not all code combinations in the matrix are possible from a legal point of view or would make sense.

524. Furthermore, the 'Preference' (**D.E. 4/17**) is logically linked to the data element 'Commodity' (**D.E. 6/14, SAD-boxes 33**) and with 'Country of preferential origin' (**D.E. 5/16, SAD-box 34a**), only certain commodities originating in certain countries may be eligible for any given tariff treatment at any given time.

525. Annex B of [Commission Implementing Regulation \(EU\) 2015/2447](#) provides the legal basis for these codes. More information about the use of preference codes and tables with explanation can be found in [SAD guidelines](#).

Table 8: Preference codes

First digit of the code	
1	Tariff arrangement <i>erga omnes</i>
2	Generalised System of Preferences (GSP)
3	Tariff preferences other than those mentioned under code 2
4	Customs duties under the provisions of customs union agreements concluded by the European Union
5	Preferences in the context of trade with special fiscal territories
Next two digits of the code	
00	None of the following
10	Tariff suspension
18	Tariff suspension with certificate confirming the special nature of the product
19	Temporary suspension for products imported with a certificate of airworthiness
20	Tariff quota ⁽¹⁾
25	Tariff quota with certificate confirming the special nature of the product ⁽¹⁾
28	Tariff quota following outward processing ⁽¹⁾
50	Certificate confirming the special nature of the product

Example 55

Code 100 means tariff arrangement applicable for all non-member countries and 00 means that the preferential customs duty is either not requested or does not exist.

Code 200 means application of GSP duty rate without conditions or limits.

Code 220 means that certain tariff quotas are granted only pursuant to the EU legislation on the GSP.

Code 400 means non-imposition of customs duties under customs union agreements concluded by the Union, (e.g. of customs union agreements with Andorra, San Marino and Turkey).

526. Whilst NSAs can compile the preferential code from **D.E. 4/17** in the customs declaration, it should be remembered that claims to preference are only accepted 'at face value', i.e. unless there is something obviously wrong with the goods at the time of receiving the customs declaration (e.g. not covered by a preference certificate of origin), the claim to preference will usually be accepted by the customs authority. However, that preference may subsequently be overturned or refused.

527. This is because all of the EU's preferential tariff arrangements provide for the post clearance verification, by the importing customs authorities, of claims to preference. Such investigations can affect consignments up to three years old. When it is discovered that the goods do not qualify for preferential status, the claim to preference is refused and the normal rate of duty becomes payable. Therefore **Customs are required** to transmit to NSAs the information on their actually applied preferential treatment to enable NSAs to update the statistics.

⁽¹⁾ Where the requested tariff quota is exhausted, Member States may allow the request to be valid for any other existing preference.

2.13 Mode of transport

528. Availability of trade data by mode of transport is very important for many purposes, including the formulation of transportation policy, the monitoring of international transport routes, the assessment of the impact of trade on the environment etc.

2.13.1 INTRA-EU TRADE STATISTICS

The mode of transport

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 9(2)(e) and Annex
Commission Regulation (EC) No 1982/2004, Article 12 and Annex V

529. Under the provisions on intra-EU trade statistics, data element 'the mode of transport' is optional. The mode of transport at the frontier is determined by the active means of transport by which the goods are presumed to be going to leave the statistical territory of the Member State of dispatch, on dispatch, and by the active means of transport by which the goods are presumed to have entered the statistical territory of the Member State of arrival, on arrival.

530. The Member States which collect the mode of transport may use the codes given in Annex V of Commission Regulation (EC) No 1982/2004. The coding is the same as the one applied in extra-EU trade statistics (see Table 9 and the compilation rules below). Data transmission to Eurostat is optional.

531. In the Member States which collect the mode of transport and apply a simplification threshold, PSIs may be exempted from providing information on the mode of transport if they belong to the group which benefits from the simplified reporting obligation.

2.13.2 EXTRA-EU TRADE STATISTICS

532. Under legislation on extra-EU trade statistics applicable from the beginning of 2010, three data elements on the mode of transport must be compiled and transmitted to Eurostat. These data elements are the following: the mode of transport at the frontier, the internal mode of transport, the container.

533. Until the end of 2009, the nationality of the means of transport was an obligatory data element too. However, under the new regulation on extra-EU trade statistics, Member States may compile the nationality of the means of transport as optional information.

534. The mode of transport is reported according to the codes specified in Annex III of Commission Regulation (EU) No 113/2010.

Table 9: Mode of transport codes

Code	Title
1	Sea transport
2	Rail transport
3	Road transport
4	Air transport
5	Postal consignment
7	Fixed transport installations
8	Inland waterway transport
9	Own propulsion

535. Code 5 (Postal consignment) is applied in cases where goods are transferred by a postal service, i.e. postal operators authorised by a Member State to provide services governed by the

Universal Postal Union Convention⁽¹⁾ only if the means of transport is not known. Goods transported by private courier services **shall** be included in this category only if the active means of transport is unknown. Otherwise the relevant code should be used.

536. Code 7 (Fixed transport installations) is applied to installations for continuous transport such as pipelines or electric power lines. Correctness of this code may be assured by checks for consistency between the mode of transport and the commodity code.

537. Code 9 (Own propulsion) is applied for means of transport (mainly aircraft and ships) which are themselves the subject of the trade transaction and cross the border under their own propulsion. In cases where these means of transport are carried on other means of transport (e.g. lorries, vessels, trains) the code 9 shall not be applied.

The mode of transport at the frontier

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(m)(i) and Article 6(1)(g)

Commission Regulation (EU) 92/2010, Article 2(2)(q)

Commission Regulation (EU) 113/2010, Article 12(1) and Annex III

538. The mode of transport at the frontier indicates the active means of transport by which, on export, the goods are presumed to leave the statistical territory of the European Union and, on import, the goods are presumed to have entered the statistical territory of the European Union. Information about the mode of transport at the frontier is to be derived from the customs declaration data element **D.E 7/4 (SAD-box 25)**.

The internal mode of transport

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(m)(ii) and Article 6(1)(g)

Commission Regulation (EU) 92/2010, Article 2(2)(r)

Commission Regulation (EU) 113/2010, Article 12(1) and Annex III

539. The internal mode of transport indicates, if applicable, the active means of inland transport by which the goods reach the place of arrival, on import, or are presumed to have left the place of departure, on export. Information about this data element is to be derived from the customs declaration Data element **D.E. 7/5 (SAD-box 26)**.

540. Information on the internal mode of transport is transmitted to Eurostat only when collection of this data element is foreseen by the customs regulation. According to the Union Customs Code delegated/implementing acts, information on the internal mode of transport is not to be provided when customs formalities are carried out at the point of exit/entry from/to the customs territory of the EU.

The container

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 5(1)(m) (iii) and Article 6(1)(g)

Commission Regulation (EU) 92/2010, Article 2(2)(s)

Commission Regulation (EU) 113/2010, Article 12(2)

541. Information about container indicates whether or not goods are transported in containers. The following codes are used for the data on the container:

- 0 — if goods are not transported in containers when crossing the border of the statistical territory of the European Union,

⁽¹⁾ Definition as in the Draft IP to the Union Customs Code; UPU website: <https://upu.int/en/Home>

1 — if goods are transported in containers when crossing the border of the statistical territory of the European Union.

542. Information about 'Container' is in principle available on the customs declaration data element **D.E. 7/2 (SAD-box 19)** as customs provisions also explicitly require the 'presumed' container-status of the goods when crossing the EU frontier.

543. Such 'information elsewhere' could e.g. be the container number indicated in **SAD-box 31⁽¹⁾**. Such deduction, however, should only be possible in cases of statistically relevant customs declarations immediately provided at the point of entry to or exit from the EU.

Example 56

A) Exports: Goods are to leave the EU **in a container**, at the sea port of Rotterdam.

A.1. Where the customs declaration is provided directly in Rotterdam, the container number would be known and would need to be indicated for customs reasons in **SAD-box 31**; when applying the waiver for **SAD-box 19**, customs could use the number to deduce the status of containerisation on exit.

A.2. Where the customs declaration is provided at an **inland** customs office, the concrete container number would not necessarily be known and the respective part of **SAD-box 31** would remain blank; in such a case a waiver for **SAD-box 19** would lead to incorrect information on the status of containerisation on exit.

B) Imports: Goods having entered the EU **in a container** at the sea port of Rotterdam is cleared for a customs warehouse, repackaged in smaller consignments and subsequently cleared for free circulation.

Although the goods had crossed the EU border in a container, they are not in a container when declared for free circulation and the respective part of **SAD-box 31** would remain blank; in such a case a waiver for **SAD-box 19** would lead to incorrect information on the status of containerisation on entry.

544. Data on container are not provided to Eurostat when the mode of transport at the frontier is indicated by codes 5 (Postal consignment), 7 (Fixed transport installations) and 9 (Own propulsion).

2.14 Region

2.14.1 INTRA-EU TRADE STATISTICS

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 9(2)(c) and Annex

545. As additional information Member States may collect on dispatch — **Region of origin** and on arrival — **Region of destination**. This indicator is optional and serves for national needs of Member States, e.g. for the dissemination of ITGS data at regional level.

546. The Region of origin is defined by the regulation as the region in the Member State of dispatch, where:

- a) the goods were produced or erected, assembled, processed, repaired or maintained, or failing that,
- b) the goods were dispatched, or failing that,
- c) the commercial process took place.

547. Region of origin, to be collected on dispatch, means the region where the goods were produced, processed, maintained or any other actions with them could take place. So the region of origin will be an administrative region in Member State of dispatch, where a value was last added.

548. The region from which the goods were initially dispatched to another Member State means that goods could be kept in storage before they were sold. This rule may apply if the region of last added value is not known, or there are many. The storage of the goods inherent in their transportation is not relevant to this case.

549. The region, where a commercial process related to exported goods took place means the region, where the commercial transaction took place or the trader (exporter) is established. This rule may apply both in cases when the region of last added value and the region of dispatch are not possible to be identified.

⁽¹⁾ SAD-Box 31 refers to 'Packages and description of goods; Marks and numbers - Container No(s) - Number and kind'.

550. The Region of destination is defined as the region in the Member State of arrival where:
- the goods are to be consumed or erected, assembled, processed, repaired or -maintained, or failing that,
 - the goods are to be acquired, or failing that,
 - the commercial process is to take place.
551. Region of destination, to be collected on arrival of goods, means the region where the goods will be consumed, processed, maintained or any other actions with them could take place. Region of destination should be considered the administrative region in Member State of arrival, where a value is first added.
552. The region where the goods will be stored before their final distribution within the Member State of arrival is considered under point b). This rule may apply if the region of consumption or first added value is not known, or there are expected to be many. The storage of the goods inherent in their transportation is not relevant to this case.
553. The rule under point c) may apply whenever the region of first value added and the region where the goods were acquired are not possible to be identified. Then the region where the commercial transaction is to take place or the trader (importer) is established should be used to decide.
554. Member States collecting the region of origin **should** define the system of codes in such a way that it is possible to measure the re-exports of goods of non-national origin. Member States **should** define the regions in accordance with the administrative subdivision of the country in line with NUTS nomenclature.

2.14.2 EXTRA-EU TRADE STATISTICS

555. The region is not required to be collected by regulation on extra-EU trade statistics. However some Member States collect this indicator for national needs. In this case the same rules as for Intrastat **should** be applied. Data element '**region of origin**' (**D.E. 5/17**) indicator is used to produce exports statistics by regions. This data element is compiled only for exports and is optional at Customs. The code for this data element is defined by Member State who compiles the information and means the region of dispatch or production of goods within the Member State concerned.

2.15 Delivery terms

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 9(2)(d) and Annex Commission Regulation (EC) No 1982/2004, Article 11 and Annex IV

556. Member States may collect the 'delivery terms' as optional information in Intrastat by recording only the code or, in addition, the place of delivery. The collection of this information is not required by the regulation on extra-EU trade statistics but the Union Customs Code delegated/implementing acts allow Member States to do so. The 'delivery terms' related to the data element **D.E. 4/1 (SAD-box 20)**. Hence it is up to Member States to decide whether to collect it or not.

557. Although the information is not required to be collected directly, it is very important to know the delivery terms for correct calculation of statistical value and CIF/FOB adjustments within balance of payments statistics. **NSAs are encouraged** to use the delivery terms whenever available on customs declarations.

558. The delivery terms are defined as: 'Those provisions of the sales contract which lay down the obligations of the seller and the buyer respectively in accordance with the Incoterms of the International Chamber of Commerce'.

559. **Incoterms** are unified trade definitions i.e. global shipping terms. They are key elements of international sales contracts. The main advantage of using Incoterms is that they are a common language of the trade. Being only rules for the interpretation of global shipping terms included in specified articles of the sales contract, and without prejudice to the rest of other contract terms, they

clearly indicate the point at which the responsibilities for the costs and risk factors related to the delivery of the goods shift from the seller to the buyer (exporter/importer).

560. Incoterms are grouped into four categories (see Table 10), designed by the first letter of each term i.e. **E**, **F**, **C** and **D**. Terms beginning with **F** refer to shipments where the primary cost of shipping is not paid for by the seller. Terms beginning with **C** deal with shipments where the seller pays for shipping. **E** terms occur when a seller's responsibilities are fulfilled and when goods are ready to depart from their facilities. **D** terms cover shipments where the shipper/seller's responsibility ends and when the goods arrive at some specific point. Because shipments are moving into a country, **D** terms usually involve the services of a customs broker and a freight forwarder. In addition, **D** terms also deal with the pier or docking charges found at virtually all ports and determining who is responsible for each charge.

561. Since there is a strong correlation between the freight and insurance amounts agreed under each delivery term, for statistical purposes the delivery terms can be classified in two main types, a FOB-type and a CIF-type (see Table 10). This distinction may indicate in what way to adjust the invoice value when estimating the statistical value.

562. However, for statistical data collection, the codes of delivery terms that are defined and adopted by the implementing provisions on intra-EU trade statistics or by the International Chamber of Commerce should be used if the provisions are not updated. More detailed information about Incoterms is available on the official site of the International Chamber of Commerce www.iccwbo.org

563. There exist certain problems related to the collection of delivery terms. Unfortunately for statisticians the delivery terms are not always defined for trade transactions, and the trader cannot provide this information on the Intrastat or customs declaration. However, for statistical purposes (for calculating CIF/FOB adjustment ratios, for estimation of statistical value, etc.) a sample of transactions might be sufficient.

Table 10: Delivery terms codes (Incoterms 2020)

Acronym group	Code	Incoterm	Seller responsibilities	Type of term
E	EXW	Ex Works, named place	Seller makes the goods available at his own premises to the buyer	FOB
F	FCA	Free Carrier, named place	Seller is responsible to deliver the goods to the carrier named by the buyer	FOB
	FAS	Free Alongside Ship, named port of shipment		FOB
	FOB	Free On Board, named port of shipment		FOB
C	CFR	Cost and Freight, named port of destination	Seller is responsible for contracting and paying for carriage of the goods, but no responsible for additional costs and risks related to the goods once they have been shipped	CIF
	CIF	Cost, Insurance and Freight, named port of destination		CIF
	CPT	Carriage Paid To, named place of destination		CIF
	CIP	Carriage and Insurance Paid To, named place of destination		CIF
D	DAP	Delivered At Place	Seller is responsible for all costs and risks related to delivering the goods to the named place of destination	FOB
	DPU	Delivered At Place Unloaded		CIF
	DDP	Delivered Duty Paid, named place of destination		CIF

3

Specific goods or movements

3.1 Industrial plant

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 15

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

Commission Regulation (EU) No 113/2010, Article 17

564. **Definition.** A complete industrial plant refers to an entity required for producing goods (e.g. petroleum refinery, power station) or services (e.g. hospital). An industrial plant is constituted by machines, appliances, engines, apparatus, equipment and materials belonging to different commodity codes. Other goods used to construct such a plant can be considered to belong to it unless excluded from statistics according to the Annex I of the Commission Regulations (EC) No 1982/2004 and (EU) No 113/2010 (e.g. tools needed for construction work that are returned after the completion of the plant).

565. **Conditions for application.** In defining the commodity codes of goods to be delivered to complete industrial plant, simplified procedures can be applied both for arrivals and dispatches in intra-EU trade and only for export in extra-EU trade, under certain conditions.

566. The total value of the industrial plant shall be more than EUR 3 million in order to apply simplification in the reporting. An exception to this is complete industrial plant to be reused, for which there is no such limit value. The total value is obtained by adding up the values of the different parts. The value of goods supplied free of charge is defined according to the price which would be invoiced in the event of normal sale or purchase.

567. It can be beneficial for Member States to keep track of industrial plant movements, for instance, to assess whether the conditions for simplification are met. Therefore **the competent national authorities listed in the chapter 98 of the CN are encouraged** to require prior authorisation of PSI to use simplified reporting of an industrial plant through submission of a written application.

568. This application should contain the following information:

- description of the industrial plant;
- Member State of destination or of consignment (intra-EU trade);
- non-member partner country (extra-EU trade);
- total value of the industrial plant;
- delivery period (anticipated beginning and completion of the deliveries);
- description or list of goods to be delivered (possibly at CN2 level).

569. As the legislation allows but does not prescribe the use of CN chapter 98 for reporting component parts of industrial plant, each Member State decides on the simplified reporting. The

decision of the NSA to admit the use of chapter 98 for a complete industrial plant and/or its components is a statistical decision that is not binding for customs. Customs may require a detailed declaration from the trader even if he has a permission of the NSA to use CN chapter 98. What is not binding for national Customs may be refused by Customs of the third country, too.

570. To avoid asymmetries in intra-EU trade it may be reasonable to use CN chapter 98 also in the partner Member State if another Member State has given a company the permission to use CN chapter 98 for the industrial plant even if the value criteria is not met in partner Member State as only a component is traded from there. So **NSAs are encouraged** to manage the application of simplified reporting for industrial plant in the way which minimises the asymmetries in the trade in goods with other Member States. NSAs which require prior authorisation may involve partner NSAs in decision making procedure following the relevant legal provisions.

571. The aim of this simplification is to reduce the burden on the companies involved by not requiring all the commodities which make up an industrial plant to be classified separately. Additionally, statistical authorities may allow non-declaration of the quantity of goods (net mass, supplementary unit).

572. **Reference period to be applied.** The reference period for the delivery of the goods is the month in which the cross-border transaction takes place. If some components are delivered as staggered consignments ⁽¹⁾, they only have to be declared once. They are declared in the month in which the last delivery of the goods in question takes place.

573. **Simplified CN codes to be used.** The 8-digit CN code for goods to be delivered to a complete industrial plant is formed in the following way:

- The first four digits are 9880;
- The fifth and sixth digits must correspond to the number of that CN chapter (2 digits) to which the commodity code of the regrouping belongs;
- The seventh and eighth digits are 0.

Example 57

A Finnish company has sold a complete power plant. For its construction, steel pipes, among other things, are exported from Finland. The commodity code of these pipes is 9880 73 00.

3.2 Staggered consignments

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 16

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

Commission Regulation (EU) No 113/2010, Article 18

574. **Objective.** The objective of the provisions on staggered consignments is to make declaration simpler for the PSI. The requirements of the article for the application of this simplification are the same for intra-EU and extra-EU trade. The legislation does not oblige Member States to implement this simplification; they may do so based on their national situation and the needs of traders and producers. The application of this simplification in extra-EU trade statistics depends on the decisions and rules defined by customs administrations.

⁽¹⁾ Commission Regulation (EC) No 1982/2004, Article 16.
Commission Regulation (EU) No 113/2010, Article 18.

575. **Definition.** Staggered consignments means the delivery of components of a complete item in an unassembled or disassembled state which is shipped during more than one reference period for commercial or transport-related reasons.

576. **Conditions.** The following conditions have to be met:

- All components shall when assembled form a single, complete and classifiable commodity;
- The shipment is between a single dispatcher and a single consignee;
- The delay between the first and last shipment is only for logistical reasons.

Therefore, the following transactions cannot be reported as staggered consignments:

- Movements of stock;
- Components diverted to another use;
- The supply of spare parts.

577. **Reference period.** The reference period for arrivals/ dispatches or imports/exports of staggered consignments may be adjusted so that data is reported only once, in the month when the last consignment is received or dispatched.

578. **Valuation.** The full value of the complete product must be declared with the classification code for the assembled product.

579. However this simplification applied only by one Member State, but not by partner Member State may cause mirror discrepancies at product level. Therefore **NSAs are encouraged** to coordinate application of this simplification in order to avoid mirror discrepancies.

Example 58

An international aircraft building company produces aircraft parts (like segments, wings, etc.) in Germany, France, the United Kingdom and Spain. These parts are transported into one Member State in order to be assembled in the final aircraft. The products like wings are shipped in an unassembled state. For transport reasons some parts of the wing can be transported by air, the other parts (like lamps, bolts etc.) may be transported by road. All these parts are meant to be integrated into one initial product (wing) on the manufacture site of destination.

In such cases Member States may allow the traders to fill in Intrastat declarations only for the complete aircraft parts, reporting the total value and the single code of the Combined Nomenclature.

3.3 Vessels and aircraft

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 17

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

Commission Regulation (EU) No 113/2010, Article 19

580. Intra- and extra-EU trade in vessels and aircraft, considered as specific goods or movements, does not reflect the physical cross-border movement of these goods — standard rule for recording goods in ITGS — but the change of economic ownership.

581. **Vessels and aircraft concerned.** The definition of 'vessel' refers to those vessels considered as seagoing according to CN Chapter 89, tugs, warships and floating structures. Possible CN codes are: 8901 10 10, 8901 20 10, 8901 30 10, 8901 9010, 8902 00 10, 8903 91 10, 8903 92 10, 8904 00 10, 8904 00 91, 8905 10 10, 8905 20 00, 8905 90 10, 8906 10 00, 8906 90 10. Trade in non-seagoing vessels, on the contrary, falls under the standard rules for compiling trade in goods statistics. Aircraft includes aeroplanes within CN code 8802 30 and 8802 40; the other vehicles of CN Chapter 88 except 8802 60 11 and 8802 60 19 are subject to standard rules.

582. **Economic ownership.** The economic owner of a vessel/aircraft is a taxable person (in intra-EU trade) and a natural or legal person (in extra-EU trade) who claims the benefits associated with the use of a vessel/aircraft in an economic activity and therefore the person who accepts also the associated risks.

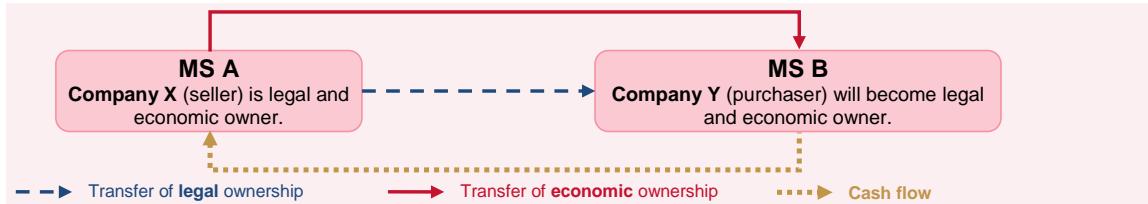
583. The economic owner may be the same as the legal owner, but he may also differ. Under some legal arrangements, risks and benefits are split between different parties. Therefore the substance of the transaction, not a title of the contract, **shall** be considered in order to identify the economic owner of the vessels and aircraft.

Example 59

A) Company X — resident in Member State A is selling a vessel/aircraft to company Y — resident in Member State B. Company Y will become the legal owner and also the economic owner of the vessel/aircraft.

Dispatch from Member State A to Member State B/arrival in Member State B from Member State A is recorded as the economic ownership is transferred.

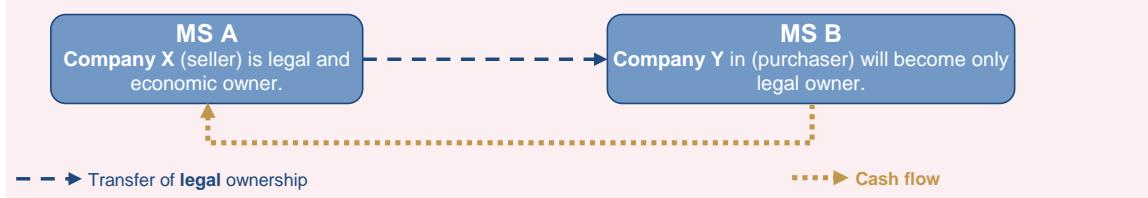
Figure 27: Trade in vessels/aircraft — legal and economic ownership transferred to the one entity



B) Company X — resident in MS A sells the legal property of a vessel/aircraft to company Y — resident in MS B. Company X remains the economic owner. Company Y will become only the legal owner of the vessel/aircraft.

No transaction is reported in ITGS as the economic ownership does not change. A financial transaction will be recorded in BoP.

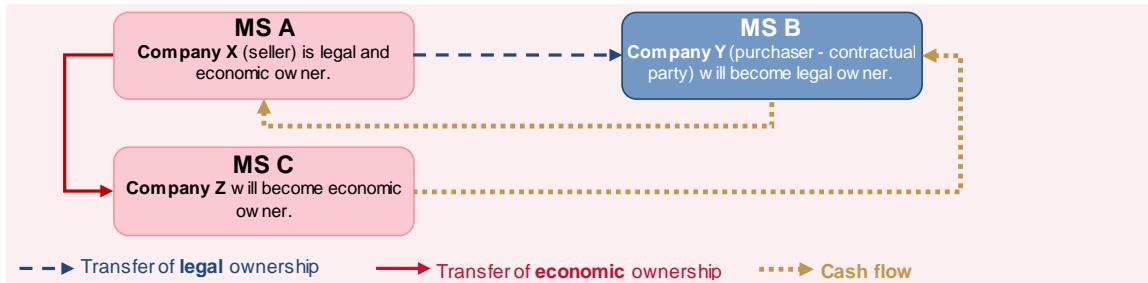
Figure 28: Trade in vessels/aircraft — only legal ownership transferred



C) Company X — resident in MS A is selling a vessel/aircraft to company Y — resident in MS B. Company Y will become only the legal owner of the vessel/aircraft as the company Z established in MS C — the mother of the company Y becomes economic owner of the vessel/aircraft.

Let's assume that the transactions are interlinked. Then dispatch in MS A to MS C/arrival in MS C from MS A is recorded in ITGS.

Figure 29: Trade in vessels/aircraft — legal and economic ownership transferred to two different entities



3.3.1 TOOLS TO IDENTIFY THE ECONOMIC OWNER

584. The ITGS compilers may identify the economic owner of a vessel and aircraft using the list of indicative criteria or the business accounts. Previously used International Accounting Standards No

17 (IAS17)⁽¹⁾, which made a clear distinction between operational and financial leases, was replaced by a new International Financial Reporting Standard (IFRS) 16. The new standard became effective in January 2019.

585. IFRS 16 changed the treatment of leases. Independently of their operating or financial nature the leases must be recorded on the balance sheet and therefore cannot be used for ITGS compilers as a direct criterion for identification of a change of economic owner. For identification of transactions in ships and aircraft in exports, the use of IFRS 16 is still possible because lessor accounting did not change essentially compared to IAS 17. The lessor will continue to classify its leasing arrangements as operating or financial leasing. Whereas lessees (on imports side) will have to recognise an asset and the associated liability for all lease arrangements, without distinguishing between operating and financial leases. It has to be kept in mind that a lessee may choose not to recognize a right-of-use asset and the corresponding liability on the balance sheet in case of short-term leases (below 12 month) and leases for which the underlying asset is of low value. In this case the lease payments will be recorded as expenses and therefore to identify all leasing transactions may not be straight forward.

586. For this reason the use of IFRS 16 for identification of economic owner in ITGS is more complex and not in all cases will provide with the necessary information needed for statisticians. Moreover, the application of IFRS 16 standard may not be required for all companies, the scope of its implementation depends on national regulations. It has to be kept in mind that other business accounting standards will not necessarily implement the same requirements for recording leasing arrangements as in IFRS 16. The national Generally Accepted Accounting Principles (GAAP) may remain unchanged and therefore they could be used for ITGS purposes. Therefore **it is recommended that NSAs** acquaint themselves with information on how their national legislation defines the accounting standards, in particular those related to leasing arrangements, as they can be very helpful in determining a change in economic ownership. Where the information from the application of IFRS 16 in business accounts is not clear enough and the national GAAP cannot provide with the relevant information, then the substance of the transaction should be examined for deciding who is the economic owner of a vessel or aircraft.

587. More information about IFRS 16 standard and detailed methodological and practical guidance for compiling statistics on maritime and air transport cross-border economic activities can be found in the [Handbook on the compilation of statistics on sea and air transport in national accounts and balance of payments](#), which was published by Eurostat in 2020.

588. **List of indicative criteria.** Several indicators which may be used individually or in combination, enable compilers to identify the economic owner of a vessel/aircraft.

589. An entity would be regarded as the economic owner of a vessel/aircraft (even if it is not the legal owner) if:

- the entity accepts all or most of the operating risks (losses) related to the use (operation) of the vessel/aircraft and receives all or most of the economic benefits (profits) from the use (operation) of the vessel/aircraft;
- the entity is responsible for providing (paying for) repair and maintenance of the vessel/aircraft;
- the entity has the option to purchase the vessel/aircraft at the end of the lease period at a price that is lower than the fair value;
- the entity leases the vessel/aircraft so that the present value of the lease payments amounts

⁽¹⁾ International Accounting Standards are developed by the International Accounting Standards Committee, whose purpose is to develop a single set of global accounting standards. These standards should ensure a high degree of transparency and comparability for financial reporting of publicly traded companies.

- to the fair value of the vessel/aircraft at the inception of the lease;
- e) the entity leases the vessel/aircraft for the major part of its economic life;
 - f) the entity has the unilateral right to terminate the lease contract;
 - g) the entity has responsibility for replacing the vessel/aircraft in the event of a serious and prolonged breakdown;
 - h) the vessel/aircraft is leased by the entity from a purely financial intermediary, even if called an aircraft or ship leasing company;
 - i) the entity uses the vessels/aircraft in its main activity.

590. When the list of indicative criteria is used to decide on the economic owner of a vessel/aircraft as many criteria as possible, depending on the availability of information, shall be evaluated in order to decide on the economic owner of a vessel/aircraft. The criterion a) is considered as the most important; the remaining criteria and their order could be used as additional practical tools for assessing the substance of the transaction.

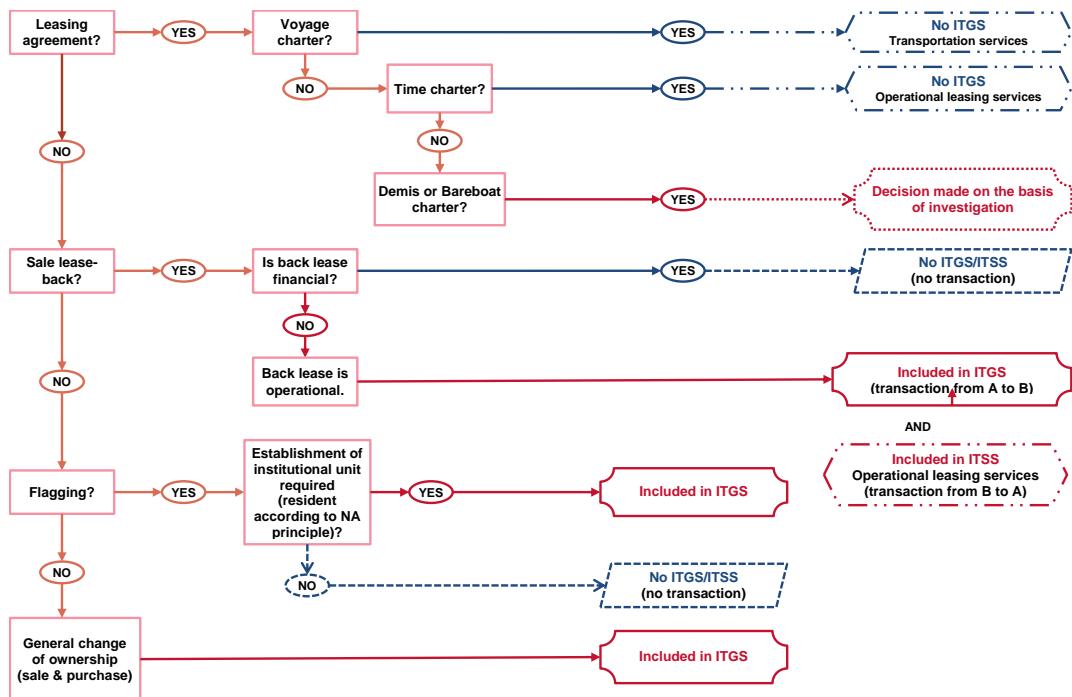
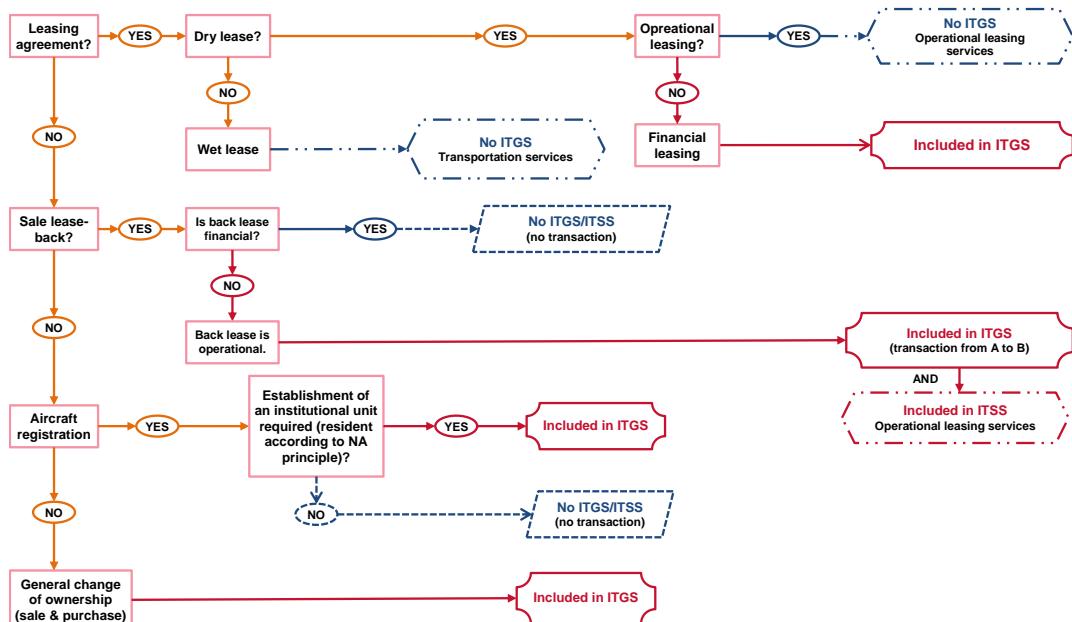
591. The terminology used for the definition of the criteria may be incomprehensible to the staff of the different parties (operators, leasing companies, charterers, agents etc.) involved in the shipping and aircraft industries. Therefore it is necessary to translate these theoretical concepts into business language, i.e. to transfer it into a set of practical and understandable questions.

Example 60

- a) Does the operator accept the main risks — commercial loss?
- b) Is the operator responsible for the repair/maintenance of the craft?
- c) Does the lessee have an option to buy the craft?
- d) Do the lease payments equal the value of the craft?
- e) How long is the lease? Does it cover the major part of the craft's life?
- f) Who can terminate the lease contract?
- g) Which contractual party is responsible for replacing the craft?
- h) Is the lessor a financial intermediary?
- i) What is the main activity of the lessor/operator?

592. **Decision tree** is a way to facilitate the decision making process. It guides the compiler(s) through the actual transaction or case; and gives direction on the investigations and decisions to be made. Moreover the decision trees provide an overview on how the different transactions are handled from ITGS and ITSS perspectives.

593. As the contract labels/standards are used in the decisive boxes the substance of the transaction shall be examined and verified when contacting companies. Either the list of indicative criteria or business accounts (IAS17) described above can be used to validate the transaction.

Figure 30: Decision tree for vessels**Figure 31:** Decision tree for aircraft

594. If a vessel/aircraft is legally owned by a natural person who does not use it for commercial purposes (e.g. yachts), then the natural person **should** be considered as the economic owner of the vessel/aircraft.

595. As the size of the fishing fleets is controlled through the fishing licence and the residency of the licence holder is correlated with the flag of the vessel, the holder of the fishing licence **should** be considered as the economic owner of the fishing vessel.

3.3.2 TRANSACTIONS AND VARIABLES TO BE RECORDED

596. International trade in goods statistics shall cover only the following transactions:

- **Arrivals:** the transfer of economic ownership of a vessel/aircraft from a taxable person established in another Member State to a taxable person established in the reporting Member State.
- **Dispatches:** the transfer of economic ownership of a vessel/aircraft from a taxable person established in the reporting Member State to a taxable person established in another Member State.
- **Imports:** the transfer of economic ownership of a vessel/aircraft from a natural or legal person established in a non-member country to a natural or legal person established in the importing Member State.
- **Exports:** the transfer of economic ownership of a vessel/aircraft from a natural or legal person established in the exporting Member State to a natural or legal person established in a non-member country.
- The arrivals/imports and dispatches/exports of vessels/aircraft before or following processing under contract.

597. If the vessel/aircraft is new, a transaction between the manufacturer and the first economic owner **shall** be reported. The dispatch/export is recorded in the Member State of construction and the arrival/import in the Member State where the economic owner is established.

598. In case of a new vessel/aircraft, the processing activities linked with its construction including movements of incomplete or unfinished vessels /aircraft (e.g. Airbus) **shall** be reported according to the standard ITGS rules including distinction between processing under contract and processing on processor's own account (see subchapter [Processing trade](#)).

599. If the processing operation has significantly improved/changed the vessel/aircraft, the transaction between the processor and the economic owner **shall** be reported. In order to distinguish between processing and maintenance activities the accounting rules for gross fixed capital formation should be applied. If a rise in value of the vessel/aircraft is capitalised in the business accounts of the economic owner, i.e. recorded as an increase in the assets then the operation **shall** be reported in ITGS as processing.

600. Each vessel has to sail under the flag of a country. The countries are entitled to define their own conditions for the registration of vessels in their territory and for the right to fly their flag. Some countries may require that the legal owner and/or operator are national 'companies'. However, if there is no economic substance connected with the registration of a vessel according to the economic owner criteria set out, no transactions shall be recorded and vice versa. Flagging out/in of a vessel can be a trigger for further investigation but it is not an indicator of change of economic ownership.

601. The list of exclusions, in particular the definition of temporary movements⁽¹⁾, does not apply to vessels and aircraft. Therefore the duration of the temporary use (under or over 24 months) is not a determining indicator to record the transaction in ITGS.

602. As a vessel/aircraft is considered as an asset, then the majority stakeholder is deemed to make the decision as to who operates the vessel/aircraft. If the legal owner/share holder relinquishes (sells) only part of the ownership, the economic owner remains with the operator who the stakeholder chooses to use which may be the same one. Therefore where only a part of the vessel/aircraft is sold

⁽¹⁾ Commission Regulation (EC) No 1982/2004, Annex I, point (c).
Commission Regulation (EU) No 113/2010, Annex I, point (c).

or bought, further assessment is required to decide whether the change of economic ownership occurred.

603. A company may enter into a series of structured transactions (arrangements) with a party or several parties (related or unrelated) that may also involve the legal form of a lease. The form of each arrangement and its terms and conditions can vary significantly. For recording the series of interlinked transactions (e.g. sale and lease-back), the overall economic effect should be considered. Only the transfer of economic ownership between the initial and final economic owner **shall** be reported in ITGS.

604. A sale and lease-back transaction involves the sale of a vessel/aircraft and the leasing back of the same vessel/aircraft. If the lease-back results in financial leasing in the sense of NA, no transaction will be recorded in ITGS and ITSS. However a lease-back resulting in operational leasing as defined by NA will be recorded in ITGS (after the examination of the substance of the transaction) as a sale of vessel/aircraft and in ITSS as operational leasing services.

A) A Danish aircraft leasing company has purchased five aircraft from the manufacturer and leased them to an operator in Latvia. **Let's assume** that the aircraft were directly purchased from the manufacturer as new aircraft; they have not been operated yet. The subsequent leasing arrangement was negotiated separately.

Then the Danish company is the first economic owner of the aircraft and arrival in Denmark shall be reported. If the leasing arrangement between the Danish lessor and the Latvian operator results in a financial leasing as defined by ESA2010 and thus in a transfer of the economic ownership from the lessor to the lessee, dispatch from Denmark to Latvia/arrival in Latvia from Denmark shall be recorded. Otherwise no transaction between Denmark and Latvia is recorded.

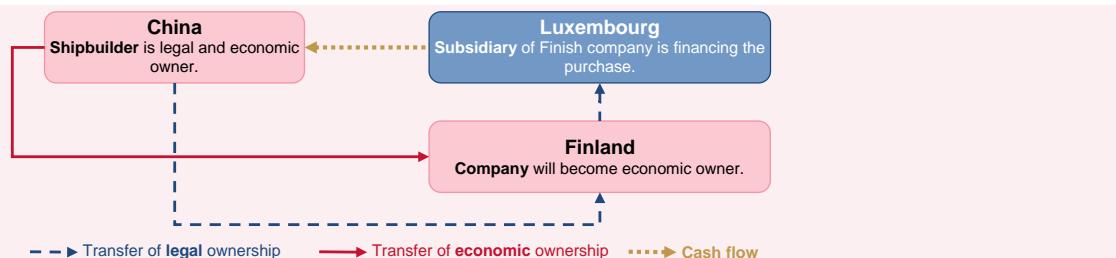
B) A Danish aircraft leasing company has purchased three aircraft from an operator in Latvia and leased them back to that operator in Latvia. The sales of three aircraft by the operator himself from Latvia to Denmark and the subsequent leasing from Denmark to Latvia shall be considered as a series of transactions. **Let's assume** that the operator was the economic owner of the aircraft at the time of their sale.

If the leasing arrangement results in an operational leasing as defined by ESA2010 then the lessor will become the economic owner of the aircraft and arrival in Denmark from Latvia/dispatch from Latvia to Denmark shall be recorded. Otherwise no transaction between Denmark and Latvia is recorded (neither dispatch from Latvia to Denmark nor subsequent dispatch from Denmark to Latvia) as the overall result of the transaction is that the operator remains the economic owner of the aircraft due to financial leasing as defined by ESA2010.

C) A Finnish company orders a ship from a Chinese shipbuilder. The Chinese company prefers to do financial business with Luxembourg-based customers, therefore the Finnish company sets up a daughter company in Luxembourg. The only function of the daughter company in Luxembourg is to manage the financing of the ship. The Finnish company sells the ship just bought from China to its daughter company in Luxembourg. This subsidiary pays for the ship when the ship is delivered from China. The Luxembourg subsidiary leases the ship back to the Finnish mother company under bareboat charter. The ship arrives in Finland, is registered in the Finnish national ship register and starts operating.

The transactions shall be considered as interlinked (jointly negotiated, related parties involved). If, after examining the substance of the transaction, the provisions of the bareboat charter enable the leasing arrangement to be classified as financial leasing then the import in Finland from China shall be recorded. Otherwise the transaction shall be recorded in Luxembourg, as the operational leasing arrangement does not transfer the economic ownership from the Luxembourg subsidiary to the Finnish mother company.

Figure 32: Trade in vessels/aircraft — interlinked transaction



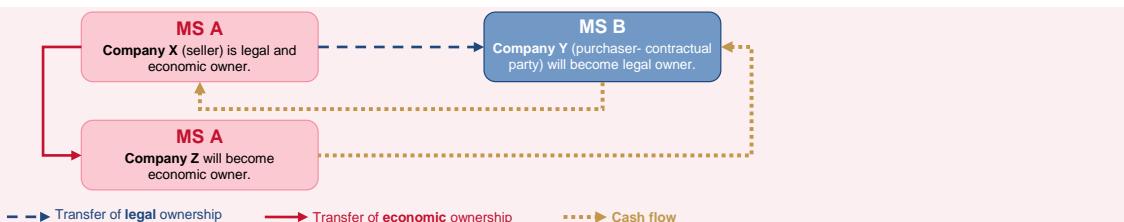
605. **Partner country.** The partner country **shall** be the Member State or non-member country where the economic owner of the vessel/aircraft who is transferring the ownership/to whom the ownership is transferred, is established.

Example 61

A) A ship building company X — resident in Member State A is selling a luxury cruise ship to a company Y resident in country B. However, company Z established in Member State A becomes the economic owner of the ship. The company Y is a subsidiary of company Z (or vice versa).

Let's assume that the transactions are interlinked. Then no transaction is reported in ITGS as the operation is resulting in the transfer of economic ownership between residents established in the same Member State. Member State B acquires only the legal property of the asset.

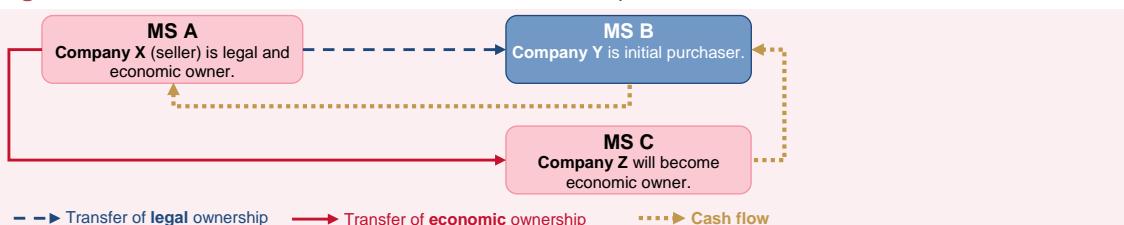
Figure 33: Trade in vessels/aircraft — economic ownership transferred within the MS



B) A ship building company X — resident in MS A is selling a contract for building a new ship/aircraft to an EU based company Y — resident in Member State B. When the ship/aircraft is delivered, it is purchased by EU based company Z established in another Member State C. Company Z had acquired the contract of building from Y before the ship/aircraft delivery; Company Z will use the asset to run an economic activity.

Dispatch in MS A to MS C/arrival in MS C from MS A is recorded as the economic ownership is transferred. MS B will not report any transaction in ITGS as it is only a financial transaction.

Figure 34: Trade in vessels/aircraft — economic ownership transferred to another MS



606. The establishment of the economic owner should be in line with the principles applied in National Accounts for 'residence of institutional units'. According to this concept, a unit is resident and thus is established in a country when it has a centre of economic interest on the economic territory of that country — that is, when it engages for an extended period (one year or more) in economic activities on this territory (ESA 2010, par. 1.61)(¹).

Example 62

A number of fishing vessels are registered (DK flag/fishing licence) in the DK where they are also registered as Limited Companies. These companies are also registered for DK VAT and corporation tax purposes. However the companies are Spanish owned and all the directors are Spanish residents; the shareholders are either Spanish resident companies or Spanish resident individuals. A DK management company renders the managerial/administrative services including submission of Intrastat declarations on behalf of DK companies for a fee.

The Spanish shareholders only receive dividends paid by the DK companies. The DK companies use the fishing vessels in their economic activity to generate the profit from which the dividends are paid. Thus Spanish individuals/businesses claim the benefits associated with the holding of the shares, not with the use of the vessel. Therefore the DK companies which own and also operate the fishing vessels under DK fishing licence are the economic owners of the vessels.

607. The partner country in the case of arrival/import of a new vessel/aircraft **shall** be the Member State/non-member country of construction. If the different stages of the construction take place in several Member States (e.g. Airbus), the partner country shall be reported according to the standard ITGS rules following the movements of goods.

608. The definition of partner country for the processing activities enhancing the vessel/aircraft follows the principle of economic ownership which determines when the transaction between

(¹) Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union.

processor and economic owner shall be reported. Therefore the partner country for vessels/aircraft sent for processing **shall** be the Member State/non-member country where the processor is established. Member States undertaking the processing **shall** record the Member State/non-member country where the economic owner of the vessel/aircraft undergoing processing is established.

Example 63

An unfinished ship is brought to Norway for inward processing. The Norwegian processor subcontracts some operations to a Swedish shipyard. The ship leaves Norway under customs procedure outward processing. When the subcontracted operations are done, the ship returns to Norway for further inward processing.

The movements of goods shall be reported, i.e. exports from Norway to Sweden/imports in Sweden from Norway. When the processing in Sweden is finished, the exports from Sweden to Norway/imports in Norway from Sweden shall be recorded.

609. In case of a cross-border merger of two entities established in different Member States/countries where the subject of absorption is a vessel/aircraft considered as an asset of absorbed company when both legal and economic ownership is transferred in the course of the transaction, the partner country shall be the Member State/non-member country where the economic owner (in this case the absorbed and absorbing company) is established. When determining the partner country, compilation rule C41 applies.

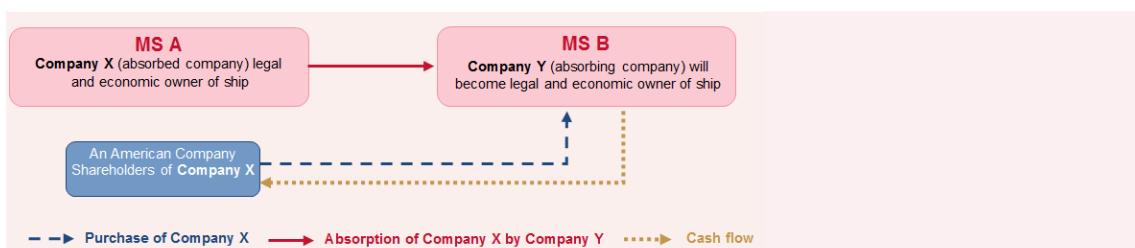
610. However there might another case that involves only the transfer of legal ownership in the course of the consolidation process without the change of economic ownership. In such a case the absorbing company becomes a legal owner and a person who exercised the economic ownership (e.g. under leasing arrangement signed with the absorbed company before the merger) maintains their economic ownership of the vessel/aircraft. Consequently, this transaction does not fall under the scope of ITGS and thus should not be reported.

Example 64

A Romanian company in a course of cross-border merger took over a Polish company. The only asset of Polish company was a maritime platform considered as sea-going vessel according to CN Chapter 89. The 'ship' was originally owned by a subsidiary company in Poland which was subsequently bought out by a subsidiary company in Romania, both companies being owned by a US company.

Assuming that in the course of consolidation of 2 companies both transfer of legal ownership and economic ownership related to the maritime platform took place, such transaction is in the scope of ITGS in Poland as a dispatch to Romania and in Romania as an arrival from Poland. To make certain whether the principle of economic ownership is applicable, it is recommended to examine the substance of the merger agreement in terms of economic ownership.

Figure 35: Cross-border merger of two entities — economic ownership and legal transferred to another MS



611. Quantity. Quantity for vessels shall be expressed only in supplementary units — number of items. The quantity for aircraft shall be expressed in net mass and supplementary units.

612. Value. The statistical value of the vessel/aircraft is the total value that would be invoiced if the whole vessel/aircraft was sold or purchased excluding the transport and insurance costs. In case of partial sales of the vessel/aircraft which result in the transfer of economic ownership, the full value shall be reported.

613. Processing operations of goods whose classification under CN subheadings qualifies for the provisions on the specific goods or movements, both the value of the unprocessed and the processed goods, i.e. the initial value of unprocessed goods and the total value after the processing shall be reported. When a new vessel/aircraft is constructed, the value of the unfinished vessel/aircraft is recorded before the processing and its increased value after the processing.

Example 65

A) Company X from Denmark — economic owner of a ship of value EUR 40 million sends it to shipyard Y in Poland in order to extend its capacity. This operation considered processing under contract will increase the value of the ship by EUR 15 million.

The dispatch from Denmark to Poland/arrival in Poland of the ship of value EUR 40 million shall be recorded in ITGS. After the processing, the dispatch from Poland to Denmark /arrival in Denmark from Poland of the ship of value EUR 55 million shall be recorded.

B) A factory in Hamburg supplies the fuselage sections and wings for the assembly of an aircraft to the factory in Toulouse. As these unassembled parts have the essential character of the finished aircraft, the whole delivery (qualifying also as a staggered consignment) is classified under CN 8802 30 00. The value of the consignment is EUR 20 million. After the assembly (including mounting of engines and landing gear, installation of electronic appliances) the aircraft returns to Hamburg to be furnished with seats and other board equipment. The assembly adds the value of EUR 30 million.

If the assembly in France is declared as processing under contract then French arrival from Germany/German dispatch to France of value EUR 20 million and French dispatch to Germany/German arrival from France of value EUR 50 million (20 + 30 million) shall be reported in ITGS.

614. If the statistical value is not available, NSAs can obtain the information in different ways, for example by:

- asking directly the owner of the vessel/aircraft;
- using the published quotations for certain brands/kinds of aeroplanes/ships;
- using available records similar to CN8/net mass/supplementary units as estimates.

615. **Reference period.** The reference period shall be the month when the transfer of economic ownership occurs for arrivals/imports and dispatches/exports. In the case of processing, the transaction shall be reported according to the standard rules.

3.3.3 DATA SOURCES

616. Customs, fiscal and Intrastat data cannot assure the total coverage of trade in vessels and aircraft according to the concept of economic ownership. Member States may use all available data sources (including national and international registers) in order to identify the target population, to ensure exhaustiveness of the statistical results and to collect/compile ITGS.

617. A vessel/aircraft may be declared on the customs declaration in case of an acquisition/sale where the legal owner coincides with the economic one. In that case the customs declaration can be required as a document necessary for the registration in the national ship/aircraft register.

618. Moreover the vessel/aircraft undergoing processing should be reported through the standard data sources: customs and Intrastat declarations. **NSAs are encouraged** to establish a specific procedure for the CN codes falling under the specific goods or movements provisions in order to examine the transactions and to verify their correct treatment in ITGS.

619. The VAT provisions on intra-EU acquisitions of new means of transport extend the obligation to submit a VAT return to all acquirers of these goods including the natural persons. Member States may adopt different rules for the submission of VAT returns in this respect. In the case of vessels and aircraft, all new seagoing vessels for business use and new aircraft used by airlines operating for reward chiefly international routes are excluded from the VAT reporting, so transactions carried out by airlines or shipping companies are not covered. Even though VAT provisions concern only a very limited part of the transactions with vessels and aircraft (e.g. the purchase of a yacht or a private plane by a private person) **NSAs are encouraged** to examine the possibility to use VAT data about intra-EU acquisitions of new⁽¹⁾ vessels⁽²⁾ and aircraft⁽³⁾ in order to identify statistically relevant transactions.

⁽¹⁾ Council Directive 2006/112/EC, Articles 2(2)(b)(ii) and (iii).
⁽²⁾ Council Directive 2006/112/EC, Article 2(2)(a)(ii).
⁽³⁾ Council Directive 2006/112/EC, Article 2(2)(a)(iii).

620. Where possible, **it is recommended that NSAs** introduce, at national level, the obligation to complete an Intrastat declaration for trade transactions involving changes of economic ownership, whatever the contractual arrangements (i.e. sale or leasing).

621. **Ships and aircraft registers.** NSAs could use, if available, information on the economic ownership provided by the national authorities responsible for managing the ships and aircraft registers. **It is recommended that NSAs** agree with these competent national authorities on a regular information exchange on entries into and removals from the registers.

622. **Ships register.** The registration of ships is not regulated and harmonised at EU level and is based on the national legislation. The organisation of the vessels registers varies widely: some Member States have one single main register, others have several parallel registers. Nevertheless, in all Member States the national ships registers are managed by governmental institutions. Most national ships registers that are not centralised are regularly consolidated at central level.

623. All Member States should be able to access their national ships registers without administrative problems. The European legislation on International Trade in Goods Statistics is generally sufficient to guarantee NSAs' access to the registers.

624. The conditions for the registration of vessels in the national registers differ considerably among Member States. The establishment of the legal owner is the major requirement for registration; however other conditions may be applicable. In many Member States the information on statistically relevant data elements such as **value, legal owner, economic owner or change of economic ownership** is not present in the register. The information available in the register should be a basis for defining the target population to be contacted for statistical reporting.

625. According to [Commission Regulation \(EC\) No 26/2004](#) and [Council Regulation \(EC\) No 2371/2002](#), a fishing vessels register shall be managed by Member States. Fishing vessels register and general vessels register could overlap at national level. In some Member States, the different vessel registers are not managed by the same public institutions. NSAs should investigate if information collected in the national fishing vessels register is relevant for statistical purposes.

626. **Aircraft register.** The situation for aircraft registers is more homogenous. National aircraft registers are centralised and managed by governmental institutions in all Member States. European regulations are sufficient to guarantee access to the register by the NSAs. The conditions for registration of an aircraft in the national register differ among Member States. However there is a clear link between the registration in a register and the establishment of the legal owner or operator⁽¹⁾ in a Member State. In some cases the establishment of a legal or commercial representative in the Member State also enables a registration in the national aircraft register. In most cases information on the legal owner and/or the operator is available in the register.

627. **Other data sources.** In addition to the registers, publicly available information (e.g. Internet, newspapers) might be used to identify transactions with a possible statistical relevance. Moreover NSAs may utilise registers of classification companies, information provided/published by shipowners' associations or other national and international databases. This information could be a trigger for further investigation.

628. To integrate possible missing data, **NSAs are encouraged** to implement at least ad hoc surveys, for example on the occasion of the final data revision, to collect data directly from entities involved in the contractual arrangements which may lead to change of economic ownership.

⁽¹⁾ Air operator means a natural person residing in a Member State or a legal person established in a Member State using one or more aircraft in accordance with the regulations applicable in that Member State, or an EU air carrier as defined in the EU legislation ([Council Regulation \(EEC\) No 3922/91](#)).

629. The criterion for recording the transfer of goods from one unit to another in NA and BoP is that the economic ownership passes from one to the other. In the case of trade in vessels and aircraft, the ITGS criteria for inclusion/exclusion are the same as those used in NA and BoP. The transactions in vessels/aircraft that will be excluded from ITGS, will still trigger the registration of a financial transaction or a transaction in services in BoP, **MSs are encouraged** to enhance cooperation of all compilers involved (ITGS, ITSS, BoP and NA).

630. Furthermore **MSs are encouraged** to strengthen multilateral cooperation including exchange of any kind of information, even at transaction level, among them whenever possible. Where national conditions allow this, the provisions of the BoP regulation⁽¹⁾ enabling Member States to exchange micro-data for the sake of safeguarding the quality of BoP figures should be applicable, as ITGS are a fundamental component of BoP. Exchange of micro-data, also supported by the European statistics law⁽²⁾, could be very useful to capture data on vessels and aircraft trade, to improve data quality and to reduce asymmetries, particularly in intra-EU trade. Specifically, if an economic owner established in one Member State takes over the economic ownership of a vessel registered in another Member State, the reporting country might miss this transaction, unless the partner Member State alerts it.

3.3.4 LEASING ARRANGEMENTS

631. As many different kinds of leasing arrangements/contracts exist for vessels and aircraft, a distinction between financial and operational leasing based on the label/title of the contract is not sufficient for a correct allocation of transactions in ITGS. Besides, as the duration of the leasing contract cannot be applied as the only criterion, so the substance of the contracts **shall** be investigated in order to identify the economic owner of the vessel or aircraft.

632. NA and BoP provide definitions of operational and financial leasing that look at the economic substance of the transaction. In the case of operational leasing, according to ESA 2010, the service provided by the lessor goes beyond the mere provision of the asset and may include responsibility for providing repair, maintenance or replacement at short notice (ESA2010 paras. 15.09 and 15.11). Operational leasing in line with ESA definitions shall be excluded from general merchandise and thus also from ITGS since it is considered as a service. In the case of financial leasing the lessor remains the legal owner (providing a loan to the lessee), and the lessee becomes the economic owner. ESA 2010, par. 15.19 also specifies that 'any corporation that specialises in financial leasing, even if called a property company or aircraft leasing company, shall be classified as a financial intermediary offering loans to the unit leasing assets from them'. Financial leasing contracts in line with ESA 2010 definitions should be considered within the scope of ITGS.

Example 66

A) A Slovak construction company leases an aircraft (CN 8802 30 00) to transport its employees. The company operates the aircraft itself. Even though the company makes no profit from the operation of the aircraft, it accepts the associated risk (e.g. the company pays for repair, in case of a breakdown the company will rent another aircraft to replace the broken down aircraft etc.). If, after the substance of the transaction and its compliance with the definition of financial leasing according to ESA2010 has been examined, the leasing is classified as financial and if the lessor is established in another Member State/country, then the transaction shall be treated as an arrival/import in Slovakia.

B) A private person buying a yacht concludes a leasing contract with a financier who closely cooperates with the seller of the vessel. The buyer takes possession of the yacht immediately, though legally it remains the property of the lessor (financier) as a guarantee until all agreed payments have been made by the lessee. Even though the buyer, as a private person, does not run any economic activity on the vessel, the transaction should be considered as hire purchase — special form of financial leasing. If the private person resides in a Member State/country other than that where the financier is established the transaction shall be included in ITGS.

633. The leasing arrangements concluded within the shipping and aircraft industries are standardised; a specific terminology is used. Although the type of contract may give a clue as to how

⁽¹⁾ Regulation (EC) No 184/2005 of the European Parliament and of the Council, Article 8(3).

⁽²⁾ Regulation (EC) No 223/2009 of the European Parliament and of the Council, Article 21(1).

the transactions should be treated, it **shall** be verified whether the contract reflects standardised provisions and thus whether the transfer of economic ownership occurs or not.

634. Chartering is an activity within the shipping industry. In some cases, a charterer may own a cargo and employ a shipbroker to find a ship to deliver the cargo for a certain price, called the freight rate. Freight rates may be calculated on a per-ton basis over a certain route or alternatively may be expressed in terms of a total sum per day for the agreed duration of the charter. A charterer may also be a party without a cargo who takes a vessel on charter for a specified period from the owner and then trades the ship to carry cargoes at a profit above the hire rate, or even makes a profit in a rising market by re-letting the ship out to other charterers. There are mainly three types of chartering:

- A **Voyage charter** is the hiring of a vessel and crew for a voyage between a loading and a discharging port. The charterer pays the vessel owner on a per-ton or lump-sum basis. The owner pays the port costs (excluding stevedoring), fuel costs and crew costs. Given that the substance of the contract has been verified, this arrangement usually does not indicate change of economic ownership and **shall not** therefore be included in ITGS, but it is included in ITSS.
- A **Time charter** is the hiring of a vessel for a specific period of time; the owner still manages the vessel but the charterer selects the ports and directs the vessel where to go. The charterer pays for all the fuel the vessel consumes, port charges, and a daily 'hire' to the owner of the vessel. Given that the substance of the contract has been verified, this arrangement usually does not indicate change of economic ownership and **shall not** therefore be included in ITGS, but it is included in ITSS.
- **Demise or Bareboat charters.** This arrangement is completely different from the previous two. The charterer takes full control of the vessel along with the legal and financial responsibility for it. The charterer pays for all operating expenses, including fuel, crew, port expenses and hull insurance. The demise shifts the control and possession of the vessel. These arrangements can be difficult to determine whether there is a change in economic ownership or not.

635. The vessel operator is the natural person or the legal person responsible for the commercial decisions concerning the use of a ship and therefore the one who decides how and where that asset is used. This company may also be responsible for purchasing decisions on bunkers and port services. For example, a medium to long-term or bareboat charterer is considered to be the operator of the ship. Companies heading operator pools (e.g. Cool Carriers or Gear bulk) are operators of the ships in the pool. On the other hand voyage or time charterers are normally not responsible for the commercial decisions concerning the use of the ship, so they cannot be considered as an operator.

636. For aeroplanes, there are two main kinds of leasing contracts that can be defined, in a simplified way, as follows:

- **Wet Lease** is a leasing arrangement whereby one airline (lessor) provides an aircraft, complete crew, maintenance, and insurance, to another airline (lessee), who pays by operated hours. The lessee provides fuel, covers airport fees, and any other duties, taxes, etc. The flight uses the flight number of the lessee. Given that the substance of the contract has been verified, this arrangement usually does not indicate change of economic ownership and **shall not** therefore be included in ITGS, but it is included in ITSS.
- **Dry lease** is the lease of the basic aircraft without crew, and usually without insurances, maintenance etc. Usually in dry lease the lessor is a leasing company or a bank. A dry lease requires the lessee to put the aircraft on his own Air Operator's Certificate and to provide aircraft registration. A typical dry lease starts from two years onwards and bears certain conditions as far as depreciation, maintenance, insurances. There are generally two types of dry lease: **financial lease and operational lease**. Given that the substance of the contract has been verified, financial lease does usually indicate change of economic ownership and **shall** therefore be included in ITGS. However, operational lease does normally not indicate change of economic ownership and **shall not** therefore be included in ITGS, but it is included in ITSS.

637. A Member State operator is able to dry-lease aeroplanes only from EU Member States ([Regulation \(EC\) No 1008/2008 of the European Parliament and of the Council](#)); a dry lease with non-member countries requires a specific political and economic agreement between the Member

State and the non-member countries. The National Aviation Authority should have information on the starting and finishing of new dry-lease contracts and on the country of the previous economic owner (most likely a leasing company).

3.4 Motor vehicle and aircraft parts

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 18

638. The declaration of motor vehicle and aircraft parts and accessories generally necessitates the classification of a wide variety of goods in different sub-headings of the Combined Nomenclature. To relieve the reporting burden on the automobile and aircraft industry, a simplified declaration of motor vehicle and aircraft parts was requested by a few Member States in the framework of the Intrastat system.

639. **NSAs are encouraged** to apply the simplified reporting on motor vehicle and aircraft parts only in a conservative way. However, if they do introduce particular provisions they should apply the following conditions:

- Each concession should be monitored by the national statistical authority;
- The CN codes 9990 87 zz (cars); 9990 88 zz (aircraft) should be used (zz according to national purposes).

3.5 Goods delivered to vessels and aircraft

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 19

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

Commission Regulation (EU) No 113/2010, Article 20

640. **Definition.** 'Delivery of goods to vessels and aircraft' means delivery of products for the crew and passengers as well as for the operation of engines, machines and other equipment of vessels or aircraft.

641. ITGS covers only dispatches and exports of those goods which are delivered on the territory of the reporting Member State to foreign vessels or aircraft. Foreign vessel or aircraft is the vessel or aircraft whose economic owner is established in another Member State or non-EU country. So the deliveries of goods to national vessels or aircraft i.e. to vessels or aircraft whose economic owner is established in the reporting Member State are considered domestic transactions and consequently they are not recorded in ITGS.

642. Identification of economic owner of a vessel and aircraft and consequently to make the distinction between domestic and international trade-in-goods transactions may be difficult within monthly routine. So Member States or non-member country where the purchaser of the goods (the supplier's contractor) resides could be a pointer to residency of economic owner. However NSAs should make all effort to differentiate the deliveries to domestic and foreign vessels or aircraft following the economic ownership at the latest when finalising the data.

643. For the purpose of statistical reporting of these goods, statistical regulations provide with the following simplifications when transmitting data to Eurostat:

- **Simplified reporting of commodity code.** The following simplified Combined Nomenclature codes shall be used for the goods delivered to vessels and aircraft of other Member States or may be used for the goods delivered to vessels and aircraft of non-member countries at national harbours or airports:
 - 9930 24 00: goods from CN chapters 1 to 24;
 - 9930 27 00: goods from CN chapter 27;

- 9930 99 00: goods classified elsewhere.
- **Simplified reporting of partner country.** According to the legislation, the partner country is the Member State or non-member country where the economic owner of the vessel or aircraft is established. A simplified partner code can be used: QR for intra-EU deliveries and QS for extra-EU deliveries.
- **Simplified reporting of quantity.** The transmission of data on the quantity is optional except for goods belonging to CN chapter 27 (mineral fuels and mineral oils). For these goods the reporting of net mass is mandatory. The Doc MET 400 provides specific rules how to provide quantity data to Eurostat.

644. **Scope of application.** The provisions apply exclusively to goods, which are intended for consumption during the journey and are therefore unlikely to be taken off the vessel or aircraft again. So statistical simplification options should apply to the goods which are supplied to vessels and aircraft operating on international routes and, from the point of view of customs and tax administrations, are benefiting from duties and tax exemptions and from simplified reporting.

645. Delivery of durable goods and equipment, which remain on the vessel or aircraft should be reported according to the standard rules. In order to distinguish these goods from deliveries to vessels and aircraft NSAs could examine whether the goods are VAT exempted according to Article 148, points (a), (b) and (e) of VAT Directive. If not, such goods can be considered durable. This might include, for instance, the delivery of bed linen, or of musical instruments for the musicians of the ship, or TV sets for the cabins or other durable goods.

646. Customs and VAT provisions do not provide specific lists of goods which unambiguously fall under the scope of **supplies to vessels and aircraft**. Every Member State can limit the scope at national level. Therefore **NSAs are encouraged** to analyse the national VAT legislation in order to clearly define the scope of goods which can benefit from simplifications.

647. Simplified provisions for the delivery of goods to vessels and aircraft may be fully exploited within intra-EU trade statistics only when collecting information on the Intrastat declaration, following the national instructions. However, the application of simplification for extra-EU trade statistics depends on national customs provisions, which may use it or not. Moreover, **the reporting obligation relates only to dispatches/exports**, i.e. the economic owner of the vessels or aircraft, who is established in the reporting Member State and who was supplied with goods for consumption in foreign harbours or airports, needs to provide neither statistical arrival nor customs imports declarations.

648. For the purposes of national accounts and balance of payments statistics goods, such as fuels, provisions, etc. procured by resident transport operators in foreign ports from non-resident providers have to be included in imports of goods. Although this information may be collected using specialised statistical surveys, in line with current regulations, it must not be included in ITGS transmitted to Eurostat. Member State considering such imports economically or environmentally significant may record them in their national trade in goods statistics.

Table 11: Scenarios of the reporting deliveries to vessels and aircraft

Scenario ⁽¹⁾	Reporting requirements	Reason
Deliveries to national vessels or aircraft in a reporting Member State.	Are not recorded in ITGS.	Domestic transaction.
Deliveries to national vessels or aircraft in a partner Member State or non-EU country (foreign harbours or airports).	Are not recorded in ITGS.	Exempted by statistical regulation indirectly
Deliveries to foreign vessels or aircraft in a reporting Member State.	Are recorded as exports or dispatches, accordingly.	No exemption in statistical regulation, customs declaration might be required.

3.5.1 DATA SOURCES

649. **Customs declarations.** The data about extra-EU supplies to vessels and aircraft, which operate on international routes, are collected by the national Customs. These data are provided to the NSA together with the regular data sets.

650. In a majority of Member States data related to intra-EU supplies are also collected by Customs. This ensures a good coverage of data and excludes problems related to non-response. Moreover, the completeness of the intra-EU trade data is improved because the data are not affected by Intrastat exemption thresholds. The data via Intrastat system must not be collected, hence the trader has to report only once and the response burden is minimised.

651. **Customs declarations in combination with Intrastat reporting.** In part of Member States, Customs are not requiring to declare some specific goods (e.g. oil and oil products) supplied to vessels and aircraft on customs declaration. In such cases, Intrastat system according to national instruction could be used to complement data, which are not provided by Customs.

652. **Intrastat declarations.** In several Member States, intra-EU supplies to vessels and aircraft are collected via the Intrastat system according to national instructions. The regulation on intra-EU trade statistics does not prohibit collecting information on intra-EU supplies directly from catering and supplying companies according to the national instructions.

653. In few Member States special surveys or special procedures are in place for the collection of this information. However, the European ITGS legislation does not provide a legal basis for setting up additional statistical surveys. Therefore, the collection of data outside Intrastat and customs systems should be covered by national regulations. **It is recommended that NSAs** use the Intrastat system for the collection of data on intra-EU supplies to vessels and aircraft only in case Customs are not providing the necessary data.

654. Whatever data source model is applied in a Member State, the risk of double counting this information still exists. The catering and supply companies might provide Intrastat declarations voluntarily without acknowledging that this information has already been provided via the customs systems. Therefore the **NSAs are encouraged** to establish a control system which would eliminate the risk of double counting of data from two sources (customs and Intrastat declarations).

655. **Problems related to allocation of partner country.** Statistical regulations define as the partner country the Member State or non-member country where the economic owner of the vessel or aircraft is established. However in customs legislation, the country of destination (i.e. partner country) is defined according to the flag the vessel is flying or according to the country of airplane

⁽¹⁾ 'National vessel or aircraft' is the vessel or aircraft whose economic owner is established in the reporting Member State.

'Foreign vessel or aircraft' is the vessel or aircraft whose economic owner is established in another Member State or non-member country.

registration. Therefore when the data about supplies are provided by Customs, the concept of **economic ownership** is implemented only to the extent where country of registration of economic owner coincides with the country of the flag of the vessel. However the impact of misallocation of the partner country is less significant due to the use of simplified country codes, which allow separating between intra-EU and extra-EU deliveries.

656. The correct allocation of the partner country according to the economic ownership concept remains the same problematic when the data are collected via Intrastat system. The company responsible for providing the information may not always be able to identify the country where the economic owner of the vessel or aircraft is established, or even to identify whether the economic owner is established within or outside of the EU. Therefore in cases where economic ownership of the vessel or aircraft cannot be identified, the flag of the vessel or the country of the recipient of the invoice may be considered as proxy to the economic ownership concept when compiling monthly data. However the real economic owner should be identified for significant transactions in terms of value⁽¹⁾ when final data are compiled.

657. When the data on intra-EU supplies are recorded by Customs, the NSA should pay attention that the values of supplies to the national vessels or aircraft are not included in ITGS under country code QR.

658. **EU customs requirements for the goods delivered to vessels and aircraft.** The supplies to vessels and aircraft are a special type of export, for which the export procedure, within the meaning of Article 269(1) of the UCC shall be used where Union goods are to be brought to a destination outside the customs territory of the Union. Union Customs Code, Article 269 mentions the supplies to vessels and aircraft. These provisions fixed very important concepts:

- supplies to vessels and aircraft is a form of export, for which the export customs formalities can be used;
- supplied goods should be VAT and excise duty exempted; and
- supplies to vessels and aircraft should be treated in this fashion regardless of the destination of the vessel or aircraft.

659. The export formalities are to be used with regard to supplies to vessels and aircraft so that the companies delivering such supplies can receive a proof of exit. This proof is needed for the purposes of VAT exemption. The same rules apply where non-Union goods are to be re-exported.

660. The customs legislation provides with various simplification options which can be used for declaring vessels and aircraft supplies. However the simplifications might be implemented in Member States to different extents. Therefore the **NSAs are encouraged** to analyse the recording practices in Customs of supplies to vessels and aircraft in order to identify whether simplifications applied are not in contradiction with statistical requirements.

661. **VAT requirements.** For VAT purposes the supply of goods for the fuelling and provisioning of vessels and aircraft is exempted from VAT. The VAT Directive⁽²⁾ provides only general conditions for the exemption from VAT of goods and services supplied to vessels and aircraft, whereas the Member States can delimit the scope of its application.

662. Supplies to vessels and aircraft are not considered as intra-EU supply and therefore neither the value of the supplies is included in the intra-EU related VAT return box nor the VIES declaration is provided.

⁽¹⁾ The significance of transactions could be assessed individually one by one or aggregated by operator/vessel/aircraft.

⁽²⁾ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax.

663. In the majority of Member States, for VAT purposes, the supply of goods for fuelling and provisioning covers goods for use on a voyage or flight with a non-private purpose and with an eventual destination outside the Member State. This may include:

- fuel,
- goods for running repairs or maintenance, for example lubricants, spare and replacement parts,
- goods for general use on board by the crew,
- goods for sale by retail to passengers carried on the voyage or flight who intend to use the stores on board only.

664. In order to be exempt from VAT, the supplied goods must fulfil many additional conditions. It has to be noted that every Member State can define the scope of goods and services which are eligible for VAT exemption.

3.6 Goods delivered to and from offshore installations

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 20

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

Commission Regulation (EU) No 113/2010, Article 21

Offshore installations refer to the equipment and devices

665. *Offshore installations* refer to the equipment and devices installed and stationary in the sea outside the statistical territory (which includes the territorial waters) of any given country. This includes equipment and devices for exploitation of mineral resources or for generating power. For the purposes of statistical recording the term '**national offshore installation**' is used to describe an installation which is situated beyond the territorial waters of the reporting Member State (12 NM from baseline) but still within its exclusive economic zone (EEZ) (200 NM from baseline). Offshore installations located in other countries' EEZ are called '**foreign offshore installations**'. (For the precise definitions of maritime zones please refer to the [Glossary](#)).

666. The deliveries of goods to the equipment and devices installed and stationary in the territorial waters of the reporting Member State are not considered as specific goods or movements. All movements to or from such installations should follow the standard recording practices like any other goods moved into/from the territory of that Member State.

667. There are three basic types of business activities related to offshore installations: offshore oil and gas extraction, deep-sea mining and production of power from offshore wind farms. Oil and gas offshore industry is extracting hydrocarbons from the ocean floor. The offshore wind industry covers all activities related to the development and construction of wind farms in marine waters and exploitation of wind energy for generation of electricity. The deep-sea mining is process of extracting minerals from the ocean floor, usually in the high seas, which are outside of countries EEZ and legal continental shelf.

668. For the purpose of statistical recording of goods delivered to and from offshore installations the statistical territory of the Member State is de facto extended beyond its territorial waters and comprises its exclusive economic zone. In all other cases of statistical recording of goods the statistical territory is equal to customs territory, which comprises only the territorial waters of that Member State.

669. In practice it means that, offshore installations for statistical purposes are considered to belong to the Member State or non-member country which has exclusive rights to exploit the seabed or subsoil where they are located. This ownership determines the partner country to be recorded in the trade statistics.

670. Current legislation does not cover the cases when an offshore installation is installed beyond of exclusive economic zone, on the continental shelf or even outside the shelf, on the high seas. Since the coastal states have the right to authorize and regulate drilling on the their continental shelf where these rights are allocated to a Member State, for statistical recording the statistical territory of that Member State **should** be extended to the continental shelf.

3.6.1 RECORDING DIFFICULTIES AND DATA SOURCES

671. In most of the cases the standard data sources (customs and Intrastat declarations) are in use for collecting of information on goods moving to and from offshore installations. However NSAs should pay attention to the fact that not all goods movements related to offshore installations, which are recorded by Customs have to be included in statistics. Moreover, the additional data sources should be used for the collection of information, which is not available at Customs.

672. The difficulties are stemming from the differences in the definitions of customs and statistical territories, which for the purpose of recording of goods moving to and from offshore installations are not anymore the same. Customs records all goods crossing customs territory, i.e. the goods which are moved beyond Member States' territorial waters. However this movement of goods should not be counted in statistics, if these goods are destined to the national offshore installation. This movement of goods should be considered as internal movement of goods within the territory of the Member State. An vice versa, the goods moving directly to (or from) national offshore installation from (or to) non-member country or from foreign offshore installation, should be recorded in statistics. For this purpose additional data sources should be defined.

673. **Customs declarations.** The customs declarations cannot ensure completeness of all data needed for statistics. Moreover, various customs procedures applied for the recording of goods moving to and from offshore installations make difficulties to reuse this information for statistical purposes.

674. When the goods are imported from non-member countries in a view to move them to the national offshore installation, various customs procedures can be used: imports, customs warehousing, direct transit, temporary imports. The problems may arise to correctly record imports, especially when the customs warehousing or transit procedures are in use. These two procedures are not in the scope of special trade system, therefore additional efforts may be needed to find out and to include this information in ITGS. Therefore the **NSAs are encouraged** to analyse the recording practices in Customs of the goods moving to and from offshore installations in order to ensure complete coverage and to avoid double counting.

675. Next to the customs and Intrastat declarations, various other data sources are used by NSAs for the monitoring of goods movements to and from offshore installations. Some Member States use relevant administrative data from the ministries or agencies responsible for the supervision of offshore installation businesses. The data may be collected directly from companies operating offshore installation. In many Member States the registers of offshore installations are available which information could be used for monitoring of completeness of statistical data.

676. **The use of VAT data.** The VAT data cannot be considered as an additional data source for intra-EU offshore transactions. There are no common rules established how to treat the goods moving to and from of EEZ for VAT purposes, therefore the practices may differ from one Member State to another. In majority of Member States the EEZ is considered as being outside of VAT territory, therefore transactions are not considered as intra-EU supplies, the VIES declaration is not provided. Therefore in most of the cases the statistically relevant information is not available or is recorded in other boxes than intra-EU acquisitions and supplies of VAT return, which do not allow identifying these trade flows.

677. According to the ITGS legislation, goods moving to and from offshore installations are considered as specific goods or movements for which special legal provisions apply. The special provisions apply as regards to:

- simplified reporting of the goods delivered to and from offshore installations,
- the definition of the reporting and the partner Member State or non-member country.

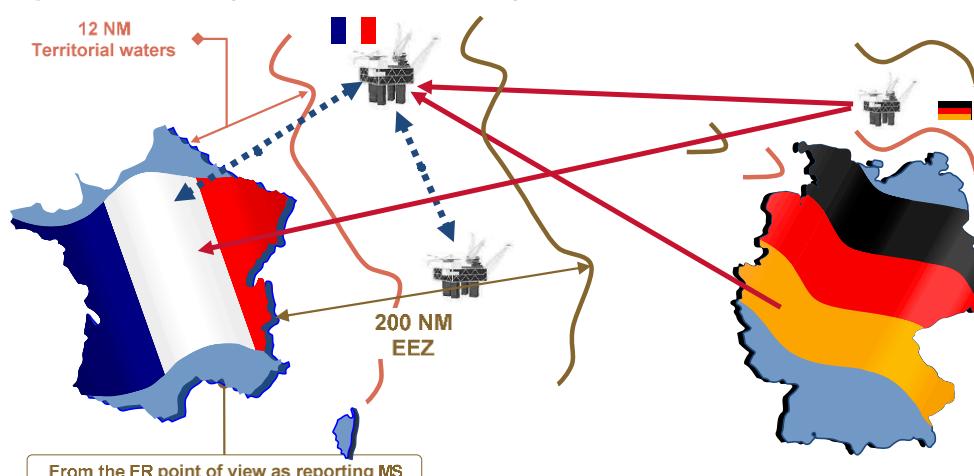
678. There are two distinct types of goods to be included in intra-EU and extra-EU trade statistics:

- ‘goods delivered to offshore installations’ — which refers to the delivery of products for the consumption of the crew (e.g. food) and for the operation of engines, machines and other equipment of the offshore installation (e.g. fuel, spare parts);
- ‘goods obtained from or produced by offshore installations’ — which refers to products extracted from the seabed or subsoil (e.g. gas and oil) or produced by the installation (e.g. electricity produced by wind turbines).

679. Arrivals/Imports should be recorded:

- where goods are delivered from another Member State or non-member country to an offshore installation established in an area where the importing Member State has exclusive rights;
- or the goods are obtained from or produced by an offshore installation established in an area where another Member State or non-member country has exclusive rights and are sent to the importing Member State;
- or the goods are obtained from or produced by an offshore installation established in an area where another Member State or non-member country has exclusive rights and are sent to an offshore installation in an area where the importing Member State has exclusive rights.

Figure 36: Recording of arrivals/imports relating to offshore installations



Example 67

Consumables sent from Germany to a FR offshore installation should be treated in FR as an arrival from Germany, and in Germany as a dispatch to FR.

Oil obtained from a Norwegian offshore installation which is piped to DK for domestic use should be treated in the DK as an import from Norway, and in Norway as an export to DK.

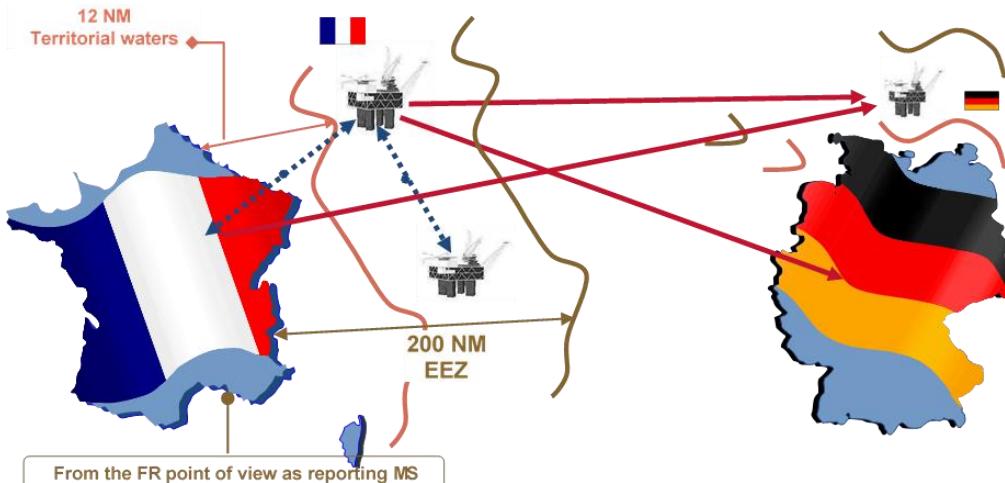
Spare parts sent from a German offshore installation to an DK offshore installation should be treated in the DK as an arrival from Germany, and in Germany as a dispatch to DK.

680. Dispatches/Exports should be recorded

- where goods are obtained from or produced by an offshore installation established in an area where the exporting Member State has exclusive rights and are delivered to another Member State or non-member country;
- or the goods are delivered from the exporting Member State to an offshore installation established in an area where another Member State or non-member country has exclusive rights;

- or the goods are obtained from or produced by an offshore installation established in an area where the exporting Member State has exclusive rights and are sent to an offshore installation established in an area where another Member State or non-member country has exclusive rights.

Figure 37: Recording of dispatches/exports related to offshore installations



Example 68

Electricity produced by a Norwegian offshore installation which is sent directly to DE would be treated in Norway as an export to DE, and in the DE as an import from Norway.

Consumables sent from Denmark to a Norwegian offshore installation would be treated in Denmark as an export to Norway, and in Norway as an import from Denmark

Food sent from a DK offshore installation to a German offshore installation would be treated in DK as a dispatch to Germany, and in Germany as an arrival from DK.

681. Businesses established in the reporting Member State who are involved in the movements covered in paragraphs 679 and 680 may have the following reporting obligations according to national instructions:

- if the offshore installation is located within an area where another Member State has exclusive rights, to report arrivals and dispatches within the Intrastat system, or
- if the offshore installation is located within an area where a non-member country has exclusive rights, to report imports and exports for extra-EU trade statistics.

682. As customs may require a customs declaration also for goods moving between a Member State's mainland and its own offshore installations, to avoid a false report, Member States should remove these customs declarations from the compilation of ITGS.

683. **Goods code to be used.** The simplified codes are allocated for recording the dispatches/exports and arrivals/imports of goods delivered to crew and for the functioning of engines. Although only mandatory for intra-EU trade statistics, they may be used for extra-EU trade, if national Customs apply this simplification:

- 9931 24 00 for goods from Chapters 1 — 24 of the CN;
- 9931 27 00 for goods from Chapter 27 of the CN;
- 9931 99 00 for goods from any other Chapter of the CN.

684. The investment goods for the construction or technical improvement of the offshore installation or goods acquired or produced by the offshore installation **shall** be recorded with appropriate CN codes. The reporting Member State and partner country Member States **should** be determined according to rules valid for goods delivered to offshore installation.

685. **Recording of quantity.** With the exception of goods classified within Chapter 27 of the CN, quantity information is not required.

686. In addition, simplified partner country codes are permitted, namely 'QV' (for intra-EU trade) and 'QW' (for extra-EU trade).

3.7 Sea products

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 21

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

Commission Regulation (EU) No 113/2010, Article 22

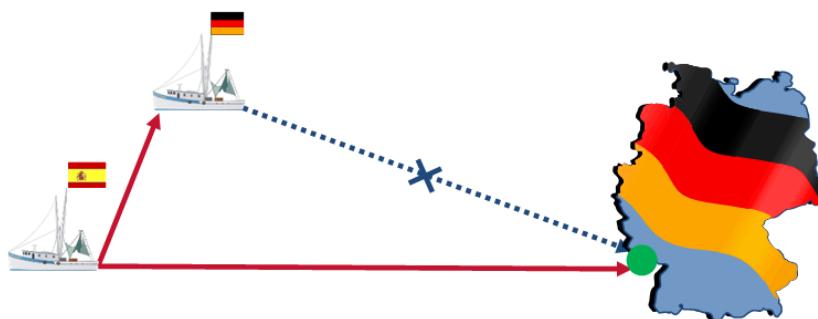
687. **Definition.** 'Sea products' means fishery products, minerals, salvage and other products which have not yet been landed by seagoing vessels. Although fishery products make up the most important part of the 'sea products' category, it is necessary to remember that other products extracted from the sea such as minerals, salvage etc. are recorded based on the provisions of this article.

688. **Definition of reporting and partner country.** The sea products shall be assigned to the non-member country or to the Member State where the legal or natural person who exercises the economic ownership of the vessel is established. No matter in which geographical location the sea products were caught or acquired (in the territorial waters, exclusive economic zone, international waters, etc.), the partner country of the sea products will be the country where the economic owner of the vessel is established.

689. **The trade flows.** Both outgoing and incoming flows shall be recorded. It should be noted that only trade of the first landing of the sea products falls under these specific provisions; onward trade after the first landing should be reported according to the normal legal provisions:

- Arrivals/imports shall be reported when a vessel from another Member State/non-member country lands sea products in the reporting Member State's port or when a vessel of the reporting Member State acquires the sea products from the vessels of other countries at sea.
- Dispatches/exports shall be reported when a vessel of the reporting Member State lands sea products in other Member States'/non-member countries' ports or in other countries' vessels at sea.

Figure 38: Recording of sea products



690. To compile statistics on sea products may be quite complicated because it is difficult to monitor economic operators which could provide statistical information, particularly when the economic operators in the reporting Member State are in charge of a vessel which flies another country's flag.

691. The compilers of trade statistics should be aware that the definition of the partner country applicable for customs purposes and statistics is not the same. The definition of partner country in Customs for sea products relates to the geographical place where the sea products were caught or acquired, whereas in statistics the partner country should be allocated according to the establishment of the economic owner of the vessel. Moreover, in Customs the vessels' nationality mainly depends

on the flag which the vessel is flying, whereas in statistics the vessel is attributed to the country of the establishment of the economic owner of the vessel.

692. Therefore the use of additional data sources alongside the traditional one is necessary in order to compile full coverage of trade. In general there are several data sources which may be used for compilation of sea products statistics: direct data collection from PSIs via the Intrastat system, data from customs declarations, a printout of the fishing logbook⁽¹⁾, transhipment or landing declarations and data from fishery statistics (in particular landing statistics). The use of the ships registers could also help to monitor economic owners.

693. **NSAs are encouraged** to establish an appropriate data collection system and to combine these data sources in a comprehensive manner so that double counting or missing trade flows are avoided. The provisions for trade statistics on sea products are part of the rules on specific goods or movements, which allow maximum of flexibility as regards data collection. This includes the use of any additional data sources (e.g. landing declarations of national vessels on sea products landed abroad), which would help to implement legal requirements.

694. Before 1 May 2016 a T2M form was used to prove the EU customs status of fish products caught by EU fishing vessels and required when fish landed in a non-member country is then brought into the EU. However T2M form ceased to be used as of that date and the print-out of the fishing logbooks in combination with other information will be used for establishment customs status of fish (Articles 129 to 133 of Commission Delegated Regulation (EU) 2015/2446 and Articles 213 to 215 of Commission Implementing Regulation (EU) 2015/2447). This prove is used:

- for products of sea-fishing caught by an EU fishing vessel, in waters other than the territorial waters of a country or territory outside the customs territory of the EU;
- for goods obtained from such products on board that vessel or from an EU factory ship, (using in the production possibly other products having EU status) and which are to be brought into the customs territory of the EU.

695. Information from fishing logbooks acquired from Customs might be useful for compiling intra-EU statistics on arrivals of fish from other Member States. Unfortunately printouts of fishing logbooks are paper-based and different forms are used in Member States. As electronic processing of data contained in fishing logbooks by means of electronic systems used by the customs authorities is not foreseen in the near future, therefore their use for the purpose of ITGS may be limited in practice.

696. Some good practices on how to improve compilation of sea products statistics might be mentioned:

- establish relations with the fishery statistics and use their data for trade statistics needs;
- analyse the usefulness of all additional data sources from relevant administrations, such as landing declarations, fishing logbooks, etc.;
- identify the VAT registered fishing companies and provide them with additional guidelines on their reporting obligations.

⁽¹⁾ The article 133 of the Commission Delegated Regulation (EU) 2015/2446

3.8 Spacecraft

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 22 and Annex I, point (i)

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3

Commission Regulation (EU) No 113/2010, Article 23 and Annex I, point (i)

697. Specific provisions for spacecraft and their launchers are necessary because of certain unique circumstances, namely:

- the various transactions which may take place between the spacecraft's production and its putting into orbit. Broadly speaking, the following stages can be identified: production of the spacecraft; its possible purchase/sale; its transfer from the production site to the launch base; its launching; its commercial use;
- the significance, as far as physical flows are concerned, of the countries where the launch bases are located such as France (French Guiana);
- high proportion of the total cost of the spacecraft taken up by transport and insurance costs.

698. Consequently, it is somewhat problematic to apply the 'physical movement' criterion to international transactions in spacecraft and their launchers when compiling ITGS:

- The 'physical movement' approach 'inflates' the statistics of the launching country, which adds to its own stock of material resources all the transactions involving the launcher on the one hand (imports of parts required to assemble the launcher, export of the launcher into space) and the spacecraft on the other (its import and export). Moreover, the values themselves are 'inflated' since they incorporate considerable transport and insurance costs;
- The launching of the launcher is treated as an 'export' (an export declaration is generally completed for customs purposes) whereas in fact the launcher is merely a means of transport used only to project the spacecraft into space;
- The real economic and commercial nature of the transactions is disguised, the reason being that spacecraft are not usually included in ITGS of the countries which buy and use them, since they are generally dispatched directly from the production site to the launching site;
- The requirements of National Accounts and Balance of Payments departments who need to monitor transfers of ownership are not met.

699. **Sending a launcher into space** is excluded from trade statistics. Satellite launchers — CN 8802 60 90 — (such as Soyuz, Vega or Ariane rocket) should be treated as means of transport. Consequently, sending a launcher into space should be treated as a service and not be recorded as an export in ITGS of the launching country. However, all transactions (imports and exports, whether final or for processing) linked to the construction of the launcher shall be recorded normally.

Example 69

Part of a launcher produced in Germany is delivered to France for final assembly. This movement shall be treated as German dispatch to France/French arrival from Germany.

A finished launcher is dispatched from France to the space centre in Kazakhstan. The German producer delivers also some spare parts of the launcher directly to Kazakhstan. French export of the launcher/German export of the spare parts to Kazakhstan shall be recorded in ITGS.

700. **The principle of transfer of economic ownership** applies to trade with spacecraft. Commercial transactions involving finished spacecraft — CN 8802 60 11 and 8802 60 19 — shall be recorded, at the time of launching, on the basis of the transfer of economic ownership, assuming such a transfer takes place, rather than on the basis of physical flows. The exporting country would therefore be the country where the satellite was produced prior to the transfer of economic ownership; the importing country would be the country where the first economic owner of the new satellite is resident once the transfer has taken place.

701. Where no transfer of economic ownership occurs, dispatching a satellite from the country of production to the launching country and putting it into orbit would therefore not be recorded in ITGS. All transactions (imports and exports, whether final or for processing) linked to the construction of the satellite should be recorded normally. However, transfer of economic ownership transactions of satellites in orbit are excluded from trade statistics.

702. **The ex-works value.** The statistical value recorded shall be the value 'ex-works' for both arrivals and dispatches. Consequently, any transport cost incurred for sending the spacecraft to the launch bases and further on into orbit are excluded.

3.9 Electricity and gas

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 23

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

Commission Regulation (EU) No 113/2010, Article 24

703. According to the ITGS regulations electricity and gas are considered **specific goods or movements** for which special legal provisions apply. Electricity is classified under CN code 2716 00 00, while gas considered is natural gas in gaseous state under CN code 2711 21 00. Special provisions on gas concern only the gas which is moving through the pipeline. Gas in liquid state or in gaseous state which is not transported via pipelines shall be statistically treated as all other goods.

704. Two main reasons have led to the adoption of specific statistical treatment for natural gas in gaseous state and electricity: firstly the very specific physical characteristics of these goods and secondly the fiscal rules of taxation applied since 2005, which require VAT to be paid at the place where the trader of electricity or gas is established or where the customer effectively uses and consumes them⁽¹⁾. Moreover it can be difficult to capture the physical movement of electricity crossing the border at a given period in time, as it is a continuous flow in one or other direction.

705. The ITGS regulations do not specify methodological exceptions for the recording of electricity and gas. **NSAs are required** to record only the physical flows of electricity and gas in intra-EU and extra-EU trade statistics. In extra-EU trade, as a partner country for imports should be recorded **country of origin**, for intra-EU trade **country of consignment**. The regulations provide access to all additional data sources, which may help to compile statistics. In addition, the statistical value of electricity and gas may be estimated.

706. **Estimation of statistical value.** The transaction value of trade in electricity and gas may not always be available for statisticians, especially when the data are collected from grid operators. Therefore the legislation allows the statistical value to be estimated. Member States may choose any data source available for the estimations, e.g. weekly, monthly market prices, Intrastat or customs declaration. **NSAs are required** to inform Eurostat about the estimation method used before its application.

⁽¹⁾ Council Directive 2006/112/EC, Article 38 and 39.

3.9.1 THE ELECTRICITY SECTOR BUSINESS MODEL

707. One of the main changes introduced by the EU directives⁽¹⁾ is the requirement to split electricity sector into four independent entities: generation, transmission, distribution and supply. In practice, the directive imposes a legal separation and minimum criteria to ensure organisation and decision-making independence.

708. The electricity sector consists of the following players:

- **Generator:** It is a company, producer or importer, who agrees to inject into the grid the amount of energy purchased by the customer.
- **Transmission system operators (TSO):** It is the operator of the grid (mostly high voltage) used for interregional and international transportation of electricity. TSOs role is to facilitate the market. TSO are responsible for operating, maintaining and developing the network and its interconnections.
- **Distribution system operators:** It is the operator of the electricity network (low or medium voltage) to which the final customer is physically connected.
- **Suppliers:** Energy suppliers act as distributors of the electricity to the final customers. The energy supplier purchases electricity at the best price and sell it to the final user. Its margin thus depends essentially on the cost of energy supply and the selling price to the customer. Depending on the countries, the generator of electricity can be also the main supplier.
- **An independent regulator:** each Member State has its own institution which is responsible for ensuring the proper functioning of the energy market and manages disputes between users and various operators. Its jurisdiction extends to the electricity and gas markets.

709. At the European level, several directives were issued which created two institutions with a specific role:

- **Agency for the Cooperation of Energy Regulators** was created in 2011 with the aim of assisting and coordinating the work of national authorities regulating energy markets for electricity and gas. The agency plays a central role in the development of EU-wide networks and establishment of market rules. Moreover, it monitors the work of European Networks of Transmission System Operators (ENTSO).
- **European Network of Transmission System Operators for Electricity** is responsible for managing the electricity transmission system and for allowing the trading and supplying of electricity across borders in the Union. It ensures the security of the system in the context of the liberalisation.

710. As far as trade statistics in electricity is concerned, the main players of interest among those listed above are the generators of electricity, the TSO and the ENTSO. Nevertheless, Agency for the Cooperation of Energy Regulators and national equivalent counter parts can also provide information since their role is to monitor the application of the legislation by various players.

711. **NSAs are encouraged** to develop the necessary knowledge about functioning of electricity and gas markets at the national and the EU levels in order to be able to correctly compile ITGS and to develop methodologies for the collection of the statistical data.

712. It is very important that ITGS compilers establish close contacts between producers of ITGS and TSOs at national level: these institutions are the key contacts for better understanding and identification of data related to physical flows of electricity and gas.

⁽¹⁾ Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity and repealing Directive 96/92/EC.

3.9.2 THE GAS SECTOR BUSINESS MODEL

713. The gas industry consists of a number of technically demanding and capital intensive activities. The upstream stage of the gas operating system consists of exploration, drilling, extraction and purification of gas. The downstream stage consists of transmission and distribution of gas. The gas is transported from production to consumption areas mainly by high pressure pipelines on land, underground or underwater (similar to transmission network in electricity). Transportation of gas by pipelines is the most reliable and cost effective solution.

714. Like in electricity sector there are similar players in the gas sector, however, due to the fact that the gas can be stored, there is an additional player for storage facilities:

- **Producers:** they exploit underground gas fields and sell the gas to wholesale traders. What concerns the EU market, producers are mainly located outside Europe⁽¹⁾. Gas is imported by pipelines and by LNG tankers. The main producers involved in European supplies of gas are: Gazprom (Russia), Sonatrach (Algeria) and Statoil (Norway).
- **Suppliers:** Suppliers buy gas from producers on the wholesale market and sell it to customers on the retail market. They have to pay for the access to the transmission and distribution networks (or other facilities for storage) needed to deliver the gas to the final users. This activity is open to competition. Important European suppliers are, for instance, TEGAZ, E.ON, ENI, GDF SUEZ, VNG, RWE, SPP, etc. Those companies are also often involved in upstream activities (exploration, production, etc.).
- **Transmission System Operators:** TSOs role is to bring gas to customers on behalf of various suppliers and to ensure the quality and continuity of energy. They are also in charge of the development and the maintenance of the gas transmission and distribution network and are responsible for meters and balancing the network. This activity being a natural monopoly is not open to competition.
- **Storage system operators:** They offer to suppliers gas storage facilities in order to secure supply and to overcome the variation of supply and demand.
- **LNG Terminal Operators:** they manage, develop and maintain LNG terminal infrastructures. LNG terminals make their facilities available to all suppliers in the marketplace, as required by the EU legislation.
- **Distribution System Operators:** Gas distribution networks connect high-pressure gas transmission systems (managed by TSO) to end customers. Distribution System Operators ensure planning, development, operation and maintenance of these regional networks dedicated to retail trade.
- **An independent regulatory body:** it monitors the competition on the gas market and checks if rules are respected by the different players (e.g. access to gas network, independence of transmission and distribution system operators, etc.). This institution also monitors prices, wholesale markets and import/export transactions.

715. At European level, two institutions have been created with a specific role:

- The **Agency for the Cooperation of Energy Regulators** was created in 2011 with the aim of assisting the authorities regulating energy markets to exercise at Union level the regulatory tasks performed in the Member States and, where necessary, to coordinate their action.
- The **European Network of Transmission System Operators for Gas (ENTSO-G)** was created following the adoption of the European Union third legislative package on the electricity and gas

⁽¹⁾ Import dependency for gas (measured as the ratio of net imports to gross inland consumption plus international marine bunkers) for the EU is in between 60 and 70%. Only Denmark and the Netherlands are net exporters of gas.

markets. It aims to promote the completion and cross-border trade for gas on the European internal market, and development of the European natural gas transmission network. According to the third energy package European Network of Transmission System Operators for Gas is required to develop an EU wide ten year gas network development plan.

716. As far as trade statistics in gas is concerned, the main players of interest among those listed above are the suppliers, the TSO and the European Network of Transmission System Operators for Gas. Nevertheless, Agency for the Cooperation of Energy Regulators and national equivalent counter parts can also provide information since their role is to monitor the application of the legislations by the different players.

3.9.3 VAT RULES FOR ELECTRICITY AND GAS SUPPLIES

717. Before the changes in VAT Directive the place of taxation of natural gas in pipelines and of electricity was the place of supply. These rules have worked adequately in a national context but were no longer suitable within liberalised market and increased cross-border supplies of electricity and gas. It was difficult to determine where the place of supply of electricity and gas was located. Moreover, the Member States interpreted the rules differently, which made difficulties for traders supplying electricity and gas across borders.

718. The new requirements in the case of supplies of electricity and gas, departed from the basic principle governing the VAT treatment of goods — the place of taxation is the place where the goods are physically located. New rules changed the place of taxation from the place of supply to the place of consumption, which facilitated the functioning of the energy Single Market, eliminated problems of double taxation or non-taxation and distortions of competition between traders.

719. A supply of electricity or gas to a trader established in another Member State either for resale or for own consumption should be exempt in the country of origin and taxable in the country where the receiving trader/consumer is located. The problem is that the supplier cannot provide the necessary proof of the transportation of electricity or gas in order to obtain an exemption.

720. The VAT Directive makes a distinction between a taxable dealer and a final consumer. A taxable dealer is defined as a 'taxable person whose principal activity in respect of purchases of electricity, gas, heat or cooling energy is reselling those products and whose own consumption of those products is negligible'. Moreover the place of taxation not only defines the nature of the goods but as well how the goods are supplied.

721. The directive provides that:

- supplies of electricity and gas (through the natural gas distribution system) made with a view to resale would be taxable in the country where the buyer was located. Where the supplier and the buyer were not established in the same territory, the buyer would be the person subjected to VAT under self-assessment arrangements.
- supplies of electricity and gas (through the natural gas distribution system) to final consumers, whether or not they are traders, would be taxed at the place where the actual consumption took place. Taxation would thus accrue to the Member State of final consumption.

722. The supply of electricity and of gas through the natural gas distribution system is taxed at the place of the customer. Therefore in order to avoid double taxation, the import of electricity and gas is therefore exempted from VAT.

3.9.4 DATA SOURCES FOR RECORDING ELECTRICITY AND GAS

723. The recording of trade in electricity and gas statistics requires data on both quantity and value. The statistical value can be collected or computed using data on quantities and prices.

724. Beside Intrastat or customs declarations, several alternative sources of information are available, in particular: administrative data (VAT), data from grid operators, control agencies, stock exchange markets, and energy and price statistics. Each data source includes advantages and disadvantages, it can be used separately, combined or it can be compared with other sources to crosscheck information.

725. Data from Intrastat and customs declarations. Intrastat or customs declarations are the traditional way of collecting trade data. However traders cannot be considered as a fully relevant data source for electricity and gas, as with the opening of the market, several trade transactions might be followed by only one physical movement of goods. As a result, quantities and values provided by traders are not necessarily directly linked with the physical movements of electricity and gas. The collection of information directly from traders might therefore not be sufficient or accurate. As regards extra-EU trade, the data on trade flows with non-member countries could be collected via customs declarations. However, in case a Member State is geographically surrounded by other Member States, the use of customs data might lead to double counting.

726. Even in the cases where the trade transaction is followed by physical movement, the real quantities transmitted might be different due to the quite significant losses during transmission, especially in the case of electricity.

727. Administrative data (VAT returns). Alongside to Intrastat declarations VAT data in general are very useful for crosschecking and completeness of ITGS statistics. All intra-EU acquisitions and supplies are declared in respective VAT returns boxes and this information can be reused by Intrastat.

728. All intra-EU trade contracts in electricity and gas, in spite of the fact whether the physical flow follows the financial transaction, will be declared for VAT purposes. As the place of supply is very difficult to define for electricity and gas transmitted via grids, the taxation rules follow the commercial transactions.

729. From the VAT point of view (in contrary to other goods) it is not important if electricity and gas cross the border and therefore traders might not always know what are corresponding physical flows. In consequence, the traders cannot provide reliable data on physical flows of electricity and gas. After several financial transactions, only one physical flow might be delivered. Therefore to connect financial flow to physical flow is impossible.

730. From the point of view of VAT, intra-EU trade in electricity and gas is not considered as intra-EU supply and acquisition, therefore the amounts of traded electricity or gas are not recorded in the respective VAT declaration boxes in most of Member States. The VIES declaration (the VAT recapitulative statement on intra-EU supplies) is not filled in for supplies of electricity and gas as well.

731. The value of acquisitions or only the amount of VAT due for transactions in electricity and gas will be declared on other VAT declaration boxes, which are nationally specific. Moreover, in the same VAT return box can be declared other specific goods (e.g. the goods for which reverse charge mechanism applies) and therefore it is not possible to distribute these values according to the products traded. Consequently to use the VAT data for statistical purposes might be very difficult, especially in cases when the amount of financial transactions, which are not followed by physical flows, is significant.

732. Although the VAT on trade in electricity and gas are not providing statistics with reliable information, **NSAs are encouraged** to analyse with tax administrations the national provisions concerning recording of these data and to evaluate its possible reuse for ITGS purposes.

733. Data from grid operators. TSOs are good data source for information on physical movements of electricity and gas. Since they are in charge of managing and balancing the grids, they record information about the amounts which are injected in the national grids. However, the grid operators cannot always distinguish transit flows neither precisely define the partner countries.

734. Grid operators record only physical flows with neighbouring countries at interconnection points. Because of the physical laws, electrical current follows the path of the least resistance, meaning that the power flowing through a network follows non-determined route (so called unplanned flows). In other words, when a **supplier** and a **generator** contract for the delivery of a certain amount of power at a certain time, the supplier can never be sure that the power he bought is coming from the generator he contracted with. Moreover, due to significant transmission losses, the electricity is consumed as closest to the production sites.

735. For the particular issues of transit flows and grid loss, an adjustment would be needed. To correctly and precisely define partner countries for electricity is not possible. Only information with neighbouring countries is available. Nevertheless, according to the experience of some Member States, it is possible to estimate the share of transit trade and losses in the grids of electricity on the basis of expert knowledge.

736. The same situation occurs with gas transported via pipeline. Once the gas is loaded to the grid, the origin or country of consignment on imports or the country of last destination on exports can hardly be traceable. Therefore reliable estimations methods of the partner countries are required. Country of origin is very important information for the users of gas imports data. However intra-EU trade records only the country of consignment.

737. **Data from stock exchange markets.** The prices from organised exchange markets are an alternative data source, however they should be used with the caution. To use spot markets⁽¹⁾ prices for the estimation of the statistical value of electricity and gas might provide not reliable results since these prices reflect only short-term transactions, they are often higher than long-term transaction prices and are highly volatile. However the bulk of transactions are usually done under long-term contracts.

738. **NSAs are encouraged** to use for the estimation of statistical value of electricity and gas long-term contract prices and other available information which correctly reflects the value of electricity and gas on the particular market. **It is recommended that NSAs** establish methodologies for the estimations of transit trade of gas where the collection of data is not possible. The price of electricity and gas may vary greatly depending on the type of commercial transaction. Prior to the use of price data from other sources, conceptual constraints should be precisely analysed. Moreover, for the estimation of transit trade, **NSAs are encouraged** to consult transmission system operators, who could estimate the share of transit trade in the total flows of electricity and gas.

739. **Energy Statistics data.** The energy statistics provide users with the monthly quantitative data on exports and imports of electricity and gas and therefore could be a good complementary data source for compiling trade in goods statistics. Nevertheless, several methodological differences exist between ITGS and energy statistics:

- Although definitions are very close to ITGS (both areas are recording physical flows of goods), energy statistics records exports and imports of **electricity including transit flows**. Therefore the total quantities recorded by energy statistics should be always higher than in ITGS. There are differences in allocation of the partner countries.
- The **annual imports data of gas** in energy statistics are compiled based on the same methodological requirements as in ITGS (records physical flows with exclusion of transit). However **exports** data are more difficult to compare, as energy statistics is recording only export of gas which is domestically produced or re-gasified from liquefied natural gas and then exported, whereas ITGS records exports of gas which might be previously imported. In this case, exports of gas data in ITGS can be higher than energy statistics data. The **monthly gas data** in energy statistics are compiled including transit. There are as well differences in allocation of the partner countries.

740. **Data from European Agencies.** The table below provides information on the main regional databases containing monthly information broken down by partner countries. Data published in these databases are collected from the Member States. Although the methodology used for the compilation

⁽¹⁾ Within organised power exchange markets, **the spot market** (also called the day ahead market) is used mainly for trading of electricity for planning purposes. Estimation of electricity needs and supplies are planned long time in advance by actors (using a long term contract), however the exact needs are known accurately only one day in advance. The spot market is used by actors to adjust the quantity of needed electricity at the last moment (more exactly one day ahead).

of the data needs to be analysed, this information could be reused by ITGS compilers as alternative data source for cross checks.

Table 12: Data sources for trade in electricity and gas

Indicator	Source	Description	Constraint
Quantity for gas	International Energy Agency Data and Statistics	The IEA has been collecting monthly gas flow data on an entry and exit point basis (physical flows). Data are provided by country administrations.	Transit trade not distinguished
Quantity for electricity	ENTSO-E database	Electricity physical flows crossing borders. Data are from national TSO. Consolidated data including all ENTSO-E members is available since January 2010.	Transit trade not distinguished
Prices for electricity and gas	European market exchanges prices https://www.platts.com/ and various European trading plate forms	Day ahead base load prices.	Data reflecting mainly short term transactions prices.

741. **NSAs are encouraged** to identify alternative data sources for quality checks and compilation of ITGS in gas and electricity regarding physical flows, prices or values. For each new data source identified, a pro and cons table considering methodological requirement for ITGS should be established. The additional data sources should be used systematically for quality checks of ITGS data (in particular when Intrastat or customs declarations are the main data sources).

742. **It is recommended that NSAs** compare ITGS quantitative data with the data of the energy statistics, grid operators or any other available quantitative data in order to verify whether further reconciliation is needed and to identify exact reasons of discrepancies.

3.10 Military goods

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(b)

Commission Regulation (EC) No 1982/2004, Article 24

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(3)

Commission Regulation (EU) No 113/2010, Article 25

743. Military goods are all goods intended for military use, e.g. arms, trucks, cars, aircraft, fuel, or any supplies for armed forces. These goods **shall** be included in intra-EU and extra-EU trade statistics and standard statistical methods and rules **shall** be applied.

744. However the legislation provides a possibility to transmit less detailed data if the information about the trade in military goods **falls under military secrecy** in line with the national definitions. In such cases, NSA should obtain information about trade under military secrecy from relevant national administrations or PSIs, at least the total value of such goods.

745. **NSAs are encouraged** to be well aware of which national acts define the information falling under military or state secrecy and their content.

746. Administrations responsible for the trade in military goods (e.g. Ministry of Defence), may request NSA application of confidentiality for the goods they have imported or exported. In such cases standard procedures of the application of passive confidentiality should be applied.

747. The following strategy should be applied:

- Whenever possible, the most detailed data should be collected and transmitted to Eurostat (without any confidentiality);

- If the PSI requests confidentiality for military goods which do not fall under military secrecy, the standard rules for confidentiality provisions apply; the detailed data should be collected and transmitted to Eurostat, but the data should be flagged for confidentiality according to the provisions of Doc MET 400;
- If the NSA receives, from the relevant national administration, information falling under military secrecy in aggregated form only, then the total value is included in total exports and imports; the simplified partner country (QX, QY, QZ) and CN codes (9999 99 99, 9999 xx 99 or 9999 xx xx) in line with Doc MET 400 should be used.

4

Particular trade flows

4.1 Goods in transit

748. **Definition.** According to the UN concepts and definitions of International Merchandise Trade Statistics, goods in transit are goods entering and leaving a Member State with the exclusive purpose of reaching another Member State/country. They should be excluded from ITGS in the transit Member State. So **NSAs are required** to ensure that any goods in transit are excluded from ITGS. The UN Compilers Manual recommends identifying goods being simply transported through a country as goods which are entering the compiling country for transportation purposes only.

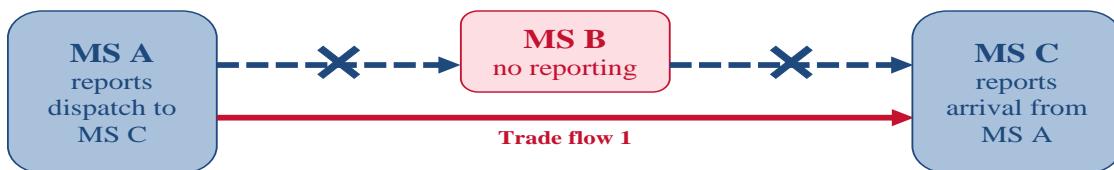
4.1.1 INTRA-EU TRADE STATISTICS — GOODS IN SIMPLE CIRCULATION

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 2(g), Articles 3(2) and 3(3)

749. Article 2(g) of Regulation (EC) No 638/2004 defines 'goods in simple circulation between Member States' and Articles 3(2) and 3(3) of the same regulation exempt the reporting of 'goods in simple circulation between Member States' with the consequence that in the 'transit Member State' nothing has to be declared.

750. **Goods in simple circulation between Member States** means Union goods dispatched from one Member State to another, which, on the way to a Member State of destination travel directly through another Member State or stop for reasons related only to the transportation of goods. This definition was agreed for intra-EU trade in order not to use the term 'transit' which normally should be used only in relation to extra-EU trade and customs procedures.

751. Determination of the beginning and the end of a trade flow is a crucial factor for a coherent picture of trade between Member States. Therefore, the reporting obligations of the Member State of dispatch and of the Member State of arrival are defined to that effect in the legislation. Only the trade flows between the Member State of consignment and the Member State of destination are recorded. Any halts inherent in the transport of the goods are not reported.

Figure 39: Simple circulation between Member States***Goods in simple circulation in MS B******A halt NOT inherent in transport takes place in******A halt inherent in transport takes place in MS B***

752. Identification of partner Member State. When goods enter one or more Member States in transit before reaching the Member State of arrival and have been subject in those Member States to halts or legal operations not inherent in their transport (e.g. change of ownership), the Member State of consignment shall be taken as the Member State where such halts or operations occurred.

4.1.2 EXTRA-EU TRADE STATISTICS

753. **Definition.** Customs transit is a customs procedure used to facilitate the movement of goods between two points of a customs territory, via another customs territory, or between two or more different customs territories. It allows for the temporary suspension of duties, taxes and commercial policy measures that are applicable at import, thereby allowing customs clearance formalities to take place at the destination rather than at the point of entry into the customs territory.

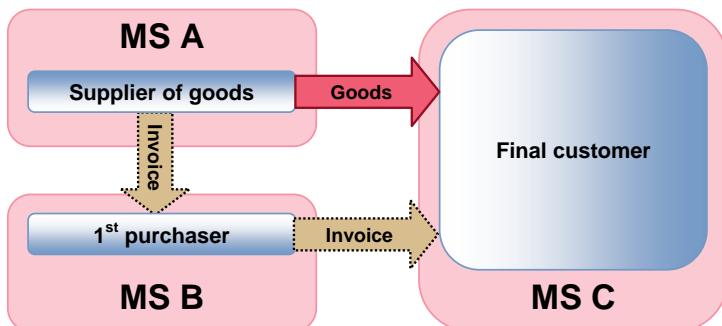
754. Customs transit is particularly relevant to the Union where a single customs territory is combined with a multiplicity of fiscal territories: it allows the movement of goods under transit from their point of entry into the Union to their point of clearance where both the customs and national fiscal obligations are taken care of.

755. Under customs transit procedures in majority of cases non-Union goods are transported. These goods are declared to Customs under special procedure related to transit and should be excluded from deliveries of data related to trade statistics.

4.2 Triangular trade

756. **Definition.** Triangular trade in the meaning of Intrastat exists when three subjects are involved in the intra-EU trade transaction. The most common case occurs when a company in Member State A sells goods to a company in Member State B — intermediary, which in turn sells it to a company in Member State C, although the goods are physically moved only once — from A to C.

Figure 40: Triangular trade — standard case



Definition:

MS A — MS of dispatch

MS B — Intermediary

MS C — MS of arrival

757. In such cases, intra-EU trade statistics shall record a dispatch from A to C and an arrival in C of goods from A. There is, however, a risk that Member State A or C will declare Member State B as its trading partner, because the sales and purchase contract are concluded with Member State B, whereas Member State B might declare an arrival and a dispatch although there is no physical movement in B.

758. **Reporting obligations** for fiscal purposes (following the invoices) and for trade statistics may be different in the case of triangular trade. The principle of following the movement of the goods remains applicable for statistical purposes, and the invoice does not have to be followed:

- The PSI in the Member State of dispatch (A) must declare the partner Member State (C) to which the goods are delivered, regardless of where the invoice is sent;
- The PSI in the Member State of arrival (C) must declare the partner Member State (A) from which the goods are delivered, regardless of the Member State to which the payment is made;
- The 1st purchaser must not report the goods movement for Intrastat when the goods do not enter the intermediate Member State (B).

759. Reporting errors due to triangular trade should be minimised. The following measures are advisable:

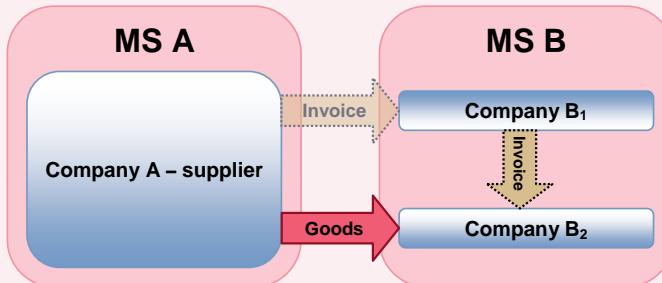
- Identify trade operators engaged in triangular trade — both in the intermediate Member State and in the reporting Member States;
- Inform PSIs in detail of their reporting obligations when they are involved in triangular trade;
- Use mirror statistics in order to discover incorrect partner country reporting and erroneous declarations in the intermediate Member State;
- Use VIES data for additional quality checks concerning the correct reporting of the partner country. Explain the differences in the concept of triangular trade used in VIES and ITGS.

Example 70

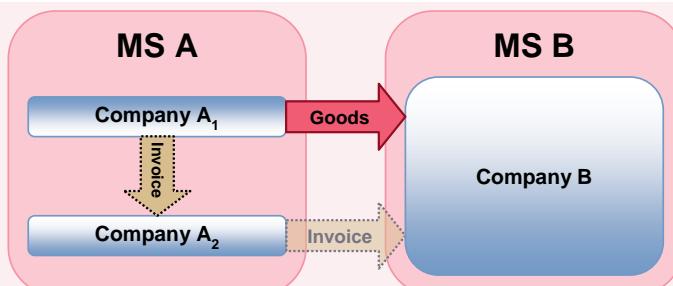
Triangulation with two Member States

A) The goods are delivered from Member State A directly to a company B₂ in Member State B, but a VAT registered company B₁ in Member State B has concluded the contract giving rise to the delivery. Company B₁ sends the invoice to company B₂.

Company B₁ shall declare the arrival for Intrastat. A dispatch declaration has to be reported in Member State A.

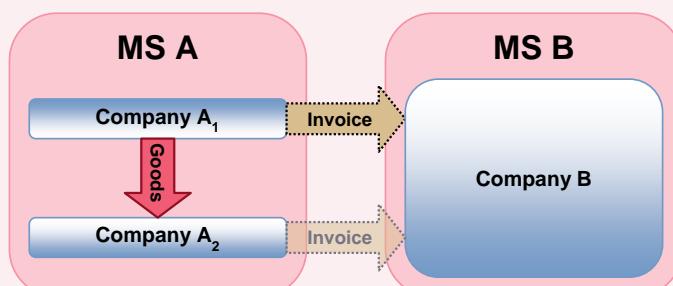
Figure 41: Triangular trade with 1st purchaser and customer from the same MS

- B)** The goods are delivered directly from a company A₁ in Member State A to a company B in Member State B, but the invoice is addressed by company A₁ to another VAT registered company A₂ which has concluded the contract giving rise to the dispatch in the Member State A. The movement from A to B has to be declared for Intrastat. Company A₂, even if it is not in charge of the transport, shall declare for Intrastat. An Intrastat declaration on arrival has to be declared in Member State B.

Figure 42: Triangular trade with supplier and 1st purchaser in the same Member State

- C)** Company A₁ in Member State A sells goods to company B in Member State B. The goods are delivered from company A₁ to another company A₂ in Member State A. However, the invoice is addressed to a VAT registered person in Member State B.

No Intrastat declaration is made, because the goods have not left Member State A.

Figure 43: Triangular trade with supplier and customer in the same Member State

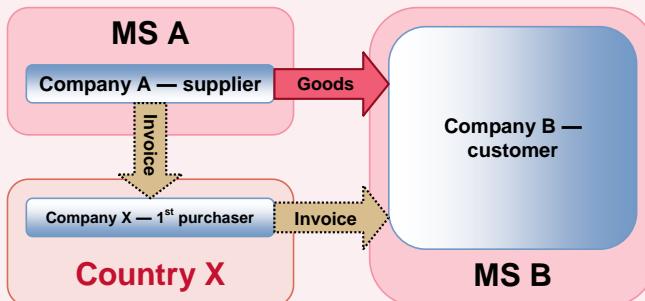
Triangular trade with a partner in a non-member country

- D)** Company X is established in a non-member country. Companies A and B are established in two different Member States. The company B buys the goods from company X. However the company X buys these goods from company A. The goods will be directly delivered from A to B.

Where the selling/purchasing company in the intermediate country is established in a non-member country X the appointment of a tax representative may be necessary (either in Member State A or B) depending on the requirements of the Member States involved.

An Intrastat dispatch will be declared by company A and arrivals by company B.

Figure 44: Triangular trade with 1st purchaser in a non-member country

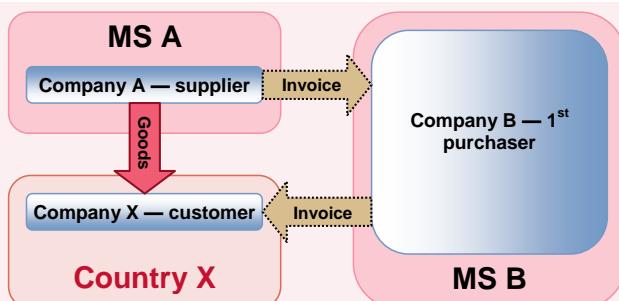


E) Where the country of final destination is a non-member country X and the goods do not enter the intermediate Member State B an export declaration must be made in the Member State where the goods are physically presented to Customs (Member State A).

These transactions should not be declared for Intrastat even if invoices are issued between the operators in the intermediate Member State B and the exporting Member State A.

Only the export transaction based on the customs declaration shall be taken into account within the extra-EU trade statistics in Member State A.

Figure 45: Triangular trade with customer in a non-member country

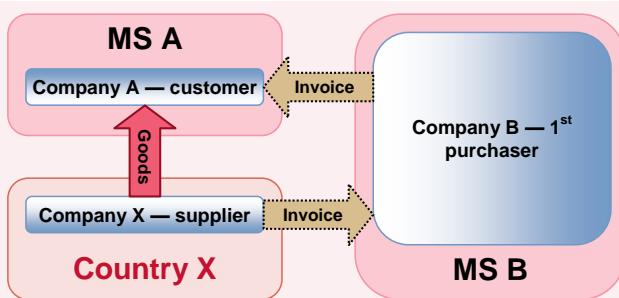


F) A company B in Member State B buys goods from a company A in another Member State, however the goods are delivered directly from a non-member country.

The same practice applies when the country of consignment (origin) is a non-member country X. An import declaration has to be made in the Member State where the goods are released for free circulation and are physically presented to Customs (Member State A).

The customs import declaration has to be done and be included in extra-EU trade; there should be no declaration for Intrastat.

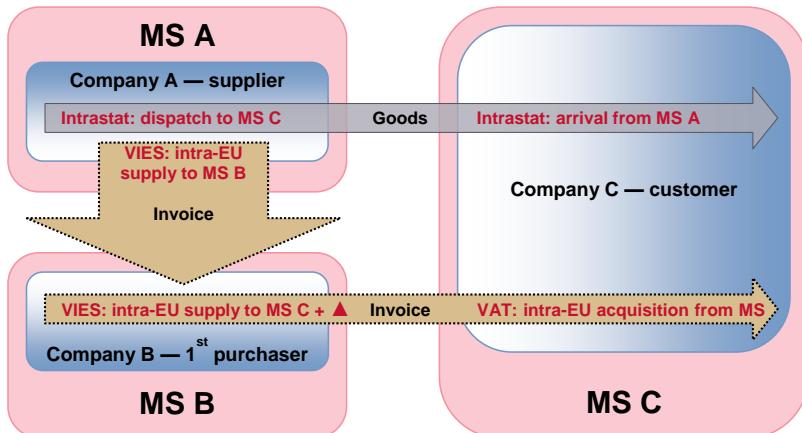
Figure 46: Triangular trade with supplier in a non-member country



4.2.1 TRIANGULAR TRADE WITHIN THE CONTEXT OF VIES

760. There exists a special simplification option to simplify the taxation procedures for companies dealing with triangular trade within the EU. The purpose of this simplification option is to avoid double taxation in triangular trade transactions. The requirements are that three traders must be involved in the triangular trade transactions and that all three must be registered for VAT in three different Member States. The place of residence is not essential, i.e. also non-member traders can be involved in triangular trade, on condition that they are registered for VAT in one of the Member States.

Figure 47: Triangular trade within the context of VAT recapitulative statements (VIES)



761. It has to be noted that the concept of triangular trade in a VIES context is different from the one used in ITGS, where all variations of triangulation mentioned above are possible. However, in the context of the VAT recapitulative statement (VIES) the trade transaction is marked as triangular trade only if the goods are not physically present in the reporting Member State. Therefore, when comparing Intrastat and VIES data, all transactions marked as triangular trade shall be excluded from the data of the reporting Member State. However, in the Member State of arrival of the goods these (flagged) data might be used for the reconciliation of intra-EU trade asymmetries and check of partner country allocation.

762. Whereas, in the framework of Intrastat, the physical goods flow is followed, the reporting obligations in VIES are different, as it is the invoice flow which is followed. In the situation described in the example above the following obligations for traders occur:

- The seller of goods in Member State A reports intra-EU supply indicating the VAT ID number of the trader in Member State B. In the VAT recapitulative statement this transaction should not be marked as triangular trade as the goods were physically in Member State A. At the same time the trader in Member State A should report dispatch of goods for Intrastat, indicating as partner country Member State C;
- The trader in the Member State B reports an intra-EU supply indicating the VAT ID number of the partner in the Member State C in his VAT recapitulative statement and marks this transaction as triangular trade. He will not report this transaction for Intrastat, as the goods move outside of Member State B;
- The buyer of goods in Member State C does not need to provide a recapitulative statement. However the Intrastat arrival declaration has to be filled in indicating as partner country Member State A.

4.3 Quasi-transit

763. **Definition.** Quasi-transit occurs when goods enter/leave an economy and are declared as imports/exports for customs purposes without the transit economy having acquired ownership of the goods. So quasi-transit concerns imports or arrivals in a Member State of goods which are dispatched or exported without changing ownership to a resident of that Member State. In contrast to real transit, quasi-transit has to be recorded as a basic principle for EU purposes. Processing operations, where the change of ownership does not occur, are not considered as quasi-transit.

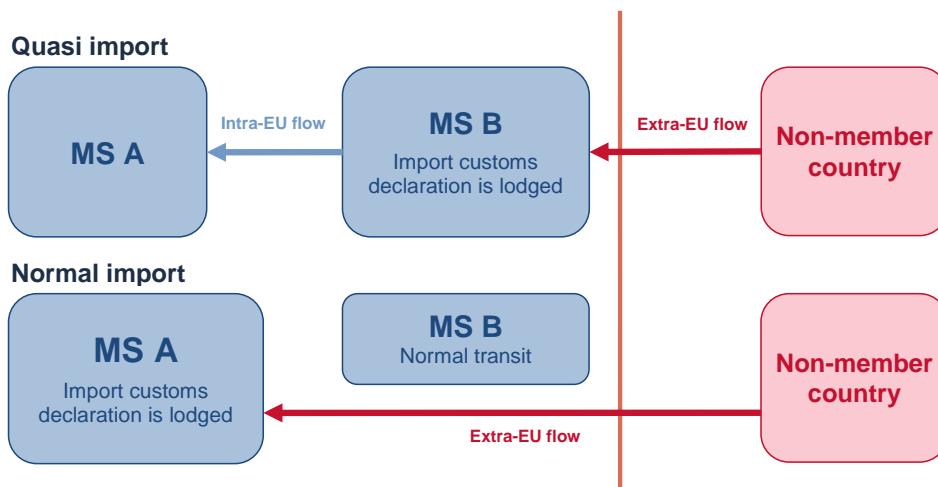
764. Quasi-transit affects mainly imports into the European Union. The Customs legislation provides for a possibility to release the goods for free circulation (via a representative) at any customs office in the EU, regardless of whether the goods are then transported to another Member State or not. The release of goods for free circulation at the external frontier of the European Union provides certain advantages: once customs duties have been paid, the trader is able to freely dispose of the goods

without any further customs supervision or the goods can be stored in one Member State before being delivered to a purchaser in another Member State.

765. However, exports are influenced as well. In exceptional cases, the exporters are able to carry out customs clearance, not in the actual Member State of export, but in the Member State of exit, i.e. in the Member State from which the goods are exported from the customs territory of the EU. The share of quasi-transit in exports is increasing and is affecting Member States situated at the border of the EU.

766. **Quasi-imports.** A non-resident imports goods from non-member countries, clears them for import in a Member State and dispatches them to another Member State.

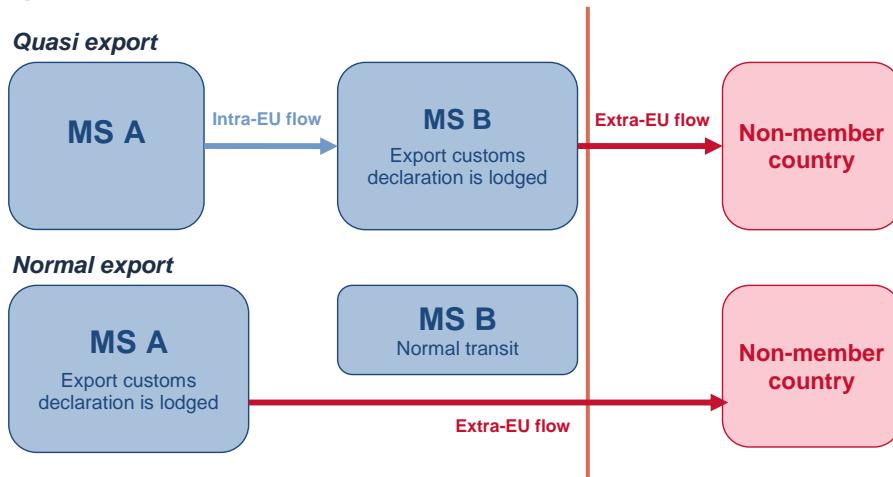
Figure 48: Quasi-import



767. Movement of goods between a non-member country and a Member State of final destination will be divided into two trade flows — one reported within extra-EU trade (import of goods from outside of EU will be declared on customs declaration) and subsequent dispatch of goods should be reported on Intrastat declaration. The customs clearance usually takes place in a first Member State located at the external frontier of the European Union. Very often it happens in such countries as Belgium and the Netherlands which have important ports for transhipment of goods, e.g. Rotterdam, Antwerp.

768. In order to clear the goods for Customs the owner of the goods (trader/importer) does not need to be established in the Member State where the customs declaration is lodged. It is enough to be VAT registered in that Member State or to appoint tax representative, who will be in charge of clearing the goods in Customs and will fulfil VAT obligations. The entity, which handles customs procedures and pays import duties, does not become the owner of the goods. It may be a local tax representative or accountant dealing with Customs and providing services to non-residents.

769. **Quasi-exports.** A trader transports the goods from one Member State to the border Member State where customs clearance for export takes place.

Figure 49: Quasi-export

770. To export the goods outside the EU, from the administrative point of view, there are even less administrative procedures to follow for traders than when importing the goods. In order to lodge customs declarations in the exit Member State, the non-resident trader does not need to be registered in that Member State and does not need to appoint a tax representative. According to the Union Customs Code implementing provisions, with some minor exceptions, the customs declaration can be lodged at one of the following customs offices: customs office of export (the customs office responsible for the place where the goods were or are to be presented to Customs; the customs office responsible for supervising the place where the exporter is established; or where the goods are packed or loaded for export shipment) and customs office of exit.

771. **Consequences for data collection.** The figures above show that the place where the customs declaration is lodged is crucial for the reporting of trade in intra-EU and extra-EU trade statistics in case of quasi-transit:

- If the customs clearance is done in border Member State B, import and dispatch (or exports and arrival) declarations shall be provided in Member State B. In Member State A — an Intrastat arrival (or dispatch) declaration should be provided as well, recording partner Member State B;
- If the customs clearance is done in Member State A, the goods are in transit in Member State B and no reporting is done in Member State B. Member State A reports an import or export within extra-EU trade statistics only.

772. Member States are often facing difficulties in collecting intra-EU trade flows in the intermediate Member State after the goods have been cleared for free circulation by Customs. The customs declaration in the intermediate Member State can be provided by a tax or customs representative or a carrier of goods. However these representatives are not always aware of their Intrastat obligations. Furthermore, the PSI in the Member State of destination or actual export might assume that he has already fulfilled his reporting obligations after the customs clearance was done in the partner Member State. If one of the two fails to report, discrepancies will arise in the statistical records. Therefore **NSAs are encouraged** to inform the PSIs about these reporting obligations.

773. Part of the trade related to **quasi-imports** can be identified via customs procedure codes 42 and 63. These procedures were introduced by Customs in order to relieve the trader from paying VAT in the country of customs clearance, because the goods are destined for another Member State and VAT has to be paid in the country of final consumption. All goods declared for these procedures should be declared in parallel as dispatches on the Intrastat declaration and on the VIES declaration as well. Therefore **NSAs are encouraged** to use customs information at least for completeness checks.

774. **Problems related to quasi-exports.** The trader in dispatching Member State does not need to provide VAT return and VIES declaration to the tax administration about the dispatch to Member State where the export customs declaration is lodged as there is no trade transaction between these

two Member States. Therefore NSA and Customs in dispatching Member State have no information available about dispatches, nor about exports of goods.

775. Although this has a neutral effect from the EU exports perspective, the quasi-exports lead to distortion of individual Member States' trade statistics:

- Member State of clearance will record excessive exports of goods having no economic relation to this country;
- The trade balance of this Member State is distorted, as only export is recorded, without recording incoming flow;
- The coverage of exports in dispatching Member State will be undervalued as no export or dispatches will be recorded in this Member State.

776. In order to avoid an imbalance of the national trade figures in arrivals and exports in the Member State of clearance, **NSAs are encouraged** to use data from the customs declarations for compiling the missing Intrastat arrivals. Whenever the information provided in the customs declaration is sufficient to derive an adequate arrival record in Intrastat, **it is recommended that NSAs** do not collect this information from traders or from declarants in order not to increase the reporting burden.

777. The Member State should take all possible measures in order to avoid double counting and capture the correct information for the arrivals. The cooperation among Member States is necessary in order to provide information from Member State B to Member State A.

778. Whenever the export declaration does not contain information on the **Member State of actual export**, optional **SAD-Box 15a**, the Member State of dispatch should be derived from **SAD-box 2**, otherwise the simplified country code QV **should** be used.

779. **Impact on statistical data.** The phenomenon of quasi-transit makes the interpretation of EU statistics complicated. The partner country allocation might be distorted and, in particular, asymmetries between non-member countries and individual EU Member States appear. Several Member States exclude quasi-transit from their national statistics because there is no change of ownership between a resident in the reporting Member State and a non-resident. Including quasi-transit in ITGS complicates the comparability with the Rest of the World account in National Accounts and Balance of Payments Statistics of a Member State. However, EU legislation requires quasi-transit related to the reporting Member State to be included in extra-EU trade statistics to ensure correct coverage of imports and exports at EU level. Even if the border Member State can identify quasi-transit in its data, the Member State of destination or actual export is unable to adjust the data accordingly.

780. Moreover, because of quasi-transit, the value of trade flows is distorted, when goods enter Member State of clearance and are declared as imports for customs purposes at values that differ from those that are declared when the goods leave the same Member State. The price difference can lead to significant statistical discrepancies and distortions in import and export data.

781. Statistical discrepancies bring problems for balance of payments statistics for which it is important to identify and exclude the goods which do not change ownership to the resident of the reporting country. This is the case in both normal transit of goods and quasi-transit. However in ITGS statistics it is much easier to identify and properly record (exclude) transit trade than it is to properly handle quasi-transit trade. The example below describes the case of quasi-imports and related valuation problems.

Example 71

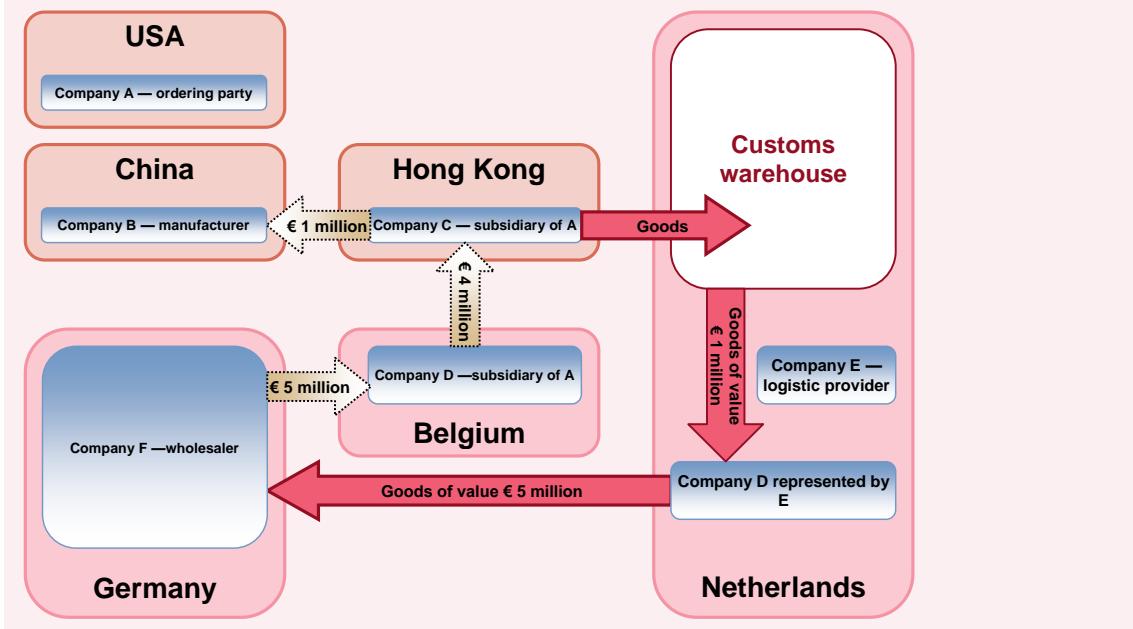
A global company A in sports articles, with its base in the United States, commissions a Chinese company B to manufacture sports shoes with a brand name of A for the European market. The shoes are sold by B for EUR 1 million to a subsidiary C of A in Hong Kong, which resells them for the inter-company price of EUR 4 million (including profit margin and costs for e.g. research and development) to the European sales company D in Belgium, also a subsidiary of A.

The shoes, however, are shipped from Hong Kong to a logistic service provider E in the Netherlands, where the shoes are stored in a customs warehouse. After a while the shoes are sold by D to wholesale company F in Germany for the price of EUR 5 million. Before the shoes are dispatched to Germany F lodges an import declaration in the Netherlands on behalf of D.

The customs value is EUR 1 million based on the 'first sale for export'-rule, saying that the first transaction in the supply chain resulting in the export may be used for the calculation of the customs value for the import following the export.

For VAT purposes D is represented in the Netherlands by E. Because the exemption threshold is exceeded, E has to report to Statistics Netherlands the dispatch to Germany according to the taxable amount on the VATreturn, which is EUR 5 million. The import of EUR 1 million and the dispatch of EUR 5 million are classified as quasi-transit by Statistics Netherlands. The difference, EUR 4 million, is not a value added of the Dutch economy. Only a small part of it represents the value added by the logistics service provider E.

Figure 50: Example of a quasi-import transaction



5

Thresholds within the Intrastat system

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 10

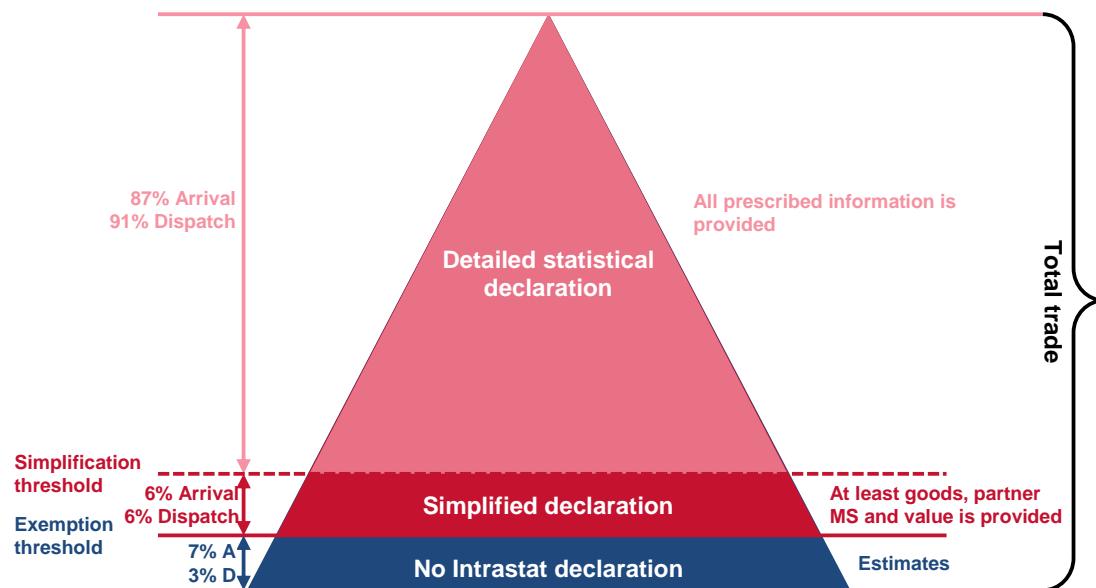
Commission Regulation (EC) No 1982/2004, Article 8(2), Article 13

782. In order to satisfy users' needs for the statistical information without imposing excessive burdens on economic operators, Member States shall define each year the thresholds expressed in annual values of intra-EU trade, below which parties are exempted from providing any Intrastat information or may provide simplified information.

783. The thresholds shall be defined by each Member State, separately for arrivals and dispatches.

784. The Intrastat system applies the exemption thresholds. The EU legislation enables Member States to define simplification thresholds.

Figure 51: Coverage levels for Member States with simplification thresholds



785. Apart from the mandatory collection of specific data Member States may also collect additional information, such as the identification of the goods at a more detailed level; the country of origin (for arrival); the region of origin (for dispatch), the region of destination (for arrival); the delivery terms; the mode of transport; or the statistical procedure. While the collection of this information is optional at the EU level, it may be mandatory by legal decision at national level.

786. In order not to burden all PSIs **NSAs are encouraged** to define thresholds (further referred to as 'optional variables threshold') only above which PSIs are obliged to provide additional information to those specified in Article 9(1) of Regulation (EC) No 638/2004. The application of this threshold depends on the rules decided by the Member State.

787. Member States may collect the statistical value of the goods and thus the collection of the statistical value from companies remains optional. However **NSAs are required** to transmit data on the statistical value to Eurostat.

5.1 Exemption threshold

788. **Definition.** The exemption threshold defines the value above which the parties (taxable persons) are obliged to provide Instrastat information. **Member States are required** to determine this threshold each year. The threshold is expressed in annual values and it is set in order to ensure that the information provided is such that at least 97% of the total dispatches and at least 93% of the total arrivals, expressed in value, of the relevant Member State's taxable persons is covered.

789. Companies which do not achieve this threshold for arrivals or dispatches do not have to compile Instrastat declarations.

790. Although the only legal requirement for defining the exemption thresholds is the collection of at least 97% of the total dispatches and at least 93% of the total arrivals, **it is recommended that NSAs** set the exemption threshold in line with certain quality requirements. In particular, Member States should examine whether the exemption of the PSIs below the threshold will lead to a considerable lack of information or to biased information as regards the flow, the trade with certain partner Member States and certain commodities.

791. **It is recommended that NSAs** determine the threshold in such a way that the largest number of traders is exempted from providing information to the Instrastat system, to reduce burden, and by simultaneously keeping the quality of the collected information. It might be useful to examine various scenarios for setting the level of the threshold before deciding which particular value should be set for the following year.

5.1.1 HOW TO CALCULATE THE EXEMPTION THRESHOLD

792. **Total trade.** For the determination of total trade **it is recommended that NSAs** calculate cumulative total value based on the most recent data available at the time of calculation of thresholds over a period of at least 12 months taking into account:

- Instrastat information submitted by PSI;
- Instrastat information estimated by the NSA (e.g. estimates for non-response, partial response, etc.);
- any other information acquired from administrative data sources (including customs declaration), which is included in total results of Instrastat;
- the VAT data for below threshold trade.

793. For the determination of the level of the exemption threshold, **it is recommended that NSAs** use the following procedure:

- Calculate the value of trade by each economic operator, over the period of the latest 12 months;
- Calculate the total amount of trade by flow;
- Sort the list of economic operators by decreasing value of trade, for each flow;
- Calculate sequentially the cumulative value, for each flow;
- Calculate the value of the coverage rate for each flow: 97% of the total amount of trade for dispatches and 93% of the total amount of trade for arrivals;
- Identify the threshold value when the cumulative value reaches the value of the coverage rate for each flow;
- Examine various scenarios close to the coverage rate to determine the threshold value which most limits the reporting burden by ensuring that quality requirements are met.

794. **NSAs are encouraged** not to calculate the exemption threshold exactly to the point, as a 'safety margin' should be left for the remaining non-response and the fluctuations in the economic activity.

795. A trader is required to provide an Instrastat declaration if:

- the trade with other Member States exceeded the threshold during the previous year or if
- the trade with other Member States exceeds the threshold during the year of application from the month in which the threshold is exceeded.

796. To identify economic operators which become responsible for providing information in the current year a permanent and close monitoring of VAT data provided by fiscal authorities has to be ensured.

797. The threshold is set annually and comes into force on 1 January each year. **NSAs are required** to send the information on the thresholds applied by them to Eurostat no later than 31 October of the year preceding the year to which they apply.

798. The EU legislation asks for the transmission of data on total trade to the Commission (Eurostat). Therefore, **NSAs are required** to transmit estimates of trade below the exemption threshold at least at chapter level and by partner country. NSAs should inform Eurostat on their estimation methods with a view to exchanging the best practices.

5.2 Simplification threshold

799. **Definition.** The simplification threshold defines the value below which the parties (taxable persons) may be exempted from providing part of the Instrastat information. The variables to be exempted and the application of this threshold depend on the decision of the Member State.

800. **Member States are required** to apply simplification thresholds for at most 6% of the smallest (expressed in value) companies which are required to provide Instrastat information. This simplification measure is then applied only to critical small enterprises, which will be the enterprises having a level of arrivals or dispatches between the exemption and simplification threshold, and its major purpose is to reduce burden on enterprises.

801. According to the decision of the Member State, companies may benefit from the following simplifications:

- exemption from providing information about the quantity of the goods (net mass and/or supplementary unit);
- exemption from providing information about the nature of transaction;
- possibility of reporting at least 10 of the detailed relevant subheadings of the Combined Nomenclature, that are the most used in terms of value, and regrouping the other products in a simplified commodity code (9950 00 00).

802. However the companies included in this simplification threshold are obliged to report:

- the commodity code (at least for the 10 largest commodity codes, if the Member State adopted this simplification measure, and regrouping the others in code 9950 00 00);
- the partner Member State code;
- the value of goods (taxable amount).

803. For the determination of the level of the simplification threshold **it is recommended that NSAs** use the following procedure:

- Use the list of economic operators identified as having transactions above the exemption threshold (previously calculated as explained in 6.2), with the respective value of trade for each flow over the period (previous 12 months);
- Calculate the total amount of trade by flow, for the enterprises in that list;

- Calculate 6% of the total amount of trade for each flow;
- Sort the list of economic operators by increasing value of trade, for each flow;
- Calculate sequentially the cumulative value, for each flow;
- Identify the threshold value when the cumulative value reaches the value of the 6% of the total amount of trade, for each flow;
- Examine various scenarios close to the coverage rate to determine the threshold value which most limits the reporting burden by ensuring that quality requirements are met.

804. If a company below the simplification threshold achieves a trade value above that threshold during the year, it should stop submitting the simplified declaration and start to provide complete Instrastat data (detailed statistical declaration) from the month the simplification threshold is exceeded.

805. An assessment of the quality impact when implementing a simplification threshold should be carried out.

5.3 Individual transaction threshold

806. PSIs have reporting obligations for each trade transaction, even when these are of very low value. However, Member States may under certain conditions, which meet quality requirements, simplify the information to be provided for the small individual transactions.

807. Depending on Member States, it could be allowed that a PSI may group together transactions with individual values less than EUR 200, reporting only:

- commodity code 9950 00 00;;
- partner country;
- value of goods.

808. However, the simplified reporting is only permitted when individual transactions are carried out, with each of them having a value less than EUR 200. The artificial division of a transaction into shares below EUR 200 is not allowed in this context.

809. With a view to lightening the reporting burden of the trade operators, **NSAs are encouraged** to provide PSIs with a possibility of simplified reporting on small individual transactions. However, Member States must ensure that the simplification is not abused and that the quality of the statistical results is not damaged as a result.

6

Threshold applicable in extra-EU trade

6.1 Statistical threshold applied by NSA

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 3(4)

Commission Regulation (EU) No 92/2010, Article 2(4)

Commission Regulation (EU) No 113/2010, Annex I, point (j)

810. **Statistical threshold — definition.** The extra-EU trade statistics regulatory framework has not explicitly designated a general 'statistical threshold'. It is only in relation to 'goods declared orally to customs' that a '**statistical threshold of EUR 1 000 in value or 1 000 kg in net mass**' is mentioned.

811. **Statistical threshold — exclusion of trade.** This statistical threshold was introduced with a view to the exclusion of trade (see paragraph 99). The goods declared orally to Customs are excluded if:

- the goods are for non-commercial purposes, without limitation in value or quantity;
- the goods are for commercial purposes up to a value of EUR 1 000. Where the value is below EUR 1 000 but the net mass is above 1 000 kg the exclusion does not apply.

Example 72

A) A French traveller returns back home with a video camera he bought during his holiday in Japan:

- the value is EUR 1 500, the camera is for private purposes and the customs declaration is made orally
 - excluded** from extra-EU trade statistics
- the value is 900 Euro, the camera is for commercial purposes and the customs declaration is made orally
 - excluded** from extra-EU trade statistics
 - the customs declaration is made in written/electronic form the exclusion does not apply, therefore
 - included** in extra-EU trade statistics

B) A stonemason imports in his own car pieces of rock he found in a quarry for use in his business:

- the estimated value of the rocks is EUR 200, their actual weight 1 600 kg. The customs declaration is made orally. Since the exclusion does not apply, therefore
 - included** in extra-EU trade statistics (N.B. Customs would have to supply to the NSA the relevant statistical data).

812. **Statistical threshold — inclusion of trade.** However, whenever written or electronic customs declarations are available for trade below the threshold, the exclusion provisions do not apply and the respective trade is to be included in trade statistics.

813. In order to allow NSAs to reduce the compilation workload linked with the validation and processing of the numerous records when treating customs declarations (data sources) or any other transactions below the statistical threshold, this trade may be included in the compilation process with less detailed information (data elements), however, including the trade at least in **total trade**. This means in practice that NSAs when transmitting data to Eurostat may aggregated the customs records whose statistical value is below EUR 1 000 under code 9969 99 99 indicating code 3 in the section 2 'Threshold indicator' according to Doc MET 400.

814. **NSAs are encouraged** to apply the simplification only where it would not lead to negative effects on the availability of data at detailed level. The statistical value where the 'value of the goods' is not available should be used as criterion for application of the simplification.

Example 73

A NSA receives a full and complete customs declaration, indicating the statistical value of 950 Euro and the net mass of 5 kg. The NSA shall include the transaction in the compilation process

- a) either with all individual details
- b) or only at TOTAL trade level

6.2 Thresholds applied by Customs

815. There are two thresholds applied by national customs authorities which cross refer to the statistical threshold:

Imports and exports of goods of a commercial nature

Commission Delegated Regulation (EU) 2015/2446, Article 135 -137

816. Customs may require only an oral customs declaration for goods of a commercial nature⁽¹⁾ provided, *inter alia*, the total value per consignment (and not per individual customs declaration) does not exceed the statistical threshold.

Postal consignments

Commission Delegated Regulation (EU) 2015/2446, Articles 144

817. The term 'postal consignments' relates only to parcel post conveyed by postal authorities or 'postal operators authorised by a Member State to provide services governed by the Universal Postal Union Convention'⁽²⁾, thus excluding transport of parcels by commercial express companies for which the normal procedural provisions apply. According to customs legislation 'goods in postal consignment' means goods other than items of correspondence, contained in a postal parcel or package and conveyed under the responsibility of or by a postal operator in accordance with the provisions of the Universal Postal Union Convention adopted on 10 July 1984 under the aegis of the United Nations Organisation.

818. Article 144 of the Commission Delegated Regulation (EU) 2015/2446 defines the declaration requirements of postal consignments. A postal operator may lodge a customs declaration for release for free circulation containing the reduced data set referred to in Annex B of the same regulation in respect of goods in a postal consignment where the goods fulfil all of the following conditions: (i) their value does not exceed EUR 1 000, (ii) no application for repayment or remission is made in relation to them, (iii) they are not subject to prohibitions and restrictions. The threshold of 1000 EUR is now common for all Member States.

819. For goods imported or exported through national postal services, and covered by simplified postal declarations (customs form CN22 or CN23), no customs declaration needs to be provided (subject to certain conditions) for consignments containing goods for commercial purposes of an aggregate value up to the statistical threshold. This stays valid during the transitional period until complete implementation of the UCC. Under the UCC the forms CN22 and CN23 will be abolished and postal consignments will be declared to Customs electronically.

⁽¹⁾ 'Goods of a commercial nature' in the sense of customs provisions are in general goods sent from 'business to business' or 'business to private'.

⁽²⁾ Definition as in the Draft IP to the Modernised Customs Code; website: <https://upu.int/en/Home>

820. The customs form CN22 or CN23 itself is not a customs declaration in the sense of Union customs provisions. Postal consignments accompanied by CN22/CN23 declaration are only considered to have been declared at their time of presentation according to Article 55(16) of Commission Delegated Regulation (EU) 2016/341. As there is no customs declaration, this trade is not included in the statistics.

7

Quality

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 13
Commission Regulation (EC) No 1982/2004, Article 26

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 9
Commission Regulation (EU) No 92/2010, Article 3

821. As mentioned in the Introduction to this Guide, ITGS serve the needs of different users, including governments, businesses, academic communities and researchers and the general public. They are an essential source of information for Balance of Payments statistics, National Accounts and short-term economic studies. With growing interest in ITGS the production of timely and high quality data is of primary importance for the producers of statistics.

822. Harmonisation of compilation practices among Member States is of paramount importance. Given the cross-cutting nature in both the collection and legislation of ITGS, a Quality Handbook is being developed which documents the quality framework (Volume I), the quality items and requirements (Volume II), the methods and practices applied in Member States and results of the annual reporting exercises (Volume IV).

823. The data quality monitoring system as it is described in The Quality Handbook Volume I includes, besides the national quality report, the annual and monthly intra-EU asymmetries reports and the monthly Mirror Outlier Detection reports. The annual asymmetries report is a basis for the reconciliation exercise enabling Member States to exchange information in order to reduce asymmetries for specific codes of Combine Nomenclature. The Mirror Outlier Detection reports provide Member States with more information on specific outliers which they can investigate.

824. The Quality Handbook Volume II is based on the document Doc MET 1000; gives detailed information on each quality item to be reported by the Member States in the framework of the annual assessment procedure, including its definition and objective.

825. The overall objective is to provide robust, reliable, relevant and timely ITGS while easing the reporting burden on traders. Quality and standardisation of methodologies are key to reaching this objective.

826. Moreover, in order to accomplish this objective, the primary data collected from/submitted by the operators should meet the quality requirements. Therefore **it is recommended that NSAs** instruct trade operators on how to correctly fill in Intrastat declarations, provide them with the necessary manuals and maintain a helpdesk.

827. **NSAs are required** to provide completed quality questionnaire annually. Using information transmitted by Member States in their quality report as well as information available at Eurostat (for

instance on timeliness of data or impact of confidential trade), a summary quality report is published on Eurostat's website at the end of the year. In addition, Eurostat prepares an assessment report for each Member State.

7.1 Asymmetries

828. For trade in goods statistics, comparability across countries is a more visible quality dimension than for most other statistical domains. Once asymmetries are identified and measured through a mirror analysis, further analytical work should be initiated to identify their causes. Some of the reasons are easy to pinpoint and correct while for some cases it may be harder. In any cases, data corrections and/or changes in methodologies and practices require the Member States involved to perform the analysis jointly, to agree on the asymmetry causes and on the corrections to be done in their respective data. This is called a 'reconciliation exercise'.

829. Within the limit of available human resources, **it is recommended that NSAs** regularly monitor the asymmetries related to the main partner countries and major/key products and react as quickly as possible to unexpectedly high or new asymmetries by checking the accuracy and completeness of the available national statistical data sources.

830. Moreover **NSAs are encouraged**, within the limit of available human resources, to periodically conduct bilateral or multilateral reconciliation exercises for major/key products and to take any measures to ensure the success of such exercises. In particular, this means that any necessary information — data and metadata — should be made available to the partner(s) within the legal limits.

8 Confidentiality

8.1 The principle of passive confidentiality

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 11

Commission Regulation (EC) No 1982/2004, Article 25(7)

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 10(1), second paragraph

Commission Regulation (EU) No 92/2010, Article 2(5)

831. Individual company data shall never be published, distributed or used by NSAs in any way other than for pure statistical needs. Individual company or personal data are always confidential, highly protected and never transmitted by the NSA to other public administrations or to other users.

832. However, even aggregated data, indirectly, could reveal individual data. When only one or two companies are responsible for the totality of trade for a certain product or with a particular country, the published information could reveal individual trader's data. Therefore, the data shall be considered as confidential when they allow a natural or legal person to be directly or indirectly identified.

833. There are two types of confidentiality applied in statistics: **active and passive**. Active confidentiality is applied for the majority of statistical areas and its principles of application are defined in [Regulation \(EC\) No 223/2009 of the European Parliament and of the Council](#). Applying **active confidentiality** the National Statistical Authorities **have to take the initiative to suppress data**, which could indirectly reveal the data of an individual company. **NSAs are required** to apply active confidentiality when compiling and transmitting intra-EU and extra-EU trade statistics by enterprise characteristics.

834. **Passive confidentiality** means that the NSA will suppress the disseminated data only on request of the PSI whose individual data might be indirectly revealed from published results. **NSAs are required** to apply passive confidentiality when compiling and transmitting monthly detailed intra-EU and extra-EU trade statistics.

835. Application of active confidentiality has negative consequences on the accessibility of the collected data to the users. One difficulty in applying it is over-emphasis of the actual disclosure problem, i.e. some of the data providers would have no objections if the data which might indirectly reveal their economic activities were to be published. On the other hand, application of active confidentiality might be counterproductive to the costs of data collection: i.e. if more than 60 or 70% of detailed data at CN8/partner level cannot be disseminated because of the application of active confidentiality, the needs and benefits of such information must be reassessed.

836. In ITGS the passive confidentiality principle is applied exactly for the reason that application of active confidentiality would decrease the volume of published information so dramatically that it would not be worthwhile to collect such detailed statistics without being able to disseminate them.

837. Although application of passive confidentiality allows much more information to be published for users, it affects the quality of trade statistics as regards accuracy (the total EU trade for detailed products may be biased), clarity (the lack of information for users) and comparability (increases asymmetries in Member States' data).

838. The application of passive confidentiality could be problematic if national legislation imposes active confidentiality in all domains of statistics (including ITGS). However, the primacy of EU law over national law means that the provisions of EU regulations are applicable in the Member States without the need to adopt national implementation provisions. If national provisions do not comply with EU law, the provisions of EU law take precedence over the conflicting national provisions.

8.2 Application of passive confidentiality in practice

839. When a PSI addresses a written request to its national NSA for application of confidentiality provisions for trade statistics in certain products or partner countries, the NSA is obliged to investigate whether the request from the company is justified. If the analysis of data reveals that the trader is dominant and complies with the nationally established criteria defining confidentiality, the trader is informed that the information about the requested product or partner country will not be made public to the users.

840. **It is recommended that NSAs** grant confidentiality only for a limited time (e.g. the request has to be renewed periodically/annually) and only for as few data elements as possible (value or quantity, product or partner). In addition, **it is recommended that NSAs** establish national instructions which clarify the following aspects:

- Confidentiality application form and procedures;
- Standardised decision making process by the NSA applicable for all statistical areas (e.g. rules for confidentiality analysis and criteria for granting, deadlines for the approval or refusal);
- Setting time limits to keep the data confidential (historical data are much less sensitive for companies).

841. Two types of data can be made confidential in connection with a Member State's statistics on trade between Member States: the product code and the partner country code in relation to value or quantity. **NSAs are required** to suppress confidential data in such way that they may be published at least at chapter level of the CN provided confidentiality is thereby ensured. So when suppressing data due to confidentiality, NSAs should report any information deemed confidential (suppressed) in full detail at the next higher level of commodity (HS6, 4 or 2 digit as opposed to CN digit) and/or partner aggregation that adequately protects confidentiality.

842. **Product confidentiality.** The information about a product may be regarded as confidential because it is considered commercially sensitive either for its value, its quantity or the ratio of both (\approx price). Therefore the information on the product code may be suppressed. Suppression might be applied when only a few companies (e.g. ≤ 3) together or separately, cover more than a certain percentage (e.g. 70% or 80%) of the total trade for this commodity. Suppression can also be applied when a few companies, together or separately, cover more than a certain percentage of the total trade for a commodity/country combination. In the latter case, only the product code should be suppressed and not the country code.

843. **It is recommended that NSAs** suppress a product in such a way that as much information as possible on the commodity is published whilst still guaranteeing the confidentiality of the PSI. Therefore a code containing at least an indication of the CN chapter to which it belongs should be used (e.g. 27 + blanks for products of CN chapter 27). In exceptional cases, the special code 9990 00 00 may be used if it is possible to deduce the suppressed commodity trade by deducting from totals the sum of the data on the published codes in that chapter. Under no circumstances should another real CN8 code be used to camouflage another commodity.

844. **Partner confidentiality.** A company may consider the partner country as commercially sensitive, therefore, national authorities must examine whether a 'secret' country code shall be used. This usually involves using either code QY (intra-EU trade) or code QZ (extra-EU trade).

However, partner country confidentiality should be applied exceptionally because it is rare that one or only a few companies cover most of the trade with a single country.

845. **NSAs are encouraged** to define the rules used in the evaluation of a request for confidentiality considering:

- a threshold for the number of PSIs trading in a certain product, partner or product-partner combinations;
- a threshold for the percentage of trade declared by the dominant PSI;
- the period over which data shall be examined (e.g. whether data of the previous year might be used for the decision on whether confidentiality should be granted).

8.3 Transmission of confidential data to Eurostat

846. **NSAs are required** to transmit to Eurostat data which are confidential. In addition, they must transmit the designated confidential code according to the transmission standards specified in Doc MET 400. NSAs must indicate whether a record transmitted to Eurostat is confidential or not. The meaning of confidentiality flags is defined in section 17 of Doc MET 400:

- 0: Confidentiality is not applied.
- 1: Access to confidential data restricted to Eurostat.,
- 2: Access restricted to Eurostat and other services within the Commission. **NSAs are encouraged** to use confidentiality flag '2' instead of '1' whenever possible.

847. NSAs must indicate whether product and/or partner confidentiality should be given:

- If the product is confidential, the real product code must be given in section 5 and the confidential codes in section 18 (HS6-4-2 code) and in section 19 (SITC3-2-1 code);
- If the partner country is confidential, the real country code must be given in section 6 and the disguised code (1 or 2) in section 20.

848. NSAs have to specify what indicator should be disguised:

- the value (the real value must be given in section 24 and confidentiality flag 1 in section 21) and/or
- the net mass (the real net mass must be given in section 25 and confidentiality flag 1 in section 22) and/or
- the supplementary units (the real supplementary unit must be given in section 26 and confidentiality flag 1 in section 23).

9

Data transmission

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 12
Commission Regulation (EC) No 1982/2004, Article 25

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 8
Commission Regulation (EU) No 92/2010, Articles 2(3) and 2(5)
Commission Regulation (EU) No 113/2010, Article 26

9.1 Doc MET 400

849. National statistical authorities have to transmit detailed and aggregated results of intra-EU and extra-EU trade statistics to Eurostat on a monthly basis. Once data have been collected, checked and processed by the Member States, they must be forwarded to Eurostat in an electronic form, which meets precise format and technical specifications according to rules specified in the current valid working paper Doc MET 400.

850. These rules are not part of the Acquis Communautaire but a so called 'gentlemen's agreement' between Eurostat and the Member States approved by the ITGS Steering Group. They are updated when necessary. **It is recommended that NSAs** apply the transmission format and rules as defined in Doc MET 400, valid for a given reference year and thus to implement all amendments of the rules in the national compilation systems when agreed by the Steering Group.

9.2 Aggregated data

851. National statistical authorities shall transmit to Eurostat aggregated monthly results no later than 40 calendar days after the end of the reference month. The file shall be transmitted by EDAMIS (Stadium) using the dataset called 'COMEXT_AGG_M'.

852. The following information is required:

- Reference period;
- Reporting country;
- Flow: exports and imports;
- Partner zone:
 - For the euro area's Member States: 'European Union', 'Extra-EU', 'Euro area' and 'Extra-euro area'; as well Northern Ireland (XI) as individual partner territory.
 - For the others: 'European Union' and 'Extra-EU' as well Northern Ireland (XI) as individual partner territory.
- Product:
 - For the euro area's Member States:
 - Total trade for the 'European Union' and 'Euro area' partners;

- Total trade and a breakdown by SITC rev. 4 1-digit codes for the 'Extra-EU' and 'Extra-Euro area' partners, as well for Northern Ireland (XI) as individual partner territory.
- For the others:
 - Total trade for the 'European Union' partner;
 - Total trade and a breakdown by SITC rev. 4 1-digit codes for the Extra-EU' partner as well for trade with Northern Ireland (XI) as individual partner territory..
- Statistical value expressed in millions of national currency units until the transmission of December 2016 data and in units of national currency from January 2017 as reference period.

853. Aggregated results shall cover 100 % of the trade of the reference period and, therefore, might be:

- either entirely or partly estimated from time series;
- or derived from detailed results processed already within the 40 day deadline and completed by estimates of missing intra-EU trade.

854. **It is recommended that NSAs** closely monitor that the aggregated results do not deviate from the totals of the final detailed results transmitted to Eurostat afterwards.

855. Revisions on aggregated results are generally not essential, because the detailed results transmitted afterwards will be used for the succeeding trade data analysis. However, in exceptional cases when there is a considerable delay in transmitting the detailed results, revised aggregated results may be helpful for a better estimation of the missing information.

856. Some national statistical authorities might wish that Eurostat would not publish the data prior to its publication at national level. In consequence, they might delay the transmission of aggregated data for this reason. However, the deadline for the transmission of aggregated data of 40 days after the end of the reference month (prescribed in Regulation (EC) No 638/2004) is binding in its entirety and directly applicable in all Member States.

857. Therefore, **NSAs are encouraged** to avoid the conflict between national instructions and the legal EU obligations for data transmission. Nevertheless, Member States should be aware of the fact that Eurostat does not use the data under embargo until their dissemination is allowed and thus receipt date might be delayed.

858. Eurostat press release on international trade in goods is published on average 46 days after the end of the reference period and a [publication calendar](#) is accessible on Eurostat website. **NSAs are encouraged** to adapt their publication timetable if they wish to publish trade figures earlier than Eurostat.

9.3 Detailed data

859. **NSAs are required** to transmit the first detailed intra-EU trade statistics results to Eurostat no later than 70 calendar days after the end of the reference month for intra-EU trade and no later than 40 calendar days after the end of the reference month for extra-EU trade. In addition, when monthly results already transmitted to Eurostat are subject to revisions, the **NSAs are required** to transmit the revised results as well and no later than the month following availability of the revised data.

860. The format of intra-EU and extra-EU files is identical and is specified in the Doc MET 400 in force. The files shall be transmitted by EDAMIS (Stadium) to Eurostat: the datasets for the first transmission of results and of revisions are called 'COMEXT_INTRA_M' and 'COMEXT_EXTRA_M'. The following information is requested:

Table 13: Sections of Doc MET 400

Section No	Type of trade	Contents
1	INTRA/EXTRA	Reference period
2	INTRA/EXTRA	Threshold indicator
3	INTRA/EXTRA	Reporting country
4	INTRA/EXTRA	Flow
5	INTRA/EXTRA	CN product or TARIC (real code)
6	INTRA/EXTRA	Partner country (real code)
7	INTRA/EXTRA	Other partner country
8	EXTRA	Authorising MS or participating MS (under customs centralised clearance)
9	EXTRA	MS of destination/MS of actual export
10	EXTRA	Statistical procedure
11	EXTRA	Preference
12	INTRA/EXTRA	Mode of transport at the frontier
13	EXTRA	Container
14	EXTRA	Nationality of the means of transport
15	EXTRA	Internal mode of transport
16	INTRA/EXTRA	Nature of transaction
17	INTRA/EXTRA	Confidentiality flag
18	INTRA/EXTRA	CN product (public code)
19	INTRA/EXTRA	SITC product code (public code)
20	INTRA/EXTRA	Partner countries — confidentiality flag
21	INTRA/EXTRA	Value confidentiality flag
22	INTRA/EXTRA	Quantity confidentiality flag
23	INTRA/EXTRA	Supplementary units confidentiality flag
24	INTRA/EXTRA	Statistical value
25	INTRA/EXTRA	Quantity expressed in net mass
26	INTRA/EXTRA	Quantity expressed in supplementary units
27	INTRA/EXTRA	Supplementary unit code
28	INTRA/EXTRA	SITC product code (real code)

861. **NSAs are required** to ensure that results cover 100 % of the trade of the reference period. Therefore, it is essential that Member States include estimates relating to trade below the threshold and relating to the late or non-response in intra-EU trade and estimates on delayed and incomplete records in extra-EU trade.

862. The methods applied for the estimations should be described in the annual 'Quality Report'. **NSAs are required** to transmit the records on estimates to Eurostat with at least a breakdown by partner country and commodity code at two digit level of the CN. The estimates are flagged according to the threshold indicator (section 2 in Doc MET 400). **It is recommended that NSAs** compile distinct estimates for trade below threshold and estimates for non/late response and keep this distinction in the data transmissions to Eurostat by using the threshold indicators 3 (trade below the exemption threshold) and 4 (non/late-response) instead of indicator 8 (no distinction between trade below threshold and non/late response).

863. If a below-threshold trader becomes a PSI during the course of the year, the estimates for missing data for subsequent periods shall be flagged as non/late response (threshold indicator 4) and no longer as below-threshold-trade estimates (threshold indicator 3) in the data transmissions to Eurostat (Doc MET 400 data files).

864. When estimates for missing intra-EU trade are compiled at CN8 level, **it is recommended that NSAs estimate and transmit to Eurostat not only the statistical value but as well the net mass and the supplementary quantity wherever relevant.**

9.3.1 TRANSMISSION OF REVISED DATA

865. Revised data sets sent to Eurostat shall:

- refer to individual months and
- concern all the data on the INTRA/EXTRA file and
- replace the results previously transmitted in the INTRA/EXTRA files.

866. **NSAs are required** to transmit revised results no later than the month following the availability of revised data.

867. **It is recommended that NSAs** send the final revision for all the months of year N no later than October N+1. If there is a need of a later revision for one or more previous periods, **NSAs are encouraged** to contact Eurostat for the necessary arrangements.

868. Revisions of data referring to previous years must be sent according to the Doc MET 400 in force for that year and using the codes (commodity and country) applied during the year the revision refers to.

869. The timetable for planned revisions should be established and the public should be informed about the revisions when they have occurred.

870. **It is recommended that the NSAs** send a pre-announcement⁽¹⁾ to Eurostat of revisions of a certain size between two subsequent data transmissions to Eurostat. The criteria used to decide if a revision is large enough to pre-announce are based on both the value of the change and the percentage change in the original figure.

871. The pre-announcement of the revision should indicate:

- the main reasons for the revisions;
- the expected release date and format;
- the variables and periods covered;
- the impact on related statistics (for example Balance of Payments statistics).

872. When a pre-announcement is necessary for revisions that occur as part of the routine monthly data delivery cycle **it is recommended that NSAs** send the pre-announcement up to 1 week before the data delivery itself or at the latest on the day the data is sent. For revisions that require pre-announcement and that are known in advance, for example those that might occur because of a change in methodology, **it is recommended that NSAs** send the pre-announcement up to 1 month before the data delivery.

873. The pre-announcement should be sent to Member States usual contact within the data production team at Eurostat.

874. The pre-announcement may be made using the pre-announcement form provided by Eurostat. Member States may choose to send the information in another format but it must contain all the information required by the template.

⁽¹⁾ At the Meeting of the Steering Group 'International Trade in Goods Statistics', held on 14-15 December 2015, Member States agreed on the thresholds to be used to classify the size of revisions to ITGS data and the actions to be taken depending on the size of the revision (for more details see ITGS-SG-69).

875. When sending the pre-announcement Member States are asked to:

- indicate in the email that a pre-announcement of a level 2 statistical revision is being made;
- indicate in the space for 'Sender comment' in EDAMIS that data being sent includes a revision relating to the pre-announcement previously sent and give the date of the pre-announcement e-mail.

876. Eurostat publish monthly metadata reports highlighting different levels of revision, showing the value and percentage change at the total level for Union data published on the Easy Comext website. The reports show revision between subsequent data transmissions and between the first data transmission and the most recent.

877. The actual relative and absolute thresholds used to indicate the revisions level of trade types (intra-EU and extra-EU) and trade flows (imports and exports) are reviewed each year. For revisions sent in 2016 (for any reference year) the thresholds are as defined in Table 14: Determination of revision levels.

Table 14: Determination of revision levels

Type of revision	Level 1	Level 2
Subsequent revisions (between subsequent submissions)	The threshold would equal the function: $y + 37,5x \leq 350$ with a revision rate x (measured in percentage points) and a revision value y (measured in million EUR).	The threshold would equal the function: $y + 30x \leq 1050$ with a revision rate x (measured in percentage points) and a revision value y (measured in million EUR).
Cumulative revisions (between the first and the last available submissions)	The threshold would equal the function: $y + 41,67x \leq 500$ with a revision rate x (measured in percentage points) and a revision value y (measured in million EUR).	The threshold would equal the function: $y + 30x \leq 900$ with a revision rate x (measured in percentage points) and a revision value y (measured in million EUR).

878. The absolute threshold is reviewed annually to take account of the trade evolution using the following function:

$$\text{New threshold} = (1 + \text{Average trade growth}) \times \text{Previous threshold}$$

The new threshold for the year N will be agreed with the Member States at the Steering Group meeting, usually in November N-1.

Example 74

If, in 2020, trade increased by 10 %, the new threshold for the year 2021 calculated for EUR 900 million will be:
 $(1+0.1) \times \text{EUR } 900 \text{ million} = \text{EUR } 990 \text{ million.}$

879. **The NSAs are required** to inform the public about the major revisions and when they have occurred.

9.4 Trade by business characteristics

Intra-EU trade

Regulation (EC) No 638/2004 of the European Parliament and of the Council, Article 12(4)

Commission Regulation (EC) No 1982/2004, Article 13a

Extra-EU trade

Regulation (EC) No 471/2009 of the European Parliament and of the Council, Article 6(2)

Commission Regulation (EU) No 113/2010, Article 15

880. **The NSAs are required** to transmit to Eurostat annual statistics on intra-EU trade by business characteristics, namely the economic activity carried out by the enterprises and the size-class measured in terms of number of employees within 18 months of the end of the reference year.

881. **The NSAs are required** to transmit to Eurostat annual statistics on extra-EU trade by business characteristics. The statistics **are required** to be transmitted within 18 months of the end of the reference year.

9.5 Trade broken down by invoicing currency

Extra-EU trade

Regulation (EC) 471/2009 of the European Parliament and of the Council, Article 6(3)

Commission Regulation (EU) No 113/2010, Article 16

882. Every two years the **NSAs are required** to compile annual statistics on trade broken down by invoicing currency. The first reference year defined by the regulation was 2010. The Member States shall provide the requested data sets every second year: 2012, 2014, 2016, etc.

883. **The NSAs are required** to compile the statistics using a representative sample of records on imports and exports from customs declarations which contain the data on the invoicing currency. If the invoicing currency for exports is not available on the customs declaration, the **NSAs are required** to carry out a survey in order to collect the corresponding data.

884. **The NSAs are required** to transmit the data to Eurostat within three months of the end of the reference year.

SECTION III: METHODS AND PRACTICES FOR ENSURING DATA QUALITY

10

Intra-EU estimates for trade below the exemption threshold

10.1 Introduction

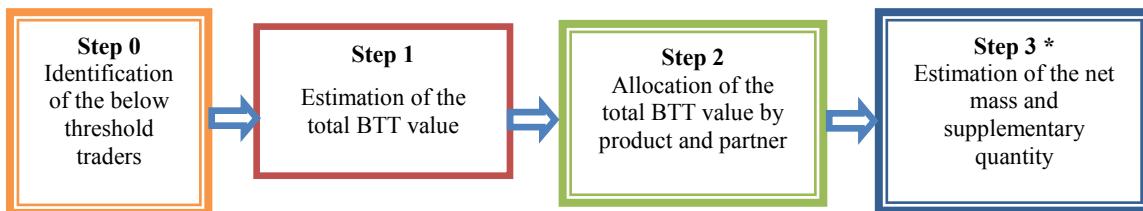
885. This section provides guidelines for estimating the intra-EU trade of traders who are fully exempted from statistical reporting obligations, i.e. of traders below the Intrastat exemption threshold. It should be kept in mind that there is no 'best' method but only methods making use of the most reliable data available at the time the estimation process should be launched.

886. According to the national situation, it may be advisable to apply different methods to successive data releases. The estimation should be performed separately for arrivals and dispatches and possibly by applying different methods or data sources (e.g. use of VIES partner country dimension for dispatches). The method suitable for a given Member State could be a variation of the methods described here or a combination of several methods.

10.2 Overview of the different methods

10.2.1 STEPS FOR ESTIMATING BELOW THRESHOLD TRADE (BTT)

Figure 52: Steps for Intra-EU estimates for trade below the exemption threshold



*: Step 3 is only necessary when estimates are compiled at CN8 level.

887. **Step 0** – Identification of the below threshold traders by using the intra-Union operators register, hereinafter referred as the 'Intrastat Register'

888. **Step 1** – Estimation of the below threshold trade (BTT) value. There are several methods which differ according to the data sources:

- VAT method: Use of VAT returns to approximate the BTT value;
- VIES method: Use of VIES information to approximate the BTT value; and
- MDS method (Mixed Data Source): Use of VAT data combined with Intrastat data to approximate the BTT value.

889. **Step 2** – Allocation of the estimated BTT value by product and partner on the basis of Intrastat data available for traders above the exemption threshold. There are several methods which differ according to the Intrastat data considered or, more precisely, according to the respondents selected to derive a trade pattern applicable to the estimated BTT value:

- AATT factors (Adjusted Above Threshold Trade): trade pattern of the providers of the statistical information (PSIs) considered globally but after having excluded certain goods and/or certain PSIs;
- JATT factors (Just Above Threshold Trade): trade pattern of the PSIs just above the threshold with different options to define the JATT reference population;
- NAC factors (traders grouped by NACE code): trade pattern of PSIs grouped by NACE activity code; and
- NAS factors (traders grouped by NACE code and size): trade pattern of PSIs grouped by NACE activity code and size class (defined on the basis of their trade value or turnover).

890. **Step 3** – Estimation of net mass and supplementary quantity when estimates are compiled at 8-digit level of the Combined Nomenclature, i.e. by CN8 codes.

10.2.2 FLOW CHARTS

891. The following charts aim at highlighting the possible methods according to the data available and at guiding the compilers through the different steps.

892. Abbreviations used in flow charts:

BTT: Below threshold traders or values depending on the context

ATT: Above threshold traders or values depending on the context

VATATT: Total VAT value of ATT traders after methodological alignment to Intrastat requirements

VATBTT: Total VAT value of BTT traders after methodological alignment to Intrastat requirements

INTBTT: Estimated Intrastat value of BTT traders

INTATT: Total Intrastat value of ATT traders (collected data plus estimates for non- and late response)

Figure 53: Flow chart for estimation of total below-threshold-trade value

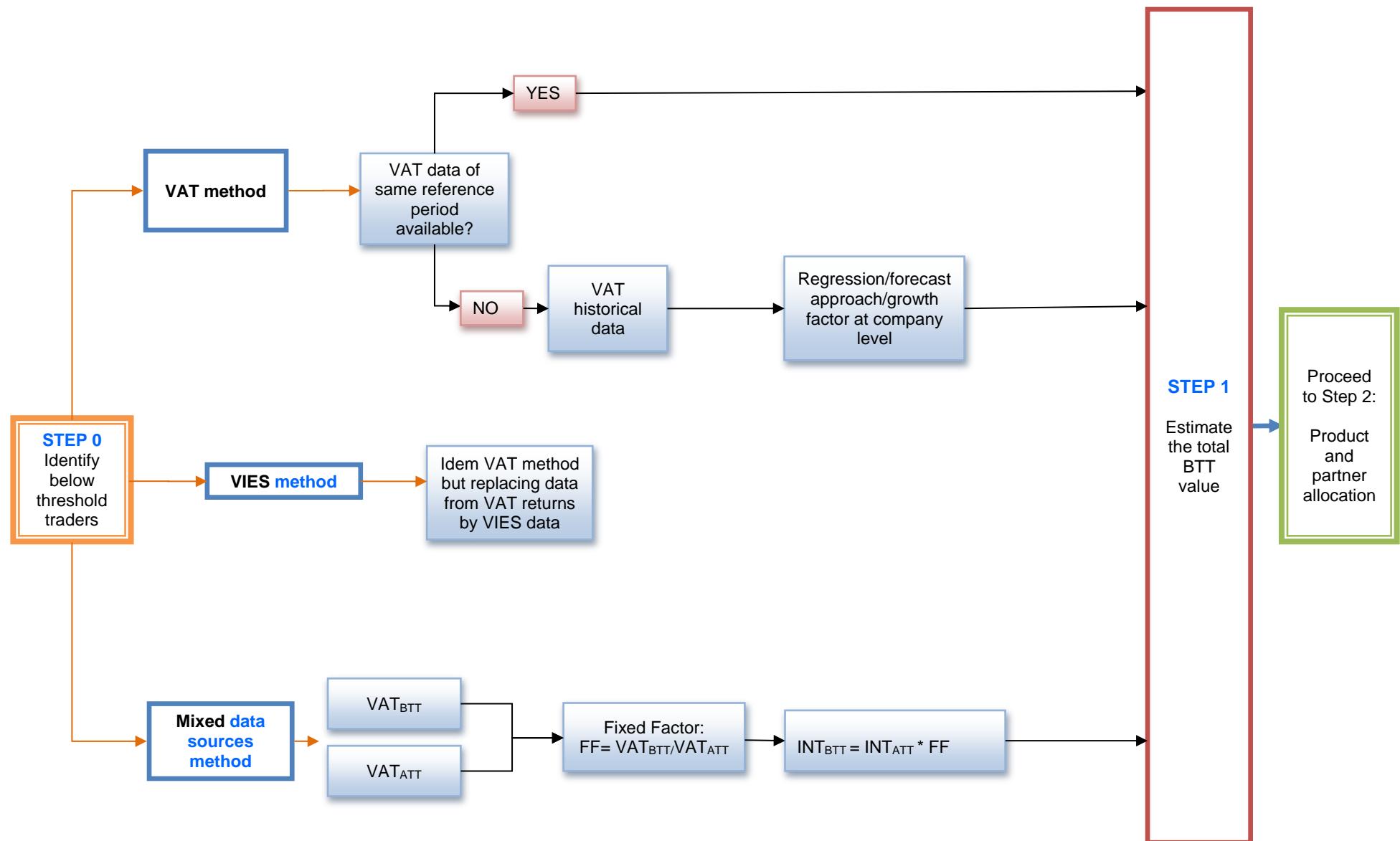
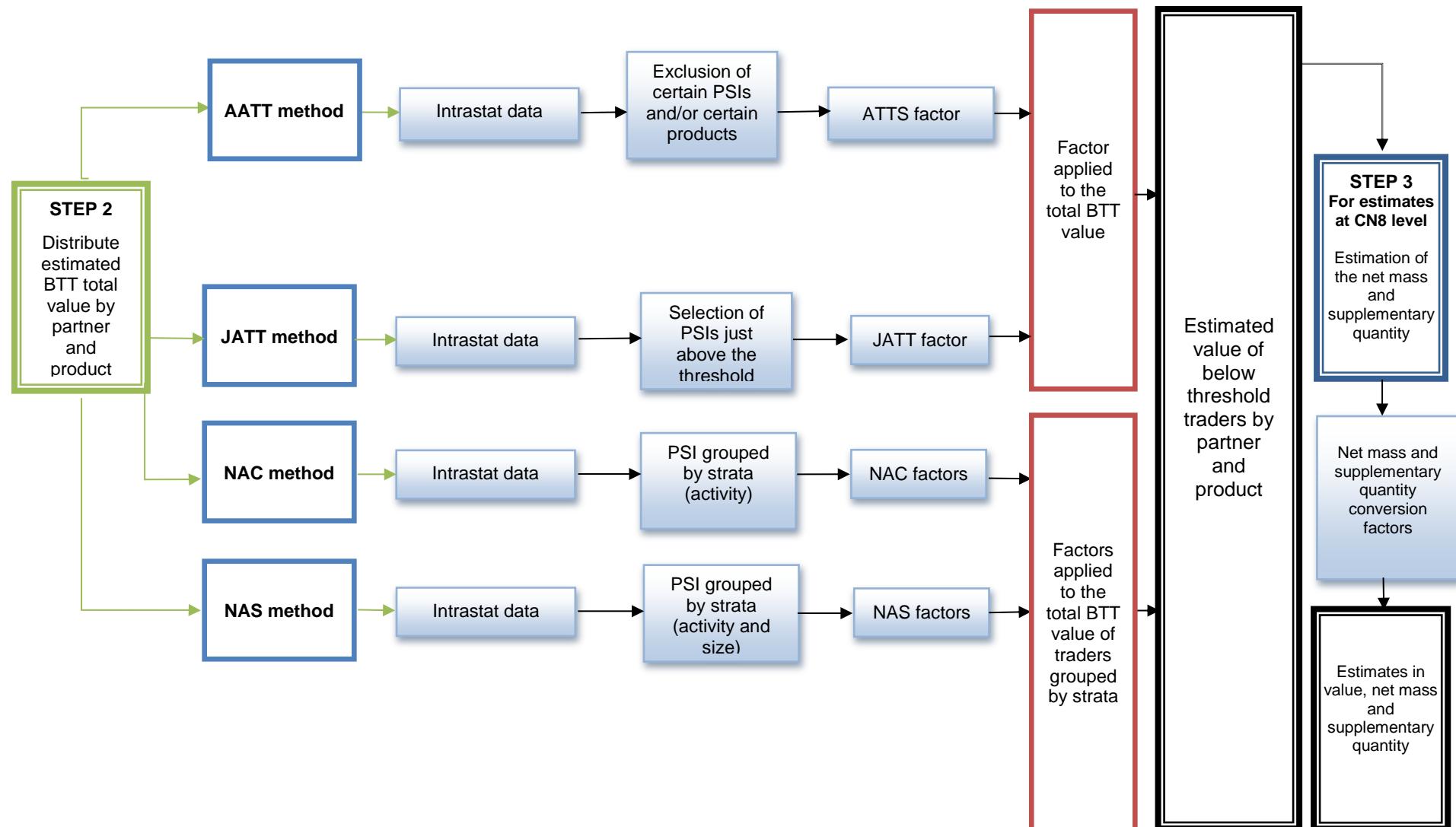


Figure 54: Flow chart for allocation of total below-threshold-trade value by product and partner

10.2.3 PREREQUISITES

893. The choice of an estimation method requires to identify the most appropriate data sources available when the estimation process has to be launched. This implies the evaluation of the completeness and accuracy of the fiscal and Intrastat data at different points of time corresponding to the successive releases of intra-EU trade statistics relating to a specific month.

894. **NSAs are encouraged** to regularly assess the quality of the administrative data – VAT and VIES data – in terms of accuracy, timeliness and, where possible, comparability with Intrastat data – in the view of:

- identifying the most appropriate estimation method
- for trade below threshold and non/late response;
- measuring how far VIES data can be used to allocate the estimates for missing intra-EU trade by partner Member State;
- measuring how far the administrative data can be used to control the quality of Intrastat data.

895. What should be considered when defining the estimation method?

- the constraints of the data release calendar;
- the availability of data sources at the time of estimation process: VAT returns, recapitulative statement (VIES) or Intrastat declarations;
- the quality of the available data in terms of completeness and accuracy;
- the necessity to adjust the data: extrapolation from historical data, alignment of the fiscal data to the ITGS concept.

10.2.4 AVAILABILITY AND QUALITY OF DATA SOURCES

896. The following aspects must be taken into account when defining the estimation method:

- The availability of VAT data (data from VAT return or VIES data) - At the moment the estimation process should be launched, fiscal data may not yet be available. In such a case, there is no choice but using historical VAT or VIES data.
- The quality of VAT data – data from VAT return or VIES data may be incomplete due to simplification provided by tax administration for small operators to lodge fiscal declarations quarterly or annually. As a result, VAT data could be incomplete during certain period of time. In such a case, the severity of the issue should be assessed in order to decide about the optimal solution: 1) using historical data as long as current month data are not complete enough; 2) using current month data complemented by historical data for traders with missing declarations; 3) using current month data with some adjustments, if deemed necessary. It should be noted that changes in the population of traders (incoming new or those who have ceased activities) would be ignored if using exclusively historical data, except if a specific adjustment is introduced.
- The quality of Intrastat data - The non and late response is characteristic to small and medium sized traders, i.e. PSIs just above the exemption threshold. This should be taken into account in the compilation of the distribution factors used to allocate the total estimated BTT value by product and partner. The use of historical data would eliminate late response problems but new PSIs would be excluded.

897. The selection of the most appropriate method requires the knowledge of the key features and the development of the population of traders (e.g. the share of quarterly or annual VAT declarations in total value of supplies and acquisitions, the share of non-response on the date when estimations are carried on, share of new intra-EU trade operators, share of new PSIs, etc.).

10.2.5 METHODOLOGICAL ALIGNMENTS OF VAT DATA

898. Prior to any use, VAT data must be methodologically aligned to Intrastat requirements (e.g. taxable amount adjusted to statistical value, exclusion of trade in services and triangular trade, exclusion of processing trade from Intrastat data, alignment of reference period, etc.). More

information about the methodological alignments of VAT data can be found in the other sections of the Compilers Guide.

10.3 Estimation methods

10.3.1 STEP 0 – IDENTIFICATION OF THE BELOW THRESHOLD TRADERS

899. This step consists in identifying the intra-EU trade operators which are exempted from the submission of Intrastat declarations. The tool to be used is the Intrastat register. The Intrastat register identifies all the intra-EU trade operators with unique identification code and contains – or enables to access – up-to-date VAT and Intrastat data for each trader. Its maintenance is ensured by the legal obligation for the national tax administration to provide the NSA with the necessary information.

900. The Intrastat register should enable to split the intra-EU trade operators between BTT traders and PSIs for each month. The BTT trader may become a PSI at any time during the course of the year. The VAT data enable the identification of the new traders (BTT traders or PSIs) and of the traders which have stopped their activities (former BTT traders or former PSIs). A special attention should be paid to traders which are not trading every month and zero Intrastat declarations are not required in order to avoid considering erroneously their data as missing.

901. The monitoring and management of the population of traders is essential not only to ensure that all missing data are estimated by using the most appropriate method but also to be able to distinguish between the types of estimates – BTT estimates or estimates for non or late response – in data transmitted to Eurostat. If a below-threshold trader becomes a PSI during the course of the year, the estimates for missing data for subsequent periods shall be flagged as non/late response (threshold indicator 4) and no longer as below-threshold-trade estimates (threshold indicator 3) in the data transmissions to Eurostat (Doc MET 400 data files).

10.3.2 STEP 1 – ESTIMATION OF THE TOTAL BTT VALUE

902. Both VAT data and Intrastat declarations can be used separately or in conjunction to estimate the BTT value. In general, the historical Intrastat declarations or historical VAT data can be used to estimate BTT value of the current month as long as the VAT data are not yet available at NSA or are not complete.

903. **It is recommended** that NSA estimate the total trade below the exemption threshold by using the most reliable data sources – current month's or historical administrative data (VIES or VAT) – available at the time the estimation process should be launched.

10.3.2.1 VAT method

904. The BTT value is estimated by considering the VAT returns (after methodological adjustments to Intrastat requirements) of all below threshold traders as identified in Step 0. The total values of arrivals and dispatches are estimated from the total values of intra-EU acquisitions and supplies after the necessary methodological adjustments. VAT data relating to the same reference month should be used in priority as soon as they are of sufficient quality. Their completeness rate at the different points of time should be then assessed.

905. When data from VAT returns **are available** and complete enough, the total trade value of all BTT traders corresponds to the sum of the values reported by each BTT trader for the same reference month (t). It can be written as:

$$\text{INT}_{\text{BTT},t} = \sum_{\substack{i=1 \\ \in \text{BTT}}}^n v_{i,t}$$

Where:

$\text{INT}_{\text{BTT},t}$ = Total Intrastat value of BTT traders for the estimated month t
 $i \in \text{BTT}$ indicates that only BTT traders are considered

$v_{i,t}$ = VAT value reported by trader i for period t

n = total number of BTT traders

t = Reference month for which estimates are compiled

906. When data from VAT return **are not available** or not complete enough, it is necessary to estimate missing VAT data. The estimation can be run at global level or micro level:

- **Use of time series.** The total VAT value of BTT traders is estimated (using time series models like ARIMA) or approximated on the basis of a cumulated period of time, for instance by considering the monthly average of all VAT returns relating to previous reference periods. Considering the previous reference year as a whole would present the advantage of taking into account the quarterly and annual returns without requiring specific adjustments, but would also present the shortcoming of not reflecting recent changes in the population of the below threshold traders.
- **Application of a completeness factor to VAT data relating to the current month.** VAT data are adjusted on the basis of a completeness factor computed from the analysis of VAT data at different points of time. In that case, the formula is:

$$\text{INT}_{\text{BTT},t} = \sum_{\substack{i=1 \\ i \in \text{BTT}}}^n v_{i,t} \times CF$$

Where:

CF = completeness factor

$v_{i,t}$ = VAT value reported by trader i for period t

t = Reference month for which estimates are compiled

- **Application of a growth factor to a specific period.** The VAT data relating to a previous period are adjusted on the basis of a growth factor derived from Intrastat data (ratio of current Intrastat data to previous period's Intrastat data). In that case, the formula is:

$$\text{INT}_{\text{BTT},t} = \sum_{\substack{i=1 \\ i \in \text{BTT}}}^n v_{i,t-1} \times GF \quad \text{or} \quad \text{INT}_{\text{BTT},t} = \sum_{\substack{i=1 \\ i \in \text{BTT}}}^n v_{i,t-12} \times GF_t$$

Where:

GF_t = growth factor compiled for period t

$v_{i,t}$ = VAT value reported by trader i for period t

t = Reference month for which estimates are compiled

- **Use historical VAT data at trader level.** When VAT data are incomplete for a reference month, it can be envisaged to estimate the missing returns individually for each trader concerned by using its time series or by applying growth factors to its historical data. As working at such a level of details is more complex, a cost-benefit analysis should be carried out beforehand.

Q1	Should one of the following options be promoted for the estimation of the total BTT value using historical VAT data: use VAT data of (i) the same month of the previous year (to consider the seasonality), (ii) just previous month or (iii) a period covering several months?
A1	<p>Option (i) The use of the same month of the previous year data would reflect seasonality but not recent changes in the economy. It could be used when the trade patterns are stable for several years.</p> <p>Option (ii) It would reflect recent changes in the trade pattern but would be impacted by the amount of small traders who submit quarterly or annual returns. Additional adjustment might be needed in order to estimate the trade value of those traders.</p>

Option (iii) This method would allow to reduce estimation error when the trade pattern is unstable and the level of BTT trade is changing significantly every month. It could be for instance considered to take into account a period of previous year for which the data are complete and all corrections are implemented.

Q2 If same month of the previous year or just previous month data are considered, a growth factor has to be applied. How to compile this factor?

A2 There are many ways to calculate growth factors.

The growth factor can be computed from historical and current month Intrastat data:

- at global level on the basis of total trade;
- at NACE-2 digit level; or
- by considering size classes and in particular by considering JATT values (i.e. comparing current and historical trade values of the just-above-threshold PSIs considered for the partner/product allocation).

Q3 If a time series is considered – What should the minimum length be? 12, 24 months or more?

Should just previous month data be preferred to previous years' data?

How should outliers be treated? If a regression approach or a forecasting model is used, is there any econometric model or forecast method to be promoted?

A3 Considering a minimum number of observations of around 36 months is generally recommended when using ARIMA models, especially when it is important to take into account the seasonality component. The period of 36 month can be used for estimates are global level. For estimates at micro level, long time series could be missing because of changes in the traders' population.

Simulations should be carried out in order to assess to which extent just previous month data should be preferred to previous year data.

Before any removal, outliers should be further investigated to ensure they are not part of a seasonal (or other cyclical) trend that pops up every so often and may appear as an aberrant value. If proved to be aberrant values, outliers should be replaced by linear interpolation.

There are no particular econometric models which can be promoted for the estimation of BTT value. In all cases various models need to be tested (panel estimation models and regression models as well as forecast methods) and results analysed in order to find out which model produces the best predictions of VAT data.

10.3.2.2 VIES method

907. In this method, BTT value is estimated by considering the VIES data of all below threshold traders as identified in Step 0. The total values of arrivals and dispatches are estimated from the total values of intra-EU acquisitions and supplies after the necessary methodological adjustments. VAT data relating to the same reference month must be used in priority as soon as they are available except if they are not exhaustive enough.

908. Compared with VAT data, VIES data have the advantage of integrating the partner country dimension. However it has to be taken into account that the definitions of the partner country in VIES and Intrastat data are different. The partner country in VIES data corresponds to the country where the partner trader resides (i.e. flows are recorded on the basis of the invoice) while the partner country in Intrastat data corresponds to the country of destination of the goods for dispatches and to the country of consignment of the goods for arrivals (i.e. flows are recorded on the basis of the physical movements through the national frontier). Therefore, prior to any use of VIES data at partner level, it should be assessed whether the partner country distribution captured from VIES data is a reasonably good proxy of the partner country distribution in trade statistics.

909. Like VAT returns, VIES data may not be all available in due time because of simplification provisions. This means that it might be necessary to apply time series models or adjustment factors in order to estimate missing VIES data. It is also important to take into account the timeliness of

availability of data on intra-EU acquisitions:

- either VIES data are collected at national level both for supplies and acquisitions and therefore are available within the same deadline;
- or VIES data are collected only for supplies at national level and acquisitions can be derived from the mirror supplies provided by the partner Member States but with a time lag.

910. The output of the VIES method integrates the partner country allocation, therefore the distribution factors computed in Step 2 relate only to the product breakdown.

10.3.2.3 MDS method

911. Under the MDS (Mixed Data Sources) method, the BTT value is estimated by applying to Intrastat data a fixed factor derived from VAT time series. This method requires that the share of the BTT traders in total trade is stable over time, which implies in particular that there is no significant change in the traders population, due to incoming new or ceased activities traders or due to the movements between below and above threshold traders populations.

912. The fixed factor is computed by dividing the total VAT value of the BTT traders by the total VAT value of the ATT traders (i.e. of the above threshold traders), separately for arrivals and dispatches. When performing this calculation, the use of VAT data declared over a long enough time period is advisable. This period could, for instance, cover the last 12 months, including or not the data of the reference month for which estimates are compiled. When the VAT data are strongly affected by missing quarterly returns, then the 12 month period could take into account the 12 months before the current quarter.

Fixed Factor = (VAT data taxable amount of below threshold traders) / (VAT data taxable amount of above threshold traders)

Or:

$$\dot{FF}_t = \frac{\sum_{\substack{i=1 \\ i \in BTT}}^n v_{i,t'}}{\sum_{\substack{i=1 \\ i \in ATT}}^n v_{i,t'}}$$

Where:

FF_t = Fixed Factor compiled for month t

BTT = Below threshold traders

ATT = Above threshold traders

n = number of BTT traders

k = number of ATT traders

$v_{i,t'}$ = VAT value reported by trader i for period t'

t' = reference month or cumulated period taken into account for the FF calculation

913. The Fixed Factor is then applied to the Intrastat data adjusted for the late and non-response. This value is considered to be the estimate of the total BTT value. The following formula is used:

*Total BTT value = (collected trade from Intrastat + late/non response trade estimate) * (Fixed Factor)*

Or

$$INT_{BTT,t} = \sum_{\substack{i=1 \\ i \in ATT}}^k x_{i,t} \times FF_t$$

Where:

$INT_{BTT,t}$ = Total Intrastat value of BTT traders for the estimated month t

$x_{i,t}$ = Intrastat value reported by ATT trader i for month t including estimates for non- and late response if necessary

FF_t = Fixed Factor compiled for month t

Q5 What should be the period of time and the minimum length of the time series when compiling the fixed factor (percentage of total trade)?

A5 It seems logical to consider a quite long period of time to compile the fixed factor, such as 12 months.

The use of the ‘monthly average of the previous year’ is the most practical option because the issue of late VAT returns or Intrastat declarations are overcome. This option is pragmatic but does not consider the information brought by recent data. Another option would consist in considering a sliding period of time which would integrate fresher information.

Questions to be considered: Does a significant share of small traders submit annual VAT returns? If yes, the use of previous year data is the only option possible. If no, the next question should be: Does a significant share of small traders submit quarterly VAT returns? If yes, a sliding period based on quarter (e.g.: use of the 4 previous quarters data) could be defined. Finally, if all operators are required to report on a monthly basis, all options are possible (including the use of the last 12 months).

Q6 At which frequency should the fixed factor be revised?

A6 The answer to that question depends on the stability of the fixed factor over time.

The stability of the fixed factor depends on how frequently and how significantly in value new intra-EU traders are starting activities or old traders are ceasing their activities (both BTT traders and PSIs). In the large economies this factor may be more stable than in small economies.

If the trade is stable, the fixed factor should be recalculated (or reconfirmed) at least once a year when all VAT data are available and when it is possible to recalculate BTT value based on real data.

10.3.3 STEP 2 – ALLOCATION OF THE BTT VALUE BY PRODUCT AND PARTNER COUNTRY

914. All the different methods described in this section comply with the following recommendations: **It is recommended** that NSA allocate the estimated total trade below the exemption threshold by product and partner Member State by using data collected from the most similar traders above the exemption threshold. ‘Most similar traders’ should be understood as traders with a most similar activity or/and of most similar size. ‘Traders with a most similar activity’ means ‘traders with the same NACE activity code or with a NACE activity code as similar as possible’. ‘Traders of most similar size’ means ‘just-above-threshold traders’. As regards the allocation by partner Member State, an alternative to the use of most similar traders’ data would consist in applying the pattern captured from VIES data.

915. The objective of each method is to select a reference population for which the trade pattern can be assumed to be a good proxy of the trade pattern of the BTT trade. In that sense, all methods tend toward a ‘most similar traders’ approach.

916. The difference stands on the way the most similar traders are selected. The approaches presented below are ranked from the least to the most accurate in terms of ‘most similar traders’ selection, except in the case of the JATT and NAC methods which can be considered at the same level of accuracy as both integrating one particular characteristic of the company, the size or the activity. In all methods, the principle consists in compiling distribution factors to breakdown the below threshold traders’ estimated total trade value by product and partner.

917. At that point, it should be underlined that the partner allocation can be skipped by the use of distribution factors provided by VIES data in Step 1. The distribution factors should then focus on the product breakdown only and should be compiled for each partner country individually.

10.3.3.1 Adjusted Above Threshold Trade (AATT) factors

918. The AATT factors are compiled from the Intrastat declarations collected for the current month after having excluded some specific goods and/or PSIs. The products to be excluded are the ones which are unlikely to be traded by BTT traders. The PSIs to be excluded are the ones which would obviously distort the distribution factors.

919. In this approach, it is assumed that the BTT structure is similar to the structure of the total trade after excluding the trade reported by certain PSIs or removing the trade in certain products. NB: Such an adjustment should also be applied in the JATT, NAC and NAS methods in order to improve the accuracy of the product allocation.

920. When compiling the AATT factors, Intrastat data of the same reference month should be used in priority except if they are too impacted by the non, late or partial response. Previous month(s) data or data relating to the same month of the previous year could also be used. The AATT factors should be computed separately for arrivals and dispatches.

921. **Selection of the reference dataset.** The reference dataset gathers all Intrastat data reported by the above threshold traders but excluding goods related to particular sectors or goods with a unit value very high, which, according to the NSA's knowledge, cannot be traded by small traders below the threshold values (e.g.: diamonds, petroleum, natural gas, electricity, vessels, aircraft and other specific goods). Both, the type of goods and the number of players on the market should be considered. Particular products which are traded by monopolistic or oligopolistic traders could also be excluded. This is to be analysed at Member State level in order to produce a list of goods to be removed from the Intrastat data before compiling the product distribution factors.

922. **Calculation of the distribution factors.** The distribution factors correspond to the shares of each partner country/product combination considering the reference dataset. The AATT factors are calculated according to the following formula:

$$AATT_{j,l,t} = \frac{\sum_{\substack{i=1 \\ i \in AATT}}^p x_{i,j,l,t'}}{\sum_{\substack{i=1 \\ i \in AATT}}^p x_{i,t'}}$$

Where:

$AATT_{j,l,t}$ = AATT factor for trade of product j with partner l in month t

$x_{i,t'}$ = Intrastat trade value of trader i in period t'

$x_{i,j,l,t'}$ = Intrastat trade value of trader i for product j with partner l in period t'

$i \in AATT$ = indicates that the trader i belongs to the group of ATTT traders

p = total number of AATT traders

l = partner country

j = product code (at defined CN level)

t' = reference period used to compute the AATT factor

923. **Estimation of BTT trade by partner and product.** The total BTT value is distributed by partner and product according to the following formula:

$$INT_{BTT,j,l,t} = INT_{BTT,t} \times AATT_{j,l,t}$$

Where:

$INT_{BTT,j,l,t}$ = Intrastat value for BTT traders for trade in product j with partner l in month t

$INT_{BTT,t}$ = Total Intrastat value of BTT traders for the estimated month t

$AATT_{j,l,t}$ = AATT factor for trade of product j with partner l in month t

10.3.3.2 Just Above Threshold Trade (JATT) factors

924. This method is based on the assumption that the product/partner distribution of the below threshold trade is similar to the product/partner distribution of the JATT traders' total trade. The BTT distribution factors will be then compiled from the Intrastat declarations submitted by the JATT traders.

925. This section describes how to compile and apply the JATT factors. This includes the description of the different options to select the JATT traders.

926. **Selection of the reference population, i.e. of the JATT traders.** All the PSIs are ranked from the smallest to the largest trader on the basis of their Intrastat trade values. The JATT traders are selected:

- Either according to the total BTT trade value: the process consists in summing up the trade values of the PSIs ranked in ascending order until the cumulated total trade value is as close as possible to the estimated BTT total value.
- Or according to a threshold: this process consists in determining a threshold under which all PSIs will be included in the reference population.

927. **Calculation of the distribution factors.** The distribution factors correspond to the shares of each partner country/product combination in the total trade of the JATT traders. The JATT factors are calculated according to the following formula:

$$JATTF_{j,l,t} = \frac{\sum_{i=1}^{JATTF} x_{i,j,l,t'}}{\sum_{i=1}^p x_{i,j,l,t'} \in JATT}$$

Where

$JATTF_{j,l,t}$ = JATT factor for trade of product j with partner l in month t

$x_{i,t}$ = Intrastat trade value of trader i in period t'

$x_{i,j,l,t'}$ = Intrastat trade value of trader i for product j with partner l in period t'

$i \in JATT$ indicates that the trader i belongs to the group of JATT traders

p = total number of JATT traders

l = partner country

j = product code (at defined CN level)

t' = reference month or cumulated period used to compute the JATT facto

928. **Estimation of BTT trade by partner and product.** The total BTT value is distributed by partner and product according to the following formula:

$$INT_{BTT,j,l,t} = INT_{BTT,t} \times JATTF_{j,l,t}$$

Where:

$INT_{BTT,j,l,t}$ = Intrastat value for BTT traders for trade in product j with partner l in month t

$INT_{BTT,t}$ = Total Intrastat value of BTT traders for the estimated month t

$JATTF_{j,l,t}$ = JATT factor for trade of product j with partner l in month t

Q9 The just-above-threshold PSIs can correspond either to (i) the smallest PSIs whose cumulated trade value equals or just exceeds the estimated BTT value or to (ii) PSIs whose individual trade value is below a certain threshold. Are other options possible?

A9 It is quite common that BTT traders provide Intrastat declarations voluntarily, although being below exemption threshold. Therefore such declarations could be used in the compilation of the distribution factors by being added to the reference population.

- Q10** How to handle the impact of the non and late response of JATT traders?
 What period should be used when computing JATT factors (current month, same month of previous year, previous year 12 months average, 12 last months, etc.)?
- A10** Using data of previous year (monthly average) to select the reference population and compile the distribution factor is a way to overcome the issue of non and late response from JATT traders. Factors would be then compiled only on the basis of final Intrastat data.
 Another option would be to consider a fixed sliding period considering a time lag sufficient to minimize the impact of the late response.
- Q11** Update of the JATT factors: should they be computed once a year or updated several times per year (e.g.: revised every month)?
- A11** This depends on the reference periods considered to derive the distribution factors and to which extent data relating to those reference periods are stable. A study to assess the stability of the JATT factors over time should be carried out to consider this question.

10.3.3.3 Traders grouped by NACE code (NAC factors)

929. The NAC method implies to group all the traders (including BTT traders) according to their economic activity, i.e. according to their NACE code. Therefore it requires having an access to an up-to-date business register. Distribution factors are computed at the level of traders groups (i.e. NACE code) at product/partner country level and considering above threshold traders for which Intrastat data are available. The distribution factors are applied to the BTT traders according to the economic activity group they belong to. It is assumed that all traders belonging to the same activity group have similar trade patterns, whatever whether they are below or above the exemption threshold.

930. The logic of choosing the reference period for the calculation of distribution factors by NACE groups remains the same as in the above described methods: the Intrastat data of the current month should be used if the completeness is assured and the number of observations for each NACE code is satisfactory, otherwise other reference periods (isolated month or cumulated period) should be used.

931. Selection of the reference population

- Intrastat declarations of the current month and information available in the business register are considered simultaneously to distribute PSIs into homogenous groups according to their activity sector by NACE classes. At which level of NACE codes distribution should be done depends on the size of economy and whether there is enough of representative population in each NACE group.
- Note that economic activity (NACE) and foreign trade activity may differ. For the purpose of a better estimation, it may be useful to reassess the economic activity of the PSIs on the basis of their most traded products converting CN codes into CPA codes. The first four digits of the CPA codes could be used to correct the NACE codes.
- At the next step, the NACE groups are checked for representativeness, i. e. the number of traders in each group should not be lower than certain minimum, in order to be used in the reference population. In case the NACE group is considered as non-representative, it can be merged with another as similar as possible NACE group or removed from reference population.

932. Calculation of factors

- Distribution factors are compiled by NACE group and for each product/partner country combination on the basis of Intrastat data:

$$NACF(G_k)_{j,l,t} = \frac{\sum_{\substack{i=1 \\ i \in ATT(G_k)}}^{P_k} x_{i,j,l,t'}}{\sum_{\substack{i=1 \\ i \in ATT(G_k)}}^{P_k} x_{i,l,t'}}$$

Where:

$NACF(G_k)_{j,l,t}$ = NAC factor for NACE group k for trade in product j with partner l in month t

$x_{i,t}$ = Intrastat trade value of trader i in period t'

$x_{i,j,l,t'}$ = Intrastat trade value of trader i for product j with partner l in period t'

$i \in ATT_k(\cdot)$ indicates that trader i belongs to the Above Threshold Trade population and to the NACE group G_k with k=1, 2... p_k

p_k = total number of traders in NACE group k

l = partner country

j = product code (at defined CN level)

t' = reference period used to compute the NAC factors

933. Application of factors

- Each BTT trader is attributed to a NACE group according to its NACE code.
- The distribution factors of the NACE group to which the BTT trader belongs are applied to its total VAT value (methodologically adjusted to Intrastat requirements).
- If estimates at trader level are not necessary, distribution factors can be applied at group level by considering the cumulated VAT value (methodologically adjusted to Intrastat requirements) of all BTT traders belonging to the group

First option: application of distribution factors at trader level

$$INT_{BTT}(G_k)_{i,j,l,t} = v_{i,t} \times NACF(G_k)_{j,l,t}$$

$$INT_{BTT}(G_k)_{j,l,t} = \sum_{\substack{i=1 \\ i \in BTT(G_k)}}^{P_k} INT_{BTT}(G_k)_{i,j,l,t}$$

$$INT_{BTTj,l,t} = \sum_{k=1}^p INT_{BTT}(G_k)_{j,l,t}$$

Second option: application of distribution factors at group level

$$INT_{BTT}(G_k)_t = \sum_{\substack{i=1 \\ i \in BTT(G_k)}}^{p_k} v_{i,t}$$

$$INT_{BTT}(G_k)_{j,l,t} = INT_{BTT}(G_k)_t \times NACF(G_k)_{j,l,t}$$

$$INT_{BTTj,l,t} = \sum_{k=1}^p INT_{BTT}(G_k)_{j,l,t}$$

Where:

$INT_{BTTj,l,t}$ = Estimated Intrastat value of BTT trade in product j with partner l in month t

$INT_{BTT}(G_k)_t$ = Total estimated Intrastat value of BTT traders belonging to group G_k in month t

$INT_{BTT}(G_k)_{j,l,t}$ = Estimated Intrastat value of BTT traders in group G_k for trade in product j with partner l in month t

$NACF(G_k)_{j,l,t}$ = NAC factor for NACE group k for trade in product j with partner l in month t

$v_{i,t}$ = VAT value reported by trader i for period t

$i \in ATT(G_k)$ indicates that trader i belongs to the Above Threshold trade population and to the NACE group G_k with $k=1, 2 \dots p_k$

$i \notin BTT(\cdot)$ indicates that trader i belongs to the Below Threshold Trade population and to the NACE group G_k with $k=1, 2 \dots p_k$

Q12 It may happen that no Intrastat data are available for a specific NACE code corresponding to the activity of one or more traders below the threshold. In such a case, traders above the threshold with a NACE activity code 'as similar as possible' should be looked for. How should this 'as similar as possible' NACE code be defined?

A12 If no Intrastat data is available for a specific NACE code at the desirable level, one option may be to consider the Intrastat value for the corresponding NACE code at higher level. In case the higher level is not available, the most important group within the same section could be considered.

10.3.3.4 Traders grouped by NACE code and size class (NAS factors)

934. NAS and NAC methods follow the same approach but the reference population is different as Intrastat population is distributed even into smaller groups when considering the size in addition to the activity. Note that the 'size' refers to the trade value or turnover and not to the number of employees which does not appear to be relevant to select similar traders from which product/partner distribution factors can be derived.

935. The number of size classes and the limits in value are set up individually by each Member State. The size class shows the importance of trader: whether it is a large trader or a trader with insignificant annual turnover. As BTT traders are small companies, it is logical to include in the reference population for the calculation of distribution factors only those NACE groups of the smallest traders.

936. A pragmatic approach would consist in allocating to NACE groups only JATT traders. As the NAS method includes in the reference population only small traders, the level of details at which NACE groups are created might be not very high.

937. The other stages of NAS method - calculation of distribution factors and application of distribution factors – are identical to the ones of the NAC method.

10.3.3.5 Product allocation of BTT estimates by partner

938. The use of VIES data in Step 1 enables to estimate directly the BTT value broken down by partner country. The distribution factors compiled under Step 2 should then relate only to the products.

939. **Reference population.** The AATT, JATT, NAC and NAS approaches are all applicable but considering in another way the partner country dimension. It is assumed that the pattern of the BTT trade by products with a given partner is similar to the pattern of the trade by product of PSIs reference population with the same partner. A supplementary criterion could be taken into account: if there is no BTT trade with a certain partner country, PSIs trading with that partner could be excluded from the reference population.

940. **Calculation of the distribution factors — JATT method as example.** The trade pattern by product is computed by using Intrastat data selected under Step 1. The distribution factors correspond to the share of each product code in the total trade with each partner country considered individually. JATT factors can be compiled as:

$$JATTF_{j,l,t} = \frac{\sum_{i=1}^p x_{i,j,l,t}}{\sum_{\substack{i=1 \\ \in JATT}} x_{i,l,t}}$$

Where

$JATTF_{j,l,t}$ = JATT factor for trade of product j with partner l in month t

$x_{i,l,t}$ = Intrastat trade value of trader i with partner l in period t

$x_{i,j,l,t}$ = Intrastat trade value of trader i for product j with partner l in period t

$i \in JATT$ indicates that the trader i belongs to the group of JATT traders

p = total number of JATT traders

l = partner country

j = product code (at defined CN level)

t' = reference month or cumulated period used to compute the JATT factor

941. Product distribution of the BTT trade by partner — JATT method as example

Distribution factors apply to the BTT estimates by partner to obtain BTT trade allocated by partner and product according to the following formula:

$$INT_{BTT,l,t}^{BTT} = \sum_{i=1}^n v_{i,l,t}$$

$$INT_{BTT,j,l,t} = INT_{BTT,l,t} \times JATTF_{j,l,t}$$

Where:

$v_{i,l,t}$ = VIES value reported by trader i with partner l for month t

$i \in BTT$ indicates that only BTT traders are considered

n = total number of BTT traders

$INT_{BTT,j,l,t}$ = Intrastat value for BTT traders for trade in product j with partner l in month t

$INT_{BTT,l,t}$ = Total Intrastat value of BTT traders with partner l for the estimated month t

$JATTF_{j,l,t}$ = JATT factor for trade of product j with partner l in month t

942. Note that, in this method, the VIES data are used at step 1 where the BTT trade is estimated by partner country. Nevertheless, VIES data can also be used in other ways. For instance, the total BTT

trade can be first dispatched by product using one of the method proposed and second the trade of each product can be dispatched by partner on the basis of the pattern provided by VIES data.

10.3.4 STEP 3 – ESTIMATION OF NET MASS AND SUPPLEMENTARY QUANTITY

943. The minimum product level at which estimates should be compiled is the chapter level of the Combined Nomenclature, i.e. by HS2 codes. However, the NSA may choose a more detailed level. If estimates are compiled at CN8 level, the following recommendation applies.

944. When estimates for missing intra-EU trade are compiled at CN8 level, **it is recommended** that NSA estimates and transmits to Eurostat not only the statistical value but as well the net mass and the supplementary quantity wherever relevant.

945. This recommendation targets the unit values which can be derived from the net mass and supplementary quantity at CN8 level. Partial availability of the quantity – only for trade operators liable to submit Intrastat declarations – while the trade value is complete thanks to the estimates would distort the unit value.

946. As fiscal data do not include information on net mass or supplementary quantity, the only possible method would consist in applying quantity factors compiled for each CN8 code on the basis of Intrastat — possibly Extrastat — data. These factors correspond to the ratios 'Net mass / trade value' and 'Supplementary quantity / trade value' to be applied to the estimated trade value.

11

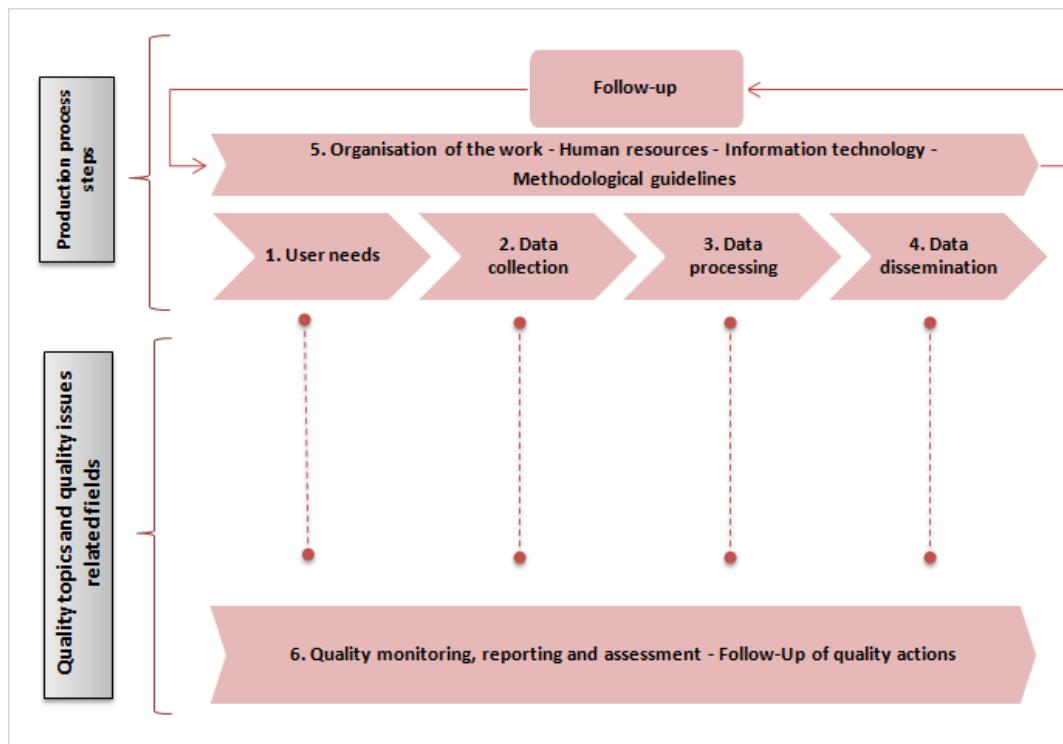
Quality check list

11.1 Introduction

947. What is the Quality Checklist? The Quality Checklist is a list of questions which aim at drawing the compilers' attention on issues to be solved or on practices to be improved. Behind each question stands a legal requirement, a recommendation or an advisable practice. The checklist should be considered as a 'light' quality assessment tool complementing the annual quality reporting and assessment procedure.

948. The following diagram depicts the structure of the Quality Checklist. The sections of the checklist correspond to the different modules of a statistical process.

Figure 55: Structure of quality check list



949. The objectives of the Quality Checklist. To provide an overall picture of the quality of both the statistical output and the underlying statistical production process. It should be used to identify areas where improvement is most needed.

- To provide guidance in the consideration of potential improvement measures that could be implemented in the statistical production process

- To identify strengths which can be used for benchmarking purposes
- To identify weaknesses which can form the basis for a quality action plan

950. How to use the Quality Checklist? All the questions are calling for a positive answer. Therefore, partial or negative statements, if they occur, should be analysed in order to define the appropriate corrective action(s).

11.2 Quality check list

Table 15: Quality check list

USER SATISFACTION AND NEEDS <i>Statistics are relevant if they meet user needs. Thus, user needs have to be established at the outset.</i>			
Knowledge of users			
Have you established a user database?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Is there a process to identify user needs?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you know who the key users by order of importance are?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Have both the internal and external users of the data been identified?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Are user needs and the usage of statistical information analysed?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do changes occur as a result of user needs assessments?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
User satisfaction			
Do you regularly carry out a user satisfaction survey?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you ensure regular consultations of users?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Are all users' categories satisfied with available data and products?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do the definitions used for the data match the user requirements for the statistical output?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Are any user/advisory groups, committees or independent bodies consulted about the statistical output on a regular basis?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
In case of users' complaints, do you take appropriate measures?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
DATA COLLECTION			
Guidance system			
A guidance system aims at assisting PSIs to submit timely and accurate information. It should help PSIs to get started, be kept informed and find answers to specific questions.			
PSIs support			
Do you inform PSIs about the implementation of changes in the system?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you have a PSI manual?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
If yes			
- Is this manual regularly updated?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
- Is this manual available in any other languages than the national language?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
- Is this manual available on-line?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
If particular:			
- Do you inform PSIs about the modifications in Combined Nomenclature (CN) in a due time in order to allow traders to prepare and make any changes to their systems?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No

<ul style="list-style-type: none"> - Do you provide guidelines to the concerned traders in order to make sure that they adjust the taxable amount or invoiced value in such a way that they transmit the statistical value of their trade (CIF for arrivals and FOB for dispatches)? 	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you provide specific information to new PSIs (e.g. 'How to get started' guide)?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Have you organised a helpdesk service for PSIs? If yes	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
<ul style="list-style-type: none"> - Do you regularly assess the efficiency of the helpdesk? - Are PSIs satisfied with the available documentation and helpdesk services? - Do you keep track of the more frequent questions? 	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No

Data sources

Several sources of data, including administrative data (e.g. VAT and VIES data), are needed for the compilation of statistics.

Do you receive the relevant information from the National Tax Administration (VAT, VIES, tax registers, etc.) without delay? If yes, is the timeliness satisfactory?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you receive from the tax administration contact and identification information about persons who have declared intra-EU acquisitions and supplies of goods (name of the taxable person, address including post code and an identification number)?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you control the quality of the fiscal information?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
If you compare Intrastat and VIES data, do you exclude all transactions marked as triangular trade from the data of the reporting Member State?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you align fiscal information with other statistical concepts and definitions?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Have you established adequate register maintenance procedures (updates, quality assurance, data audit)?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do National authorities responsible for maintaining vessels and aircraft registers provide the NSIs with all information available in the registers?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you use all available means, including also non-VAT sources, e.g. ships and aircraft registers, information from classification companies, etc. to the Intrastat data collection in order to ensure total trade coverage?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you have established a link between Intrastat register and business register?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you acquire EORI register along with trade data from Customs on a regular basis? If yes, is this agreement included in the Memorandum of Understanding between Customs and NSI?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you update as frequently as possible, at least once per month, the information about the liability of the companies to report for Intrastat?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No

MONITORING SYSTEM

The aim of the monitoring system at the collection level is to detect any missing data. It should be combined with a reminder system and a penalty regime. The monitoring system is based on an updated trade register with an appropriate coverage in terms of statistical units and the necessary linkages to other registers.

Are the Intrastat/Extrastat trade registers regularly updated?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
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Monitoring of the respondents in Intrastat

Do you monitor traders in order to detect missing declarations and take the appropriate measures?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you have a monitoring system that sends out reminders and awards penalties to persistent, non- and late respondents?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No

Minimising missing data in Intrastat

Do you take measures to reduce partial, late and non-response?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you ask companies to submit nil-returns?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
If a reminder system exists, is the reminder system efficient?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
If a reminder system exists, are there visits arranged to the premises of non-compliant PSIs or in the NSA's premises?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
If a penalty system exists, are there rules for imposing penalties on non-compliant PSIs?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
If a penalty system exists, are there administrative proceedings?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Are respondents re-contacted to check the data?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No

DATA PROCESSING

Control procedure

Control procedures need to be implemented in order to ensure data quality at the most detailed level.

Control types

Do you control the data completeness?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
If yes:			
- Do you compare VAT and Intrastat data at PSI level over a long period (e.g.: 3 months, 6 months, cumulative value since the beginning of the year)?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
- Do you analyse the differences between data on partner country in Intrastat and VIES at PSI level?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Are there additional quality checks performed on Intrastat data using information from VAT/VIES declarations?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you apply validity checks?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you apply control procedures in order to check all records with CN code 7108 20 00 (monetary gold)?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
Do you apply credibility checks?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you closely monitor the changes in TARIC codes during the year and when necessary modify data validation procedures?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No

Control tools

Have you implemented an outliers' detection system?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you have IT tools used for data processing and data correction?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No

Do you keep track of your data corrections and imputations?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you regularly assess the performance of your control procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Are statistics checked for consistency with those obtained through other data sources?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Have you identified the main types of data error?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Have you established a list of errors, or reasons for their occurrence?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Have you taken any action to reduce the likelihood of the errors occurring?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No

ESTIMATES FOR MISSING TRADE

Missing data must be estimated to make the statistics cover 100% of trade.

Are editing checks carried out and missing values imputed?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
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Estimates for non-collected net mass in Intrastat

Do you apply the net mass simplification in Intrastat (i.e. net mass not mandatorily collected for CN8 codes with a supplementary unit)?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
If yes, do you estimate the non-collected net mass?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Estimates for the non-collected statistical value in Intrastat

Do you collect the statistical value for Intrastat only from the biggest and most important traders?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you estimate the non-collected statistical value?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you use the delivery terms and the mode of transport whenever available on customs declarations for correct calculation of statistical value and CIF and FOB adjustments?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
If you use fixed coefficients for statistical value adjustment, do you regularly update them (at least on an annual basis)?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No

Estimates for below threshold trade in Intrastat

Do you compile estimates for below threshold trade (BTT)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes	
Do you estimate BTT value at least at chapter level and by partner country?	<input type="checkbox"/> Yes <input type="checkbox"/> No
In the case you compile estimates at CN8 level, do you estimate the net mass in addition to the trade value?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you use the most reliable data sources — current month's or historical administrative data (VIES or VAT) — available at the time the estimation process should be launched in order to estimate the total BTT value?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you use VIES data instead of VAT returns when comparable quality is ensured – considering timeliness and accuracy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you allocate the BTT value by product and partner on the basis of most similar traders' data?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, which definition do you use to identify the 'most similar traders?	
- Just-above-threshold traders	<input type="checkbox"/> Yes <input type="checkbox"/> No
- Above-threshold traders with a most similar activity , i.e. traders with the same NACE activity code or with a NACE activity code as similar as possible	<input type="checkbox"/> Yes <input type="checkbox"/> No
- Just-above-threshold traders with a most similar activity	<input type="checkbox"/> Yes <input type="checkbox"/> No

Do you use Intrastat data previously reported by now exempted traders to estimate their trade in the current year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Estimates for non-, late and partial response in Intrastat	
Do you compile estimates for non-, late and partial response? If yes Do you estimate non-, late and partial response value at least at chapter level and by partner country? In the case you compile estimates at CN8 level, do you estimate the net mass in addition to the trade value?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Do you use the most reliable data sources — current month's or historical administrative data (VAT or VIES), current month's or historical Intrastat data — available at the time the estimation process should be launched in order to estimate the total trade of PSIs late in submitting their Intrastat declarations?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you allocate PSIs' estimated total trade by product and partner on the basis of its historical Intrastat data? If no historical data are available, do you proceed on the basis of the most similar traders' data?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Do you allocate the PSI's estimated total trade by product and partner on the basis of most similar traders' data? If yes, which definition do you use to identify the 'most similar traders? - Traders of most similar size, i.e. traders with a most similar trade value or turnover - Traders with a most similar activity, i.e. traders with the same NACE activity code or with a NACE activity code as similar as possible - Traders of most similar size and activity	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Do you obtain Intrastat declarations from large PSI on time through direct contact if necessary?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you monitor the accuracy of the estimates at PSI level (by comparison with real data when the declarations are submitted)?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
If foreign established PSIs do not declare for Intrastat in spite of all the efforts of the national authorities, do you estimate its trade on the basis of their fiscal VAT declarations?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Estimates for missing data in Extrastat	
Do you estimate missing data for delayed or incomplete records?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
RECONCILIATION EXERCISES	
Reconciliation exercises should be carried out to tackle the highest and persistent asymmetries and gradually improve data quality.	
Do you regularly monitor asymmetries with your main trading partners and for major products?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you regularly check Eurostat reports on intra-EU asymmetries (in particular, le Top-150 reports)?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
If yes, do you investigate the most important issue as far as possible?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you participate to the reconciliation rounds organised by Eurostat?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you periodically conduct bilateral and multilateral reconciliation studies?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No

Can you easily exchange necessary data to carry out reconciliation exercises?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
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SPECIFIC GOODS AND MOVEMENTS

Trade in electricity

Do you check that the transit of electricity is not included in statistics?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you inform Eurostat about the method used to estimate statistical value for trade in electricity?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No

Trade in gas

Do you check that the transit of gas is not included in statistics?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you inform Eurostat about the method used to estimate statistical value for trade in gas?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No

Trade in sea products

Did you establish an appropriate data collection system for sea products?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Do you combine various data sources in a comprehensive manner so that double counting or missing trade flows are avoided?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No

Trade in ships and aircraft

Do you cooperate and share information about the vessels and aircraft transactions with other Member States?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
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DATA DISSEMINATION

Dissemination of data and metadata should answer the users' needs while, at the same time, ensuring adequate confidentiality of data providers.

Confidentiality

Statistical confidentiality is applied to protect disclosure of information about individual natural or legal persons.

Confidentiality in detailed statistics

Do you apply passive confidentiality?	<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No
Have you defined accurate rules to decide whether or not the confidentiality should be granted?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Do you consider the mirror data already disclosing the confidential information?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Do you grant the confidentiality for a limited period of time (e.g. for the starting month requested by trader until the end of the calendar year) and ask the companies to renew their request for confidentiality regularly (e.g. on a yearly basis)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
In case the confidentiality is granted, do you apply well-defined rules to decide which indicators – trade value, net mass and supplementary units, and number of companies – should be hidden?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
In case the confidentiality is granted, do you publish the maximum of information - in particular at product level- compatible with the requirement of confidentiality?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Did you define standardize procedure to lift the confidentiality after a certain period of time (expiring date for keeping data as confidential in your dissemination)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

Do you regularly review confidentiality rules and principles?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you inform users on the impact of confidentiality?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Confidentiality in trade in goods data by enterprise characteristics (TEC data)

Do you apply active confidentiality?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
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Data dissemination policy

Does a data dissemination policy exist? If yes, are the users informed about this policy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are there catalogues of publications available to users?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you pre-announce public releases?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you publish a release calendar? If yes, is your calendar systematically followed?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are statistical products made available to all users at the same time?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you predetermine the data revision schedule and release it to the public? If yes, is the revision calendar systematically followed?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Is the revision calendar well defined, synchronised (with other statistical domains) and regularly updated?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Metadata

Adequate metadata and quality assessment of trade statistics provide users with the necessary information for understanding and interpreting statistics.

Are data systematically accompanied with metadata?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you inform users about data quality/methodological issues?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you document the data revision policy for the users and communicate any changes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you systematically communicate to users - the reasons for the revision? - the quantitative impact of the revision on the data?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you inform users about unexpected revisions? If yes, do you provide information on the reasons, commodities and period concerned and impact of the revisions?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Are preliminary and revised data identified in the metadata?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Are metadata (concepts and definitions) comprehensive enough to ensure correct data interpretation from users?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No

REVISION POLICY

The revision policy is a consequence of the trade-off between timeliness of published data and their reliability, accuracy and comprehensiveness.

Do you regularly publish revised data?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a revision policy offering trade-off between frequency of revisions and stability of data?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are exceptional revisions possible only under certain conditions like for instance a significant change in terms of trade value?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you regularly review your revision policy (e.g.: each 2 or 3 years) while maintaining a reasonable stability from year to year and over a	<input type="checkbox"/> Yes <input type="checkbox"/> No

sufficiently long time period and keeping consistency across statistical domains as far as possible?	
Do you determine the revision policy in agreement with BoP and National Account compilers?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you revise intra and extra-EU trade data provided to Eurostat each time the data accuracy is impacted by a quality issue?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you transmit to Eurostat the revised results no later than the month following availability of revised data?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you provide Eurostat with final data by October following the revised year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you group further revisions in a yearly revision (except for major corrections which would justify a specific data transmission)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did you set up and do you maintain a vintage database in order to monitor the revisions, at least on the level of total trade data?	<input type="checkbox"/> Yes <input type="checkbox"/> No

ORGANISATION OF THE WORK - HUMAN RESOURCES - INFORMATION TECHNOLOGY - METHODOLOGICAL GUIDELINES

The entire production chain is concerned by organisational issues: institutional arrangements between national authorities, human resources and information technology.

Do you have a service level agreement or a memorandum of understanding with the Customs Authorities?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable
Do you have a service level agreement or a memorandum of understanding with the Tax Administration?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable
Do you have a service level agreement or a memorandum of understanding with the national Central Bank?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable
Is there backup staff for all key stages of the statistical production process?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Are all the key stages of the statistical production process documented? If yes, is this documentation kept up-to-date?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Are there ethical guidelines for staff behavior in place? If yes, are they well known by the staff?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Are production activities systematically achieved within the deadlines (e.g. data collection, data processing, data analysis, and dissemination)?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No

QUALITY MONITORING, REPORTING AND ASSESSMENT

A permanent monitoring of quality should be ensured. This refers not only to the compilation and analysis of quality indicators but also to a regular review of the national practices and methods.

Do you regularly compile quality indicators?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you disseminate analysis of quality indicators?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you document quality issues?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you carry out the necessary actions to solve the detected quality issues and to avoid them in the future?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No

12

Tools for reconciliation

12.1 Introduction

951. For international trade statistics, comparability across countries is a more visible quality dimension than for most other statistical domains. Once asymmetries are identified and measured through a mirror analysis, further analytical work should be initiated to identify their causes. Some of the reasons are easy to pinpoint and correct while for some cases it may be harder. In any cases, data corrections and/or changes in methodologies and practices require involved Member States to perform the analysis jointly, to agree on the asymmetry causes as well as on the possible corrections to do in their respective data. This is called a 'reconciliation exercise'.

952. Compilers will find here concrete guidelines to carry out a reconciliation exercise of Intra-EU trade statistics. The section aims at covering the main steps of a reconciliation exercise as well as the most common causes of asymmetries and the possible reconciliation methods.

953. To take note: In its current version, this section focuses on the practices and procedures applied in the EU reconciliation rounds but they could be generalized to cover also other reconciliation studies carried out by the EU Member States.

12.2 Background

12.2.1 LEGAL BASIS

954. Reducing intra-EU asymmetries is a quality objective. The comparability is criteria described in Article 12 of the European Statistical Law⁽¹⁾ and further referred in the legislation of the different statistical domains like in the Intrastat basic regulation⁽²⁾. *Comparability* refers to the measurement of the impact of differences in applied statistical concepts, measurement tools and procedures where statistics are compared between geographical areas, sector domains or over time.

955. Although not legally binding, the principles set by the European Statistics Code of Practice⁽³⁾ are applicable to all ESS National Statistical Authorities. Principle 14 tackles the data comparability:

European Statistics are consistent internally, over time and comparable between regions and countries; it is possible to combine and make joint use of related data from different sources.

⁽¹⁾ Regulation No 223/2009 of the European Parliament and of the Council.

⁽²⁾ Regulation No 638/2004 of the European Parliament and of the Council.

⁽³⁾ The European Statistics Code of Practice was first adopted by the European Statistical System Committee (ESSC) in February 2005 and promulgated in the Commission Recommendation COM(2005)217 on the independence, integrity and accountability of the national and Community statistical authorities. The Code is based on 15 principles concerning the institutional environment, statistical processes and outputs. It aims to ensure that statistics produced within the ESS are not only relevant, timely and accurate but also comply with principles of professional independence, impartiality and objectivity. A set of indicators of good practice for each of the 15 principles provides a reference for measuring the implementation of the Code. The Code was revised in 2011 and adopted by the ESSC on 28 September 2011.

Principle 14.5: Cross-national comparability of the data is ensured within the European Statistical System through periodical exchanges between the European Statistical System and other statistical systems. Methodological studies are carried out in close co-operation between the Member States and Eurostat.

12.2.2 RECOMMENDATION AND ENCOURAGEMENT

956. **Monitoring and actions on asymmetries.** Within the limit of available human resources, **it is recommended that NSAs regularly monitor the asymmetries related to the main partner countries and major/key products and react as quickly as possible to unexpectedly high or new asymmetries by checking the accuracy and completeness of the available national statistical data sources.**

957. **Reconciliation exercises.** Within the limit of available human resources, the **NSAs are encouraged to periodically conduct bilateral or multilateral reconciliation exercises for major/key products and to take any measures to ensure the success of such exercises. In particular, this means that any necessary information – data and metadata – should be made available to the partner(s) within the legal limits.**

12.2.3 UN IMTS 2010: CROSS-COUNTRY DATA COMPARABILITY

958. Paragraph 9.18 of the IMTS Concepts and Definitions explains that cross-country data comparability remains an important issue and lists the main causes of asymmetries: differences in coverage, different methods for the treatment of certain goods (e.g. military goods, ship's stores, confidential data), value increases in intermediary countries, differences in classification of goods, time lags in reporting, differences in valuation, including CIF/FOB differences, currency conversion, methods of partner country attribution, and trade via third country intermediaries. Although asymmetries may be substantially reduced by the adoption of the recommended concepts and definitions, it is also acknowledged that some causes (e.g. variations in data sources, reporting errors, use of fraudulent documents) would need to be handled via bilateral and multilateral reconciliation studies to be periodically conducted.

12.2.4 DATA SOURCES CONSTRAINTS

959. The exchange of confidential data between two ESS National Statistical Authorities is one of the issues surrounding the conducting of reconciliation exercises, which often requires more detailed information than what is made available to the public. Since July 2014, confidential data on intra-EU trade can be exchanged between Member States on the basis of Article 9(a) of Regulation (EC) No 638/2004 of the European Parliament and of the Council (as amended by Regulation (EU) No 659/2014 of the European Parliament and of the Council of 15 May 2014):

The exchange of confidential data, as defined in Article 3(7) of Regulation (EC) No 223/2009 of the European Parliament and of the Council, may take place for statistical purposes only, between the national authorities responsible in each Member State, where the exchange serves the efficient development, production and dissemination of European statistics relating to the trading of goods between Member States or improves their quality.

960. In addition, the Article 21 of the European Statistics Act⁽¹⁾ relating to the exchange of confidential data stipulates that the:

Transmission of confidential data from an ESS authority, as referred to in Article 4, that collected the data to another ESS authority may take place provided that this transmission is

⁽¹⁾ Regulation (EC) No 223/2009 of the European Parliament and of the Council.

necessary for the efficient development, production and dissemination of European statistics or for increasing the quality of European statistics.

12.3 How to conduct a reconciliation exercise

12.3.1 STEP PRIOR THE EXERCISE: SELECTING THE ASYMMETRY TO BE INVESTIGATED

961. Reconciling trade values implies working at the most detailed level of the product nomenclature and with a specific trading partner.

962. How to decide on the 'parameters' for the reconciliation exercise, i.e. choosing the partner, the level of product detail and the reference periods? These parameters can be imposed as in the frame of Eurostat Reconciliation Rounds. Otherwise, they can come from mirror analyses which have revealed significant asymmetries with a specific trading partner. It can also occur that two Member States decide to cooperate in a broad reconciliation action; in such a case, the parties should agree on the reference periods and on the criteria applied to select the asymmetries to be investigated. The selection of reconciliation exercises may also depend on other factors than statistical ones like the availability of data or resource constraints.

How to measure the asymmetries? By applying the following formula:

$$\text{Absolute Asymmetry} = \text{Value}(R) - \text{MirrorValue}(P)$$

$$\text{Relative Asymmetry} = \frac{\text{Value}(R) - \text{MirrorValue}(P)}{(\text{Value}(R) + \text{MirrorValue}(P)) / 2}$$

Where

R is the reporting country and

P is the partner country

963. Other formulae could be applied in order to calculate the relative asymmetry. In particular, the denominator could be replaced by Mirror Value (P). Nevertheless, the above formula is recommended as (1) it does not favour one side, (2) the absolute value of the relative asymmetry is identical for both parties and (3) it works even if one party does not report trade - in such a case, the result is equal to -/+ 200%.

964. *How to select the asymmetries to be investigated?* Decide about the reference periods but considering only final figures. A reconciliation exercise should not focus on too fresh data as asymmetries in recent periods can disappear without specific intervention. Asymmetries in fresh data should be however monitored as they may reveal issues in data completeness.

965. Decide about the level of the product nomenclature or, in other words, choose between a top-down or a bottom up approach.

- *Top-down:* Start the analysis at the most aggregate level (total or HS2 digit) and then drill down to the detailed level (CN 8 or declaration level)
- *Bottom-up:* Start the analysis at the most detailed level (CN8 or declaration level) of data available and the aggregate upwards.

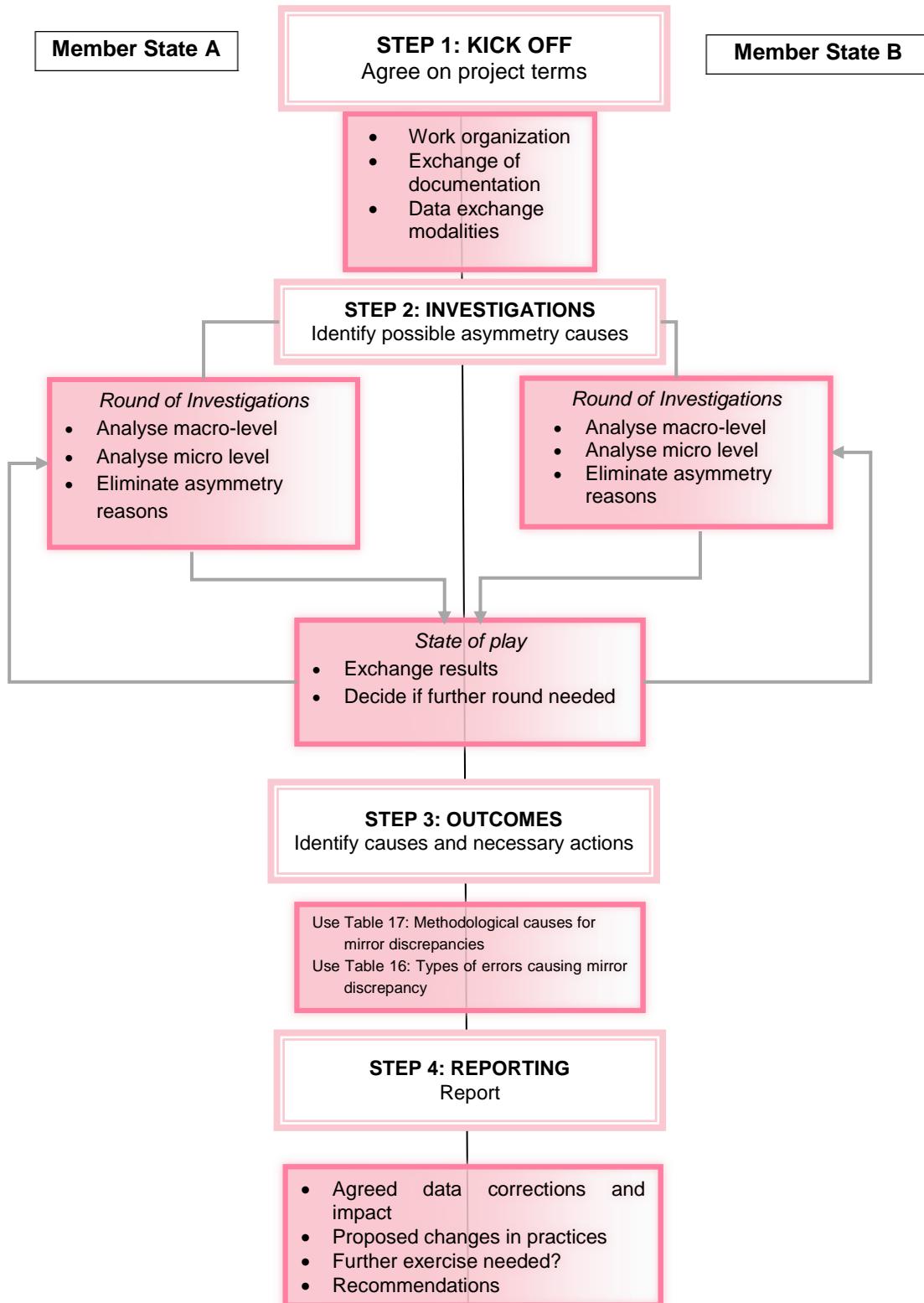
966. The bottom-up practice is the one used in the annual reconciliation rounds organised by Eurostat. However, if Member States conduct a reconciliation exercise on their own initiative, other criteria might apply. Agree on the selection criteria like for instance, to select all the persistent over time asymmetries over a certain threshold expressed in value and/or percentage.

967. *What to do with the confidentiality?* In this document, we will assume that the selection of the asymmetry is based on real data and that both parties are aware of who has recorded the lowest value.

12.3.2 CONDUCTING A RECONCILIATION EXERCISE

968. According to the exercise and its context, the working plan may differ. Nevertheless, one can present visually the recommended steps as follows:

Figure 56: Steps for conducting reconciliation exercise



12.3.2.1 Step 1: Kick-off

969. All the involved parties must contact each other and agree with the terms of project. These terms should include:

- the organisation of the working arrangements (communication channels: e-mails, phone calls or meetings), who should do what and when, main deadlines, progress reporting and conclusion of the exercise);
- an exchange of the national methodologies (practices in terms of thresholds, estimates, revisions, confidentiality, simplification measures, national provisions regarding simplified reporting, specific goods and movements);
- the modalities of possible data exchanges and the period(s) to be covered (the modalities can also be re-discussed at the end of the first round of investigations if necessary (specifically due to the need for exchanging confidential data)).

12.3.2.2 Step 2: Investigations

970. While investigating the possible asymmetry causes, it should be kept in mind that an asymmetry is not systematically the symptom of erroneous data on arrival or dispatch side; it can also result from specific provisions for the reporting of specific goods and movements (e.g. simplified reporting) as well as from the concepts to be applied (e.g. CIF/FOB valuation). The investigations should lead to answering to following question: is the asymmetry caused by an error or does it relate to methodological reasons?

971. *First round of investigations.* The parties involved should start working on their side by checking their own data. Checks to be carried out:

- checks at macro level, i.e. not considering the PSIs; checks on the consistency of the data by crossing the statistical value with the quantity (net mass and supplementary unit) as well as with the invoice value. Time series analysis should be performed to detect suspicious breaks or possible erroneous product or partner country allocation.
- checks at micro level by considering individually the main PSIs involved: similar checks performed at macro level can be carried out, in addition to any information coming from administrative data sources – i.e. in particular cross checking with VAT and VIES data – should be considered in order to detect potentially missing or partial statistical declarations or erroneous trade values.

972. Progressively eliminate reasons for asymmetries: cross-checking information and using any additional data sources should help to identify at which extent the nature of the trade/product/activity may favour issues in the data reporting. For instance, does this trade relate to a particular customs procedure?

973. State of play: Exchange of results between the parties. Exchanging the outcomes of the investigations should occur according to the timetable and through the channels agreed during the kick-off phase. Possible reasons for discrepancies should be already discussed. It is also possible that the exercise can be concluded at that stage if a party has identified erroneous data and related corrections. In such a case, further investigations are unnecessary. Otherwise, the next steps should be agreed and, if necessary, the working plan and timetable should be revised. At that stage, there will be the necessity to exchange confidential data – in particular at PSI level. This level of detail is needed to make real progress with the investigations.

974. *Second round of investigations:* The second round is based on information made available by the other part after the first round of investigations. It is carried out only if it is proved to be necessary.

12.3.2.3 Step 3: Outcomes of the investigations

975. Table 16: Types of errors causing mirror discrepancy and Table 17: Methodological causes for mirror discrepancies should be used to go through all possible reasons for asymmetry. They can also be used to report the outcomes of the investigations.

976. *The asymmetry relates to an error in reporting:* the errors in reporting are very often caused by

movements of goods or trade activities particularly difficult to capture due to a lack of information or because of their complexity in nature (e.g. trade chains involving extra-EU transactions, processing, triangular trade, etc.).

977. *The asymmetry relates to a methodological cause:* the causes of methodological nature are created by the concepts and definitions (e.g. CIF versus FOB, registration time, etc.) or by measures aiming at reducing the respondents' burden (e.g. simplified reporting, exemption threshold, etc.). In most cases, solutions can be easily identified but their implementation requires reconsidering the trade-off between data accuracy and respondents' burden. Identify the methodological cause.

Table 16: Types of errors causing mirror discrepancy

Error in reporting - Type of error(s):

- Erroneous product allocation
- Erroneous partner country allocation
- Erroneous trade value(s)
- Missing declaration

Cause(s) of the error:

- Quasi transit linked to indirect imports: goods imported from a non-EU country to be immediately dispatched to another Member State - Issue relating to missing Intrastat declarations when customs clearance is made in another Member State than the Member State of final destination.
- Quasi transit linked to indirect exports: goods received from another Member State to be immediately exported to a non-EU country - Issue relating to missing Intrastat declarations when customs clearance is made in another Member State than the Member State of actual export.
- Triangular trade: trade involving three Member States through sales/purchase contracts but with a physical movement of the goods only between two of them - Issue when one of the trading partner reported the trade according to the sales/purchase contract rather than to the physical movements
- Repair versus processing: issue in the distinction between repair and processing knowing that repair should be excluded from trade in goods statistics while processing should be included
- Processing trade valuation: issue in the trade valuation: one of the partners reported the processing costs rather than the trade value corresponding to the total amount which would be invoiced in case of sale or purchase of the goods
- Product with embedded services: transaction involving the supply of goods and services - Issue in the trade valuation: one of the partners reported the total amount of the contract rather than only the value of the goods
- Non appropriate estimation or compilation method: issues relating to gas and electricity, vessels and aircraft, sea products
- Goods difficult to classify by nature: issues in the product allocation due to the complexity of the classification, like for instance for chemical or pharmaceutical products
- Fraud

Table 17: Methodological causes for mirror discrepancies

Methodological cause:
The asymmetry relates to the general concepts and definitions or to some specific methodological provisions.
<input type="checkbox"/> Simplified product reporting:
<input type="checkbox"/> Parts of motor vehicles / <input type="checkbox"/> Parts of aircraft
<input type="checkbox"/> Supplies to ships / <input type="checkbox"/> Supplies to aircraft/ <input type="checkbox"/> Supplies to off-shore installations
<input type="checkbox"/> Goods for military use
<input type="checkbox"/> Industrial plants
<input type="checkbox"/> Returned goods
<input type="checkbox"/> Small transactions (below 200 euros)
<input type="checkbox"/> Residual products (grouped under the code 99500000)
<input type="checkbox"/> Simplified partner reporting:
<input type="checkbox"/> Supplies to ships / <input type="checkbox"/> Supplies to aircraft/ <input type="checkbox"/> Supplies to off-shore installations
<input type="checkbox"/> Goods for military use
<input type="checkbox"/> Lack of accuracy of estimates
<input type="checkbox"/> Specific goods not covered by customs or statistical declarations (gas and electricity)
<input type="checkbox"/> Trade below the exemption threshold
<input type="checkbox"/> Trade below the exemption thresholds: differences in applied methods and data used to estimate trade below the threshold
<input type="checkbox"/> CIF/FOB valuation: valuation CIF for the arrivals and FOB for the dispatches
<input type="checkbox"/> Time lag: time lag between dispatch registration and corresponding arrival registration
<input type="checkbox"/> Exchange rate: goods exchanged between Member States with a different national currency (not both belonging to the euro area)

NB1: Two more methodological reasons for asymmetries have been left out of the list: the confidentiality and the revision policies. The confidentiality affects only the data disseminated to users and not the data accessible to the compilers (with the possible exception of goods for military use). Different revision policies may lead to asymmetries but temporarily in most cases.

NB2: Fraud or deliberate misreporting are not considered.

12.3.2.4 Step 4: Results of the reconciliation exercise

978. The exercise should be concluded by a reconciliation agreement wherever possible. The agreed data corrections and their impact on time series should be described. The asymmetry after correction should be calculated. For any causes classified under 'Error in reporting', a further step should be achieved: data correction or at least a change in current practices in order to avoid the similar errors in the future.

979. If no reconciliation agreement is possible, then to discuss as to which extent the asymmetry cause could be eliminated, reduced or even avoided in the future. For methodological causes, it is necessary to discuss possible changes in the concepts and definitions.

980. A final report should be prepared by both parties, with the detailed description of the exercise process and conclusions. In particular, this report should include a summary of the corrections made on the initial data and an assessment of their impact in terms of asymmetry reduction. It should also mention whether or not a further reconciliation exercise should be conducted, and if yes, the objectives to be met.

981. In any cases, steps should be taken to avoid a repetition of the same discrepancies in future data. Therefore, the report should be concluded by recommendations on how to improve the data quality if the identified cause of discrepancy persists in future. In particular, asymmetries can be avoided by instructing PSIs on identified issues.

12.4 Causes of asymmetries and possible solutions

12.4.1 QUASI-TRANSIT

12.4.1.1 Quasi-transit linked to indirect imports

982. The 'quasi transit' linked to indirect imports relates to the situation when the goods from non-member country X are cleared for import in a Member State A before being re-dispatched to another Member State B. The Member State B is the 'real' importer and in most cases reported as the country of final destination by the non-member country X. When the information is recorded in customs declarations or can be straightforwardly deduced from other customs data, the Member State A should as well report the Member State B as Member State of final destination in its extra-EU trade data transmitted to Eurostat (section 9 of Doc MET 400 files).

983. If all flows are correctly recorded by Member States A and B, there should be normally no impact on intra-EU trade statistics⁽¹⁾. However it can happen that one flow is missing, which generates an asymmetry in mirror data.

Possible solutions

- For Member State A of import and dispatch - It is important that this Member State would not miss to record the dispatch declaration. When the goods are imported with the view to dispatch them to another Member State where the VAT will be paid, the customs procedure 42 and 63 should be used. Statisticians could always cross check if all these type of customs declarations were followed by Intrastat dispatch declarations. In case the Intrastat declaration is missing, adequate Intrastat dispatch records could be produced from customs declaration as all necessary statistical information is available. Moreover, these goods should be declared on VIES declaration for tax purposes, which means that an additional data source is available for cross checking.
- For Member State B where the goods finally arrive - The traditional way for Member State B to ensure that the arrival of these goods is reported under Intrastat is to compare Intrastat and VAT data. The use of the national VIES data on intra-EU acquisitions could be an option for the Member States which records both intra-EU supplies and acquisitions on VIES declarations.

12.4.1.2 Quasi-transit linked to indirect exports

984. The 'quasi transit' linked to indirect exports relates to the situation when the goods destined to a non-member country X are cleared for export in a Member State A after being dispatched from another Member State B. The Member State B is the 'real' exporter and reported as the country of origin by the non-member country X if the goods were produced or obtained in that Member State. When the information is available from customs declarations or can be straightforwardly deduced from other data, the Member State A should report the Member State B as the Member State of actual export in its extra-EU trade data transmitted to Eurostat (section 9 of Doc MET 400 files).

985. The Union Customs Code does not prohibit to declare export in the border Member State, thus allowing exporters to freely move the goods within the EU without customs surveillance. As there is no trade transaction between Member States B and A, the movement of goods is not considered as intra-EU supply and therefore it is not recorded for tax purposes neither on VAT, nor on VIES declaration. Contrary to quasi transit linked to indirect imports, these goods in most cases are not declared neither as Intrastat dispatches in Member State B, nor as Intrastat arrivals in Member State A as traders do not know having such obligation.

⁽¹⁾ Quasi transit creates much more problems for mirror exercises with non-EU partner countries as it distorts the allocation of goods to Member States. Only trade figures of EU as a total provide reliable results on exports and imports volumes, whereas distribution of trade by Member States is affected by quasi transit.

Possible solutions

Member State A (i) identifies such records based on foreign EORI number and, if available, on the indication of the Member State of actual export, (ii) produces estimates for missing Intrastat arrival records from the information on SAD and informs the Member State of actual export, i.e. Member State B. Member State B adjusts its data accordingly (estimation of the missing Intrastat dispatch records).

12.4.2 TRIANGULAR TRADE

986. Triangular trade involved three Member States. It exists when a company in Member State B buys goods from a company in Member State A and sells these goods to a company in Member State C, although the goods are physically moved only once - from A to C (for detailed explanations, see chapter [4.2 Triangular trade](#)).

987. In line with the legal requirements, Intrastat declaration for dispatches should be provided in Member State A indicating as a partner Member State C (record of the physical flow of goods). However in practice it is often happening that Member State A records as the partner country Member State B, because the sales contract is concluded with the Member State B. The same confusion might happen on arrival side: Member State C should record an arrival from Member State A but instead wrongly reports a trade with Member State B.

Possible solutions

Use VIES data for additional quality checks concerning the correct reporting of the partner country.

But, as such errors are very difficult to detect via standard control procedures, it is anyway essential to provide very clear explanations and guidelines to the providers of statistical information. The provision of concrete examples of triangular trade in PSI manuals would be as well very useful.

Moreover, it is necessary to highlight the methodological differences regarding the partner allocation in Intrastat and VIES declarations: Intrastat follows physical flow of goods whereas VIES records financial flows. These differences are not well recognised by PSIs (for detailed explanations, see [chapter 4.2](#))

12.4.3 REPAIR VERSUS PROCESSING

988. To distinguish between processing and repair transactions is often a difficult task for providers of statistical information. The discrepancies in mirror statistics arise when a dispatcher in Member State A identifies transaction as a repair, whereas the receiver of goods in Member State B declares these goods as arrival for processing. As goods coming for repairs should be excluded from the scope of the trade in goods statistics and goods for processing included, it might lead to significant mirror discrepancies.

989. Further information about processing can be found under sub-chapter 1.3.4 Special cases for recording trade transactions.

Possible solution

The nature of transaction should be used in order to identify a possible confusion between a repair and a processing. Guidelines on the correct use of the nature of transaction should be provided to PSIs.

12.4.4 PROCESSING TRADE VALUATION

990. Processing activities must be included in trade in goods statistics: the total value of the goods in their unprocessed state must be reported for transactions involving goods sent for processing. This may be based on a qualified estimation in cases where the invoice does not show this amount. Regarding transactions following processing, the total value of the processed goods must be reported. This should be the value initially reported for the unprocessed goods plus the processing costs. The initial value may be based on a qualified estimation.

991. The valuation of goods can be problematic both in unprocessed (goods for processing) and processed (goods after processing) states. Companies might report value added instead of total value. In addition, processing transactions are not considered as intra-EU supplies, therefore not recorded on VAT and VIES declarations. Therefore it is not possible to cross check Intrastat with VAT data. As a consequence goods for processing can be an effective cause for asymmetries.

Possible solution

Inform PSIs in detail of their reporting obligations when they are involved in processing activities. Provide detailed information about valuation of goods for processing in PSI manuals.

Mark the companies involved in processing trade in Intrastat register for closer monitoring.

Execute comparative price analysis for the incoming and outgoing goods for processing.

12.4.5 GOODS WITH EMBEDDED SERVICES

992. Some transactions involve the supply of goods and services (e.g. building materials and building services, delivery of goods and services for assembly or installation work, etc.) under a general contract for which no separate invoicing of the goods is required and an invoice for the total contract is issued. In other words, the contract will cover the movement of goods and services combined. The value to be declared for trade in goods statistics shall only cover the value of the goods, which means that estimates might be necessary in order to apportion the different values of goods and services in the total amount of the contract.

Possible solution

Inform PSIs in detail of their reporting obligations when they are involved in transactions involving goods and services under a general contract. They should be instructed and monitored.

12.4.6 NON APPROPRIATE ESTIMATION OR COMPILED METHOD

12.4.6.1 Gas and electricity

993. Intra-EU sales and purchases of electricity and gas should be included in trade in goods statistics following the same principles than the other movable goods: physical movements of the goods through the national borders, exclusion of simple transit, and same definition of partner country (country of consignment for arrivals and country of final destination for dispatches). Nevertheless, in practice, specific VAT provisions implemented in 2005 make difficult to follow the physical movements of the goods and, even if other data sources can be used (in particular, information coming from the grid operators), the correct identification of the partner country or the exclusion of simple transit are difficult to achieve.

Possible solutions

The recording of trade in gas and electricity requires the establishment of specific procedures to make the best use of any available additional data sources and ensure that the concepts and definitions are properly applied.

It is important that trading partners in such transactions record the flows using the same method in order to improve international comparability.

12.4.6.2 Vessels and aircraft

994. One of the most difficult tasks for statisticians is to correctly record trade in sea going ships and aircraft, defined as specific movements by the Intrastat provisions. Due to the complexity of trade arrangements, the current legal provisions for recording of trade in ships/aircraft are not specific enough in order to ensure harmonised statistical recording in all Member States. Hence, this trade produces significant mirror discrepancies for several reasons like: the ship is attributed to the wrong partner country, the acquisition of the ship might not be recorded at all due to the wrong identification of economic owner or other reasons, the value of the ship might be difficult to establish and therefore recorded in statistics using different estimation methods.

Possible solutions

- Follow and implement the latest recommendations/guidelines for the recording of ships and aircraft;
- Ensure harmonised methodological approach;
- Use all alternative data sources in order to establish a list of traders in ships for closer monitoring, like for instance:

National ships/aircraft registers;

International ships classification authorities; or

Customs declarations.

- Contact administrations responsible for the registries, analyse information available there and discuss statistical recording with them;
- Cooperate and exchange data with other Member States when defining economic owner and clearing out - particularities of transactions;
- In the future, a possible solution to eliminate such discrepancies would be to set a European register of vessels and aircraft.

12.4.6.3 Sea products

995. Sea products landed from vessels of one country in national ports of another country or acquired by vessels of one country on the high seas from vessels of another country should be recorded where economically or environmentally significant. It is recognized that data collection in respect of this category of goods may be challenging and may thus create asymmetries. Member States should develop over time the necessary data collection and/or data estimation procedures in view of the important policy needs in such data, including assessing and monitoring of the environmental impact of such trade and related activities.

Possible solutions

- Drafting of guidelines;
- Harmonisation of estimation methods;
- Establish an appropriate collection system to combine the various data sources (Intrastat system, customs declarations and fishery statistics) in a comprehensive manner so that double counting of trade flows and missing trade flows are avoided.

12.4.7 PRODUCT MISCLASSIFICATION

996. Goods are often wrongly classified by PSIs. One can distinguish between product misclassification involving similarly accurate CN8 codes, and product misclassification involving an accurate CN8 code and a 'residual' code. The impact of this error is very difficult to measure but it is considered to be a major reason for asymmetries in detailed statistics. Chapters 84 and 85 are particularly sensitive to this error.

Possible solutions

- Further development of the tools for better classification of goods, e.g. web based CN codes search tools or classification knowledge databases;
- Implementation of automatic detection tools for identification of possible misclassifications;
- Availability of classification help desks in NSIs;
- Disposal of good practice guidelines (e.g. contacting the partner company);
- In some cases, reconciliation is hard to achieve as traders at both sides confirm the validity of the commodity code. It is suggested to reflect about a procedure to be followed by both Member States involved in the asymmetry in order to try to reach an agreement on a common code.

12.4.8 SIMPLIFIED PRODUCT REPORTING

997. The EU legislation allows a simplified codification of goods for some specific transactions. Those simplification provisions generate asymmetries when applied by solely one of the partners, while the other one reports the transaction under the real CN8 code.

12.4.8.1 Motor vehicle and aircraft parts

998. The declaration of motor vehicle and aircraft parts and accessories generally necessitates the classification of a wide variety of goods in different sub-divisions of the Combined Nomenclature. This simplified procedure allows the use of specific codes (999087zz for cars and 999088zz for aircraft) instead. The simplified declaration of motor vehicle and aircraft parts is applied only by a few Member States, which creates asymmetries.

12.4.8.2 Supplies to offshore installations

999. Specific codes 9931 24 00, 9931 27 00 or 9931 99 00 may be used. Goods destined for the crew and for the operation of engines, machines and other equipment of offshore installations located in international waters can be grouped under the above specific codes. The main problem is to determine the reporting/partner country while the installations do not belong to the statistical territory of any Member State. The legislation states that the arrivals shall be reported by the Member State that has exclusive rights to exploit the seabed or subsoil (exclusive economic zone). This Member State shall be reported as partner country by the dispatch Member State, i.e. the Member State that has delivered the goods to the offshore installation. When goods have been dispatched from another offshore installation, the reporting Member State is the one having the exclusive rights to exploit the seabed and subsoil of the area where that offshore installation is established.

12.4.8.3 Goods for military use

1000. Goods traded under military secrecy can be recorded using codes 9999xx99 (where xx is the CN Chapter) or 9999xxxx (where xxxx is the HS4 code). A Member State may apply this rule while its partner might not.

12.4.8.4 Industrial plants

1001. An industrial plant is a combination of machines, machinery, apparatus, appliances, equipment, instruments and materials serving together as a large scale unit producing goods or providing services. Member States may apply special simplifying provisions on arrivals and dispatches of industrial plants. Operators trading with goods assigned directly to the construction of complete industrial plants may ask the national authorities for a simplified statistical declaration procedure which allows single commodities belonging to the same CN chapter to be consolidated into component parts. Component parts of an industrial plant can be recorded under code 9880 xx 00, where xx is the chapter the parts belong to. Asymmetries arise when one of the partner Member States does not authorise the simplification reporting for industrial plants.

12.4.8.5 Returned goods

1002. Returned goods may be reported under the code 9990 99 01 rather than the real CN8 code. A Member State may apply this simplification while its partner might not.

12.4.8.6 Small transactions

1003. The methodology for the processing of small transactions may vary among Member States. Transactions with individual values less than 200 euros can be grouped together, reporting only on product code 9950 00 00.

12.4.8.7 Residual products

1004. This applies to traders below the simplification threshold: only first ten biggest transactions in terms of value must be reported, the ‘residual products’ being grouped under code 9950 00 00.

Possible solution

Asymmetries created by a simplified reporting cannot easily be solved except if it is proved that the specific code was not properly used. However the following guidelines could be applied:

- Harmonization of the use of simplification rules, i.e. reducing simplification possibilities (solution towards accuracy) OR imposing the simplification to all Member States (solution towards simplification);
- In the case of industrial plants, provision to use simplified reporting could be granted to all parties involved in the trade of the given industrial plant in all Member States involved;
- Member States must take measures to ensure that the simplification is not abused.

12.4.9 SIMPLIFIED PARTNER REPORTING

1005. The EU legislation allows a simplified partner reporting for some specific transactions:

- Code QR 'Stores and provisions within the framework of intra-EU trade' can be reported in case of goods delivered to vessels and aircraft.
- Code QV 'Countries and territories not specified in the framework of intra-EU trade' can be reported in case of goods delivered to or from offshore installations.
- Code QY 'Secret intra-EU countries and territories' can be reported in case of goods for military use.

Possible solution

Asymmetries created by a simplified reporting cannot be solved except if it is proved that the specific code was not properly used OR if the possibility to report a non-specified trading partner is removed, which corresponds to a new trade-off between the data accuracy and the respondents' burden.

12.4.10 TRADE BELOW THE EXEMPTION THRESHOLD

1006. The Intrastat system was designed in a way that the small and medium enterprises are exempted from the statistical declarations. The portion of data thus not captured has to be estimated in order to reach full trade coverage.

1007. The estimation methods for trade below the exemption threshold may vary between two Member States. Therefore the values estimated for trade below the exemption threshold could be different from one Member State to the other.

1008. In addition, only one of the partner enterprises may be exempted from the statistical declaration; in that case, in one Member State, the value will be estimated whereas in the other it will be collected.

1009. At detailed level (product/country) discrepancies may persist even if the two partner Member States apply the same method at the same level (CN8 or HS2) since the distribution of the estimated below threshold trade by partner and product will be based on two different reference populations of PSIs (see section 'Intra-EU estimates for trade below the exemption threshold').

Possible solution

It is impossible to completely eliminate discrepancy caused by the exemption threshold as trade pattern varies from Member State to Member State. A harmonised estimation method in all Member States may minimise asymmetries but only to a certain extent since the reference population to distribute trade by product and partner vary from one Member State to the other. Nevertheless, the use of VIES data may decrease discrepancy of data by partner since VIES declarations include data by partner. Thus only the allocation by product would remain necessary.

12.4.11 CIF/FOB VALUATION

1010. Arrivals are valued on a CIF basis and dispatches on a FOB basis. This causes a systematic asymmetry as the value of the arrivals should be then higher than the value of the mirror dispatches.

Possible solution

No solution except a change in concepts and definitions

12.4.12 TIME LAG

1011. The time lag may relate to the transhipment of the goods from the Member State of dispatch to the Member State of arrival and/or to specific trade like staggered consignments, i.e. the delivery of components of a complete item in a unassembled or disassembled state which are shipped during more than one reference period for commercial or transport-related reasons, may lead to two companies registering the movement of the goods at different dates.

Possible solution

For goods reported on a VAT return in the so called ‘two VAT boxes’ it is recommended that the reference period for arrivals and dispatches should be the same calendar month for which the trade is also reported as an intra-EU acquisition/supply to the tax authorities. For other goods not reported on a VAT return in the so-called ‘two VAT boxes’ it is recommended that the reference period should be the calendar month during which the dispatches and arrivals of goods take place.

12.4.13 EXCHANGE RATES

1012. Asymmetries are compiled on the basis of mirror trade values all expressed in euros, including for Member States not belonging to the euro area. Annual or monthly average exchange rates are used instead of daily rates to convert the national currency into the euro. This will create distortions in the case of volatile exchange rates.

Possible solution

The impact of exchange rates cannot be erased but to which extend figures are distorted should be assessed.

ANNEXES

Annex 1 — Contact details of the National authorities involved in ITGS

Member State	National authorities involved in ITGS	
Belgium	National Bank of Belgium National Accounts Institute Boulevard de Berlaimont 14 1000 Bruxelles www.nbb.be	Customs and Excise North Galaxy K. Albert II Laan, 33 1030 Brussels https://fiscus.fgov.be/interfdanl
Bulgaria	National Statistical Institute Statistics on foreign trade in goods Department' 2, P. Volov Str. 1038 Sofia www.nsi.bg	National Revenue Agency Intrastat Directorate Bul. Dondukov 52 Sofia www.nra.bg
	National Customs Agency 47, Rakovski str 1202 Sofia https://customs.bg	
Czechia	Czech Statistical Office External Trade Statistics Department Na padesátém 3261/81 100 82 Praha 10 - Strasnice www.czso.cz	General Directorate of Customs Budějovická 7 140 96 Praha 4 www.cs.mfcr.cz
Denmark	Statistics Denmark External Trade and Balance of Payments Section Sejrøgade 11 2100 Copenhagen www.dst.dk	SKAT Østbanegade 123 2100 Copenhagen www.skat.dk
Germany	Federal Statistical Office (Destatis) Foreign Trade Division Gustav-Stresemann-Ring 11 65189 Wiesbaden www.destatis.de	Federal Ministry of Finance Am Propsthof 78a 53121 Bonn www.zoll.de
Estonia	Statistics Estonia Foreign Trade Statistics Service Tatari 51 10134 Tallinn www.stat.ee	Estonian Tax and Customs Board Lõotsa 8a 15176 Tallinn www.emta.ee
Ireland	Central Statistics Office External Trade Ardee Rd. Rathmines Dublin 6 www.cso.ie	Revenue Commissioners VIES, Intrastat, Mutual Assistance Office Government Offices, Millennium Centre Dundalk, Co. Louth www.revenue.ie
	Revenue Commissioners Customs Division Government Offices St Conlan's Road Nenagh, Co. Tipperary www.revenue.ie	

Member State	National authorities involved in ITGS	
Greece	Hellenic Statistical Authority (ELSTAT) General Directorate of Statistical Surveys Division of Statistics on Trade and Services - External Trade Section Pireos 46 & Eponiton 18510 Pireas www.statistics.gr	General Secretariat of Public Revenue Karagiorgi Servias 10 105 62 Athens www.publicrevenue.gr
Spain	State Revenue Agency Customs and Excise Department Avenida Llano Castellano, 17 28071 Madrid www.aeat.es	
France	Directorate General of Customs and Excise Department of Statistics and Economic Studies 11, rue des Deux Commons 93558 Montreuil Cedex www.douane.gouv.fr	
Croatia	Croatian Bureau of Statistics External Trade in Goods Statistics Dept. Illica 3 10000 Zagreb www.dzs.hr	Customs Directorate Alexandra von Humboldta 4a 10000 Zagreb https://carina.gov.hr/
Italy	National Statistical Institute Statistics on Foreign Trade and Enterprise International Activities Division Via Cesare Balbo 16 00184 Roma www.istat.it	Customs Agency Via Mario Carucci, 71 00143 Rome www.agenziadogane.gov.it
Cyprus	Statistical Service of Cyprus Foreign Trade Section Michalaki Karaoli Str. 1444 Nicosia www.mof.gov.cy/cystat	VAT Service Intrastat Section 39 Themistoklis Dervis Str. 1066 Nicosia www.mof.gov.cy/vat
	Customs and Excise Department M. Karaoli & Gr. Afxentiou corner 1096 Nicosia www.mof.gov.cy/customs	
Latvia	Central Statistical Bureau of Latvia Foreign trade statistics data collection and processing section Foreign trade statistics section Lacplesa iela 1 1301 Riga www.csb.gov.lv	State Revenue Service Customs Board Smilšu iela 1 1978 Rīga www.vid.gov.lv
Lithuania	Statistics Lithuania Foreign Trade Statistics Division 29 Gedimino Ave. 01500 Vilnius www.stat.gov.lt	Customs Department under the Ministry of Finance of the Republic of Lithuania A. Jakšto str.1 01105 Vilnius www.cust.lt

Member State	National authorities involved in ITGS	
Luxembourg	STATEC External Trade Unit 13, rue Erasme 1468 Luxembourg www.statec.lu	Customs and Excises Directorate 22, rue de la Bitbourg 1273 Luxembourg www.do.etat.lu
Hungary	Hungarian Central Statistical Office Foreign Trade Statistics Department Keleti Károly Str. 5–7 1024 Budapest www.ksh.hu	Hungarian Customs and Finance Guard Széchenyi u. 2 1054 Budapest www.vam.hu
Malta	National Statistics Office Lascaris VLT 2000 Valletta www.nso.gov.mt	VAT Department 16, Centre Point Building Triq ta' Paris Birkirkara BKR 4633 www.vat.gov.mt
	Department of Customs Custom House Lascaris Wharf VLT 1920 Valletta https://finance.gov.mt	
Netherlands	Statistics Netherlands CBS-weg 11 6412 EX Heerlen www.cbs.nl	Customs Administration of the Netherlands Postbus 3070 6401 DN Heerlen www.belastingdienst.nl
Austria	Statistics Austria Foreign trade Guglgasse 13 1110 Vienna www.statistik.at	Federal Ministry of Finance Directorate General Customs and International & Organisational Tax Issues Johannesgasse 5 1010 Vienna https://www.bmf.gv.at
Poland	Statistics Poland Foreign Trade Section 1. Niepodległości 208 00-925 Warsaw www.stat.gov.pl	Ministry of Finance Customs Service ul. Świętokrzyska 12 00-916 Warsaw www.mf.gov.pl
Portugal	National Statistical Institute International Trade, Industry and Construction Av. Antonio José de Almeida 1000-043 Lisbon www.ine.pt	Tax and Customs Authority Praça do Comércio 1100-016 Lisbon www.e-financas.gov.pt
Romania	National Institute of Statistics Foreign Trade Department No.16, Libertății Avenue, District 5 050706 Bucharest www.insse.ro	National Authority of Customs Str. Matei Millo 13, sector 1 010144 Bucharest www.customs.ro
Slovenia	Statistical Office of the Republic of Slovenia External Trade Statistics Litostrojska cesta 54 1000 Ljubljana www.stat.si	Financial Customs Administration of the Republic of Slovenia Šmartinska cesta 55 1523 Ljubljana https://www.fu.gov.si/en/

Member State	National authorities involved in ITGS	
Slovakia	Statistical Office of the Slovak Republic Department of External Trade Statistics Miletičova 3 824 67 Bratislava www.statistics.sk	Financial Directorate of the Slovak Republic Customs Section Mierová 23 815 11 Bratislava www.financnasprava.sk
Finland	National Board of Customs Foreign Trade and Taxation Statistics Unit Erottajankatu 2 FI-00101 Helsinki www.tulli.fi	
Sweden	Statistics Sweden (SCB) Foreign Trade & Industry indicators Box 24 300 104 51 Stockholm www.scb.se	Swedish Customs Alströmergatan 39 Box 12 854 S-112 98 Stockholm www.tullverket.se

Annex 2 — Allocation of customs procedure to type of trade and statistical procedure

A. General remarks

Customs procedure code (CPC) were introduced with Annex 38 of Commission Regulation (EEC) No 2454/93. They refer not only to different aspects of customs procedures but also to VAT and excise duties. Under the Union Customs Code (UCC), the CPC continue to exist in the same structure and coding, though with minor adaptations that reflect the UCC's new legal framework.

During a transitional phase, the custom declaration requirements that include also CPC are laid down in Annex 9, Appendices C1 and D1 of the UCC TDA and in annex B of the UCC-DA and UCC-IA.

(Note: the TDA uses the SAD-box numbering of the old Annex 38 so the CPCs are in SAD-box 37; the UCC-DA/IA introduced a new numbering under which CPCs are under D.E 1/10)⁽¹⁾

DG TAXUD has issued SAD Guidelines⁽²⁾ to 'ensure uniform implementation and a common understanding of the legislation concerning the SAD on the part of Member States' customs administrations and traders.' The guidelines on CPC (**SAD box 37 (1)**), however, do not necessarily contain **all** legally valid customs procedures and their combinations. The aim of the present annex, however, is to include **the combinations most frequently actually used** by national Customs to correctly allocate the respective trade to the appropriate statistical regime. Therefore, where necessary, a comment is made in the allocation-table under the respective CPC.

As CPC may sometimes reflect national customs practices, NSI need to assess to what extent a CPC reflects EU provisions or purely national provisions. The list of possible procedure codes combinations was updated in line with the UCC requirements, however during transitional period some abolished procedure codes might still be in use by Member States..

B. Instructions for the use of this annex

While a majority of codes cover imports or exports relevant for extra-EU trade statistics; some concern also intra-EU goods movements to or from the EU's VAT-exempt fiscal territories. Only a few codes refer to movements not to be collected under intra- or extra-EU trade statistics.

This annex and the allocation of CPCs to statistical procedures are not applicable where rules on **specific goods or movements** have set up different rules for the compilation of trade re-defining some imports/arrivals and exports/dispatches independently from the customs procedures and physical movements of these goods.

Example 75

Machinery equipment is exported under customs export (CPC '1000') from a Member State to an **offshore installation**. This movement has to be assessed with respect to **goods delivered to offshore installations** and might, where applicable, fall under extra-EU trade, intra-EU trade or even be out of scope of trade statistics.

⁽¹⁾ A revision of data Annex B (planned in ~2020Q4) will include a revised numbering system for all customs data elements; this, however, does not affect content and structure of the CPCs as such.

⁽²⁾ https://ec.europa.eu/taxation_customs/sites/taxation/files/guidance_transitional_sad_en.pdf

C. SAD Box 37 — 1st subdivision

Box 37: Procedure — First subdivision

The codes to be entered in this subdivision are four-digit codes, composed of a two-digit code representing the procedure requested, followed by a second two-digit code representing the previous procedure. The list of two-digit codes is given below.

'Previous procedure' means the procedure under which the goods were placed before being placed under the procedure requested.

It should be noted that where the previous procedure is a warehousing procedure or temporary importation, or where the goods have come from a free zone, the relevant code should be used only where the goods have not been placed under a customs procedure: inward processing or outward processing.

For example: re-export of goods imported under the customs inward processing procedure (suspension system) and subsequently placed under the customs warehousing procedure = 3151 (not 3171). (First operation = 5100; second operation = 7151; re-export = 3151).

Similarly, where goods previously temporarily exported are re-imported, placing under one of the abovementioned suspensive procedures is to be regarded as simple importation under that procedure. Indication of the 're-importation' aspect is to be given only when the goods are released for free circulation.

For example: entry for home use with simultaneous entry for free circulation of goods exported under the customs outward processing procedure and placed under a customs warehousing procedure on re-importation = 6121 (not 6171). (First operation: temporary export for outward processing = 2100; second operation: storage in customs warehouse = 7121; third operation: entry for home use + entry for free circulation = 6121).

The codes marked in the list below with the letter (a) cannot be used as the first two digits of the procedure code, but only to indicate the previous procedure.

For example: 4054 = entry for free circulation and home use of goods previously placed under the Inward processing — suspension system in another Member State.

D. SAD Box 1 — 1st subdivision

The meaning of a given CPC must also be assessed in relation to the following content: where appropriate, an explicit reference to one of the above codes is made in the CPC-allocation table (Annex G).

The following applies where the data on the customs declaration relate to Commission Delegated Regulation (EU) 2016/341 ('UCC-TDA'); the customs data requirements are specified in the regulation's Annex 9, appendix C1 and D1.

SAD Box 1: Declaration — First subdivision

- EX** For trade with countries and territories situated outside of the customs territory of the Union other than the contracting parties to the Convention of formalities in simplification in trade in goods.
For placing goods under a customs procedure referred to in columns A and E of the table in Appendix C1, Title I, B) To confer on goods a customs-approved treatment or use referred to in columns C and D of the table in Appendix C1, Title I, B).
- For dispatch of non-Union goods in the context of trade between Member States.
- IM** For trade with countries and territories situated outside of the customs territory of the Union other than the contracting parties to the Convention of formalities in simplification in trade in goods.
For placing goods under a customs procedure [...]

- For placing non-Union goods under a customs procedure in the context of trade between Member States.
- EU** In the context of trade with contracting parties to the Convention of formalities in simplification in trade in goods.
For placing goods under a customs procedure referred to in columns A, E and H to J of the table in Appendix C1, Title I, B) To confer on goods a customs-approved treatment or use [...]
- CO** In respect of Union goods subject to specific measures during the transitional period following the accession of new Member States.
Placing of goods under the customs warehousing procedure in order to obtain payment of special export refunds prior to exportation or manufacturing under customs supervision and under customs control prior to exportation and payment of export refunds.
In respect of Union goods in the context of trade between parts of the customs territory of the Union to which the provisions of Directive 2006/112/EC are applicable and parts of that territory to which those provisions do not apply, or in the context of trade between parts of that territory where those provisions do not apply.

The following applies where the data on the customs declaration relate to the 'data annex B' of Commission Delegated Regulation (EU) 2015/2446 (UCC-DA) and Commission Implementing Regulation (EU) 2015/2447 (UCC-IA); the below coding relates to UCC-IA Annex B, Title II.

Data element '1/1 Declaration type'

- EX** For trade with countries and territories situated outside of the customs territory of the Union
For placing goods under a customs procedure referred to in columns B1 (exports and re-exports), B2 (outward processing) and C1 (exports simplified declaration).
- IM** For trade with countries and territories situated outside of the customs territory of the Union
For placing goods under a customs procedure [...]
For placing non-Union goods under a customs procedure in the context of trade between Member States.
- CO** In respect of Union goods subject to specific measures during the transitional period following the accession of new Member States.
Placing of goods under the customs warehousing procedure in order to obtain payment of special export refunds prior to exportation or manufacturing under customs supervision and under customs control prior to exportation and payment of export refunds.
In respect of Union goods in the context of trade between parts of the customs territory of the Union to which the provisions of Council Directive 2006/112/EC are applicable and parts of that territory to which those provisions do not apply, or in the context of trade between parts of that territory where those provisions do not apply.

E. Additional procedure D. E. 1/11 (SAD box 37 — 2nd subdivision)

This information shall, on the customs declaration, concretely specify an EU or a national procedure; where applicable, a code composed of an alphabetic character followed by two alpha-numeric characters must be used.

The first character of which identifies a category of measures in the following manner:

Inward processing	Axx
Outward processing	Bxx
Relief	Cxx
Temporary admission	Dxx
Agricultural products	Exx
Other	Fxx

Although the information in D.E. 1/11 could be relevant to decide if a given CPC is to be included in extra- or intra-EU trade statistics, it needs to be stressed that this box might also contain a national code or, where several codes would be applicable, only one code might be entered due to format

restrictions; as a ‘workaround’ the other codes might appear in **D.E. 3/39 and 3/40 (SAD-box 44)**.

Non-exhaustive overview on relevant EU codes:

e.g. identification of exclusion of ‘**repair**’ under customs outward processing

- Processed products returning after repair under guarantee: B02
- Processed products returning after replacement under guarantee: B03
- Goods imported for inward processing exported for repair under outward processing: B51
- Goods imported for inward processing exported for replacement under guarantee: B52

e.g. identification of exclusion of ‘**advertising material**’ where duty relief is granted

- Printed advertising material C31

F. Legend to the tables

Statistical procedures

- 1 — normal imports or exports,
- 2 — imports or exports covered by the customs inward processing procedure,
- 3 — imports or exports covered by the customs outward processing procedure,
- 9 — imports or exports not recorded from customs declarations.

Column headings

- A: The **four digits** CPC of the customs declaration;
or the explanation on the requested procedure (1st + 2nd digit)
- B: The previous procedure (3rd + 4th digit)
- C: Explanation of the previous procedure
- D: Indication whether CPC falls under extra-EU trade
- E: Indication whether CPC falls under intra-EU trade
- F: CPC falls neither under Extra nor under intra-EU trade
- G: Indication of statistical procedure in extra-EU trade statistics
- H: Explanation/additional information

G. Allocation table for Imports/Arrivals

ALLOCATION TABLE IMPORTS/ARRIVALS (MOST COMMON CPCs) ⁽¹⁾										
CPC	Meaning of 'previous procedure' code		Trade type			Statistical procedure in extra-EU trade				
4-digit	3 rd + 4 th digit		Extra	Intra	None	'—' = out of scope (CPC is only for explanation)				
A	B	C	D	E	F	G	H			
'0x' Imports of goods under '0x' is used only in case of non-payment of VAT/excise duties										
'01' Imports relating in general to release for free circulation (payment of duties) with <ul style="list-style-type: none"> — a subsequent redispach to a 'VAT exempt' part of the EU's customs territory or — a dispatch to a country with which the EU forms a customs union 										
0100	00 => no previous procedure		x	—	—	1				
0121	21 => export under the outward processing procedure		x	—	—	3				
0151	51 => goods were under the inward processing procedure (suspension)		—	—	x	—	See CPC 0141			
0153	53 => goods were previously under ' temporary admission '		x	—	—	1				
0154	54 => goods were, in another Member State, under the inward processing procedure (suspension)		—	x	—	—	Excluded: Reg. No 113/2010, Annex I, point (k) Arrival is under the scope of INTRA-EU trade (Reg. No 638/2004, Art. 3)			
0171	71 => goods came from a customs warehouse		x	—	—	1				
0178	78 => goods came from a free zone comparable to a (customs warehouse)		x	—	—	1				
'07' Imports relating to free circulation but with placing the goods under a tax/excise warehouse										
0700	00 => no previous procedure		x	—	—	1				
0721	21 => export under the outward processing procedure		x	—	—	3				
0751	51 => goods were under the inward processing procedure (suspension)		—	—	x	—	See CPC 0741			
0753	53 => goods were previously under ' temporary admission '		x	—	—	1				
0754	54 => goods were, in another Member State, under the inward processing procedure (suspension)		—	x	—	—	Excluded: Reg. No 113/2010, Annex I, point (k) Arrival is under the scope of INTRA-EU trade (Reg. No 638/2004, Art. 3)			
0771	71 => goods came from a customs warehouse		x	—	—	1				
0778	78 => goods came from a free zone		x	—	—	1				

⁽¹⁾ Annex B (version of September 2020), Title II of Regulation (EU) No 2015/2447 of the European Parliament and of the Council of 24 November 2015.

Allocation Table Imports/Arrivals (most common CPCs) ⁽¹⁾							
CPC	Meaning of 'previous procedure' code			Trade type		Statistical procedure in extra-EU trade	
4-digit	3 rd + 4 th digit			Extra	Intra	None	'—' = out of scope (CPC is only for explanation)
A	B	C	D	E	F	G	H

'4x' Imports into free circulation							
'40' Imports relating to release for free circulation and home use (~ payment of customs duties, VAT and excise duties)							
4000	00 => no previous procedure		x	—	—	1	
4010	10 => goods return after permanent export		x	—	—	1	Remark: CPC '4010' not included in the DG TAXUD SAD-guidelines.
4051	51 => goods were under the inward processing procedure (suspension)		—	—	x	—	See CPC 4041
4053	53 => goods were under the temporary admission procedure		x	—	—	1	
4054	54 => goods were, in another Member State, under the inward processing procedure (suspension)		—	x	—	—	Excluded: Reg. No 113/2010, Annex I, point (k) Arrival is under the scope of INTRA-EU trade (Reg. No 638/2004, Art. 3)
4071	71 => goods came from a customs warehouse		x	—	—	1	
4078	78 => goods came from a free zone comparable to a (customs warehouse)		x	—	—	1	
'42' Imports relating to free circulation and home use, however, with VAT-exempt supply to another Member State							
42xx	xx => All previous procedure as under CPCs 40xx; Compared to code 40, imports under CPCs 42 are, after their release for free circulation, immediately dispatched to another Member State under a VAT exemption scheme; For allocation to a trade type and a statistical procedure, see the respective 40xx-codes.						
'43' Imports relating to free circulation and home use of goods for which specific transition measures following the accession of a new Member State apply (e.g. residual customs duties or agricultural levies)							
43xx	xx => All applicable previous procedure as under CPCs 40xx; where applicable, trade is to be allocated to INTRA-EU trade.						
'44' Import under end-use (= release for free circulation and home use under duty exemption or at a reduced rate of duty on account of the good's specific use)							
44xx	xx => All applicable previous procedure as under CPCs 40xx ; where applicable, trade is to be allocated to INTRA-EU trade.						
'45' Imports relating to free circulation and home use, however with placement under a VAT warehouse (-> no payment of VAT or excises duties)							
45xx	xx => All previous procedure as under CPCs 40xx						
'46' Import of processed products obtained from equivalent goods under the outward-processing procedure before exportation of goods they are replacing.							
4600	00 => no previous procedure		x	—	—	3	

Allocation Table Imports/Arrivals (Most Common CPCs) ⁽¹⁾								
CPC	Meaning of 'previous procedure' code		Trade type			Statistical procedure in extra-EU trade		
4-digit	3 rd + 4 th digit		Extra	Intra	None	'—' = out of scope (CPC is only for explanation)		
A	B	C	D	E	F	G	H	
'48'	Imports for free circulation of goods as so-called prior importation, under the customs outward processing procedure; Note: Code '48' concerns most likely cases of repair; this would need to be assessed by NSIs to exclude the flow from statistics! However, where this code refers to replacements of faulty goods the transaction would need to be included.							
4800	00 => no previous procedure		x	—	—	3		
4871	71 => goods came from a customs warehouse		x	—	—	3		
4878	78 => goods came from a free zone		x	—	—	3		
'49'	Entry for home use — of Union goods as arrival from a 'VAT-exempt' part of the EU's customs territory — of goods in the context of trade with third countries with which the EU has formed a customs union							
4900	00 => no previous procedure		x	—	—	1	Imports under customs union provisions, e.g. Andorra; 'IM' in SAD-box 1(1)	
			—	x	—	—	Arrival of Union goods from 'VAT-exempt' EU customs territory, e.g. Canary Islands (SPAIN); 'CO' in SAD-box 1(1)	
4901	01 => goods were previously imported for free circulation with subsequent redispach to a 'VAT exempt' part of the EU's customs territory		—	x	—	—		
4910	10 => goods imported after permanent export as normal export of Union goods to a third country goods imported after dispatch of Union goods to a 'VAT-exempt' part of the EU's customs territory		x	—	—	1	Previous export to a third country: 'EX' or 'EU' in SAD-box 1(1)	
			x	—	—	—	Previous intra-EU dispatch: 'CO' in SAD-box 1(1)	
4978	78 => goods came from a free zone		x	—	—	1	See CPC 4971	
'51'	Imports relating to the customs inward processing procedure (suspension system) (=Temporary import of dutiable goods with suspension of EU's trade measures/duties for processing and subsequent re-exportation)							
5100	00 => no previous procedure		x	—	—	2		
5111	11 => prior export of compensating products, before placing of the imported goods under the inward processing procedure		x	—	—	2		
5121	21 => export under the outward processing procedure		x	—	—	2	See also CPC 2151 Outward processing was an intermediate action within the inward processing activity.	
5122	22 => export under economic processing aspects		x	—	—	2	Although the previous export was under economic processing aspects, trade shall be allocated to '2'	
5141	41 => goods were previously released for free circulation and home under the inward processing procedure (drawback system)		—	—	x	—	Not under the scope of EXTRA-EU trade (Reg. No 471/2009, Art. 3)	

Allocation Table Imports/Arrivals (Most Common CPCs) ⁽¹⁾											
CPC	Meaning of 'previous procedure' code			Trade type			Statistical procedure in extra-EU trade				
4-digit	3 rd + 4 th digit			Extra	Intra	None	'—' = out of scope (CPC is only for explanation)				
A	B	C		D	E	F	G	H			
5151	51 => goods were under the inward processing procedure (suspension)			—	—	x	—	See CPC 5141			
5153	53 => goods were under the temporary admission procedure			x	—	—	2				
5154	54 => goods were, in another Member State, under the inward processing procedure (suspension)			—	x	—	—	Not under the scope of EXTRA-EU trade (Reg. No 471/2009, Art. 3) Arrival is under the scope of INTRA-EU trade (Reg. No 638/2004, Art. 3)			
5171	71 => goods came from a customs warehouse			x	—	—	2				
5178	78 => goods came from a free zone (comparable to a customs warehouse)			x	—	—	2				
'53' Temporary admission (Temporary import for the authorised use with suspension of EU trade measures under the obligation for later re-exportation in an unaltered state)											
53xx	xx => all possible previous procedures 00,51,53,54,71.			—	—	x	—	Not under the scope of EXTRA-EU trade (Reg. No 471/2009, Art. 3)			
5354	54 => goods were, in another Member State, under the inward processing procedure (suspension)			—	—	x	—	Although arrival is under the scope of INTRA-EU trade (Reg. No 638/2004, Art. 3), the goods should be excluded as 'temporary use' (Reg. No 1982/2004, Annex I, point (c))			
'6x' Re-importation for free circulation For re-importation, in principle the same logic applies as for comparable codes 4xxx; the difference being that under re-importation the goods were, except for so-called returned goods, previously exported with view to later re-importation; therefore code 6x must have a previous 'export' procedure)											
'61' Re-imports relating to free circulation and home use (=> payment of VAT and excise duties)											
6110	10 => goods imported after permanent export as normal export of Union goods to a third country			x	—	—	1	Returned goods in the sense of customs provisions (UCC, Art. 203)			
6111	11 => export as processed goods under the customs inward processing system (so-called prior exportation)			x	—	—	1	Re-import in the unchanged state of the previously exported goods			
6121	21 => export under the outward processing procedure			x	—	—	3				
6122	22 => export under economic processing aspects			x	—	—	1	Code '22' relates to exports for economic processing; such exports are not covered by a customs outward processing procedure.			
6123	23 => goods were temporarily exported for return in the unaltered state			—	—	x	—	Excluded where the conditions of Annex I, point (c) of Reg. No 113/2010, are met.			
6131	31 => Re-export of the processed goods under the customs inward processing system			x	—	—	1	(this is related to imports with the additional procedure code 'F04')			

Allocation Table Imports/Arrivals (Most Common CPCs) ⁽¹⁾										
CPC	Meaning of 'previous procedure' code		Trade type			Statistical procedure in extra-EU trade				
	4-digit	3 rd + 4 th digit	Extra	Intra	None	'—' = out of scope (CPC is only for explanation)				
A	B	C	D	E	F	G	H			
6171	71 => goods came from a customs warehouse		—	—	x	—	CPC '6171' can logically only refer to goods re-imported after a temporary export '23xx'			
6178	78 => goods came from a free zone (comparable to a customs warehouse)		—	—	x	—	See CPC 6171			
'63' Re-imports relating to free circulation and home use, however with VAT-exempt supply to another Member State										
63xx	xx => All previous procedures as under 61xx	Compared to 61, imports under 63 are, after their release for free circulation, immediately dispatched to another Member State under a VAT exemption scheme; For allocation to a trade type and a statistical procedure, c.f. the respective 61xx-codes; see also 42.								
'68' Re-imports relating to free circulation and home use, however, with placement under a VAT warehouse (-> no payment of VAT or excises duties); Code 68 is similar to code 45, the difference being that code 68 is related to re-importation after (temporary) exportation.										
6821	21 => export under the outward processing procedure		x	—	—	3				
6831	31 => Re-export of the processed goods under the customs inward processing system		x	—	—	1	See CPC 6131			
6871	71 => goods came from a customs warehouse		—	—	x	—	CPC '6871' can logically only refer to goods re-imported after a temporary export under CPC '23xx'			
6878	78 => goods came from a free zone (comparable to a customs warehouse)		—	—	x	—	See CPC 6871			
'71' Imports by placement of goods under the customs warehousing procedure										
7100	00 => no previous procedure		—	—	x	—				
7110	10 => goods return after permanent export		—	—	x	—				
7121	21 => export was under the outward processing procedure		—	—	x	—				
7123	23 => goods were temporarily exported for return in the unaltered state		—	—	x	—				
7151	51 => goods were under the inward processing procedure (suspension)		—	—	x	—	Not under the scope of EXTRA-EU trade (Reg. No 471/2009, Art. 3) No cross border movement; the goods only change their procedural customs status within the same Member State; final re-exportation would then be under CPC '3151'.			
7153	53 => goods were under the temporary admission procedure		—	—	x	—				
7154	54 => goods were, in another Member State, under the inward processing procedure (suspension)		—	x	—	—	Not under the scope of EXTRA-EU trade (Reg. No 471/2009, Art. 3) Arrival is under the scope of INTRA-EU trade (Reg. No 638/2004, Art. 3) See also CPC '3154'			

7171	71 => Goods were under a customs warehousing procedure		—	—	x		—	
7178	78 => Goods came from a free zone		—	—	x		—	
'78' Entry of goods for a Free Zone								
	As of 1 May 2016, this code can only be used to indicate a <u>previous</u> procedure; the code as such has no relevance for ITGS but is listed in this table for information purpose only.							

H. Allocation table for Exports/Dispatches

Allocation Table Exports/Dispatches (most common CPCs)								
CPC	Meaning of 'previous procedure' code		Trade type			Statistical procedure in extra-EU trade		
	4-digit	3 rd + 4 th digit	Extra	Intra	None	'—' = out of scope (CPC is only for explanation)		
A	B	C	D	E	F	G	H	
'10'	Permanent export of Union goods — export to non-member countries or — a dispatch to a 'VAT-exempt' part of the EU's customs territory							
1000	00 => no previous procedure		x	—	—	1	Exports to third countries; 'EX', in SAD-box 1(1) Note: The entry into a victualling warehouse (1000F63) shall not be recorded. Only when the goods finally leave such warehouse (e.g. 1000F64) to be taken on board a ship or aircraft, the relevance of the exit is to be considered for trade statistics. For the customs victualling movement, in principle the statistical provisions for specific movements would apply (as goods delivered to vessels and aircraft , Reg. No 1982/2004, Art. 19 or Reg. No 113/2010, Art. 20).	
1001	01 => goods released for free circulation with simultaneous redispatch to a 'VAT-exempt' part of the EU's customs territory		—	x	—	—	Intra-EU dispatch to a 'VAT-exempt' part of the EU's customs territory, e.g. Canary Islands (SPAIN); 'CO' in SAD-box 1(1)	
1007	07 => goods were released to free circulation but placed under a tax/excise warehouse		x	—	—	1		
1040	40 => goods were previously released for free circulation		x	—	—	1		
1042	42 => goods were previously released for free circulation with a VAT-except supply to another Member State		x	—	—	1		
1045	45 => goods were previously released for free circulation but placed under a VAT warehouse (-> no payment of VAT or excises duties)		x	—	—	1		
1061	61 => goods were previously re-imported and released for free circulation		x	—	—	1		
1063	63 => goods were previously re-imported and released for free circulation with a VAT-except supply to another Member State		x	—	—	1		
1076	76 => goods were previously placed under the customs warehousing procedure in order to obtain payment of special export refunds prior to exportation		x			1	See CPC 7600 and Example 1 on the general trade system.	

1078	78 => goods were previously placed under the free zone arrangement with view to their permanent export		x	—	—		1	See CPCs '78xx' The entry into free zone was with view to repayment/remission of duties.
'11' Special cases of export as processed goods under the customs inward processing (suspension) system (so-called prior exportation)								
1100	00 => no previous procedure		x	—	—		2	
'2x' Temporary exports								
'21' Temporary exports under the customs outward processing procedure (-> partial duty relief on re-importation)								
2100	00 => no previous procedure		x	—	—		3	
2101	01 => goods released for free circulation with simultaneous redispach to a 'VAT-exempt' part of the EU's customs territory		x	—	—		3	
2107	07 => goods were released for free circulation but put under a tax/excise warehouse		x	—	—		3	
2140	40 => goods were previously released for free circulation		x	—	—		3	CPC 2140 in the meaning of CPC 2100.
2145	45 => goods were previously released for free circulation but placed under a VAT warehouse (-> no payment of VAT or excises duties)		x	—	—		3	
2151	51 => goods were under the inward processing procedure (suspension)		x	—	—		2	See CPC 2141
2154	54 => goods were, in another Member State, under the inward processing procedure (suspension)		x	(x)	—		2	See CPC 2141; Remark INTRA: the previous arrival in the MS of export is also under the scope of INTRA-EU (Reg. No 638/2004, Art. 3)
'22' Temporary exports for processing, other than under the customs outward processing procedure (e.g. economic processing)								
2200	00 => no previous procedure		x	—	—		1	
'23' Temporary export for return in the unaltered state								
23xx	xx => any possible previous procedure		—	—	x		—	Excluded where the conditions of Annex I, point (c) of Reg. No 113/2010, are met.
'31' Re-exports of non-Union goods								
3151	51 => goods were under the inward processing procedure (suspension)		x	—	—		2	
3153	53 => goods were under temporary admission		—	—	x		—	
3154	54 => goods were, in another Member State, under the inward processing procedure (suspension)		x	(x)	—		2	Remark INTRA: where applicable, the previous arrival in the MS of export would be under the scope of INTRA-EU trade (Reg. No 638/2004, Art. 3); if the previous arrival was linked to entry in a customs warehouse, the INTRA-arrival indicator would be CPC '7154'

3171	71 => goods were previously in a customs warehouse		—	—	x		—	
3178	78 => goods were previously in a free zone		—	—	x		—	
'76' Placing of goods under the customs warehousing procedure in order to obtain payment of special export refunds prior to exportation								
7600	00 => no previous procedure				x		—	See CPC 1076 and Example 1 on the general trade system.

Annex 3 — Reconciliation table between ITGS and BoP statistics

1. Goods for processing (no change of ownership)

1.1 Goods sent abroad for processing which return after the processing to the reporting Member State (initial Member State of dispatch)

Intra-EU trade	Included on a gross basis Reg. No 1982/2004, Art. 8(1) and Annex III; Identified by NoT code 4 and 5.	BPM5	Included on a gross basis under the sub-item 'Goods for processing' Par. 197
Extra-EU trade	Included on a gross basis Reg. No 113/2010, Art. 4(3) and Annex II; Identified by NoT code 4 and 5.	BPM6	Excluded from goods (no change of ownership) Par. 10.22(f) Recorded as manufacturing services on physical inputs owned by others included (par. 10.62) Gross values ... can be identified as supplementary items (par. 10.67)

1.2 Goods sent abroad for processing which do not return to the reporting MS (country A), but are sold to resident of the processing economy (country B)⁽¹⁾ or to non-member country (country C)⁽²⁾.

Intra-EU trade	Included on gross basis Reg. No 1982/2004, Art. 8(1) and Annex III ; Identified by NoT code 42 in country A and 42/52 in country B.	BPM5	Included under the sub-item 'Goods for processing', but fictitious backward flow has to be imputed; export of goods under general merchandise has to be recorded too.
Extra-EU trade	Included on gross basis Reg. No 113/2010, Art. 4(3) and Annex II; Identified by NoT code 42 in country A and 42/52 in country	BPM6	BPM6 introduces the term 'Goods sold abroad after processing'

1.3 Goods acquired from other economies for processing abroad

Intra-EU trade	Excluded	BPM5	Treatment not specified
Extra-EU trade	Excluded	BPM6	Included Par. 10.65(b) Purchases of materials necessary for processing made by the ordering party/principal abroad have to be recorded as imports under 'General merchandise'.

1.4 Additions and alterations to ships and aircraft (the same operation as 1.1)

Intra-EU trade	Included on a gross basis Reg. No 1982/2004, Art. 17(2) (c) and Annex III Identified by NoT code 4 and 5	BPM5	Included on a gross basis Recorded under the sub-item 'Goods for processing'. Par. 197
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(¹) According to BPM5, these goods should be excluded from sub-item goods for processing and should be recorded under exports of general merchandise (with a value corrected to include the value of processing). The payment for the processing has to be entered as a debit under services/merchanting and other trade related services (BPM5 par. 199).

(²) According to BPM5, these goods should be excluded from sub-item goods for processing and should also be excluded from the exports of goods from country A to country B. From country A to country B only a payment for the processing has to be entered (under services/merchanting). These goods should be recorded as exports of goods under general merchandise from country A to country C including the value of processing (BPM5 par.199, BoP Textbook paras. 186-188).

Extra-EU trade	Included on a gross basis Reg. No113/2010, Art. 19(2) (c) and Annex II. Identified by NoT code 4 and 5	BPM6	Excluded from goods (no change of ownership) Recorded as manufacturing services on physical inputs owned by others included Par. 10.62		
2. Repairs on goods (goods for and after repair and the associated replacement parts)					
Intra-EU trade^{a)}	Excluded Reg. No 1982/2004, Annex I, point (h)	BPM5	Included on a net basis; recorded under the sub-item 'Repairs of goods'. Par. 200		
Extra-EU trade^{a)}	Excluded Reg. No 113/2010, Annex I, point (h)	BPM6	Excluded from goods, recorded under services Paras. 10.59 and 10.60 No adjustment is necessary, if ITGS excludes correctly.		
^{a)} Collected by some Member States for NA purposes.					
3. Goods procured in ports by carriers (fuels, provisions, supplies delivered/bought to/by non-resident vessels or aircraft)					
Intra-EU trade^{b)}	Included in dispatches , not recorded in arrivals Goods delivered on the territory of the reporting Member State to non-resident carriers Reg. No 1982/2004, Art. 19 Identified by product codes 9930 XX 00	BPM5^{c)}	Included in both flows Recorded under sub-item 'Goods procured in ports by carriers' Paras. 156 and 201 Recorded as imports if bought by residents abroad, as exports if sold to non-residents in the compiling economy.		
Extra-EU trade^{b)}	Included only in exports, not recorded in imports. Goods delivered on the territory of the reporting Member State to non-resident carriers Reg. No 113/2010, Art.20 May be identified by product code 9930 XX 00, if national Customs applies.	BPM6^{c)}	Included in both flows as part of 'General merchandise' (no more recorded as the sub-item) 'Ports' are defined widely. Goods provided to operators of road and rail transport services have also to be included. Par. 10.17(d)		
^{b)} Only export recorded; partner country allocated according to residency of economic owner		^{c)} Included in 'Goods' as a sub-item.			
4. Transfer of ownership of movable equipment not tied to a fix location					
4.1 Transfer of economic ownership of vessels and aircraft					
Intra-EU trade^{d)}	Included Reg. No 1982/2004, Art. 17(2) (a) and (b)	BPM5^{e)}	Included in sub-item 'General Merchandise'. Par. 208		
Extra-EU trade^{d)}	Included Reg. No 113/2010, Art. 19(2) (a) and (b)	BPM6^{e)}	Included in sub-item 'General Merchandise' Par. 4.136 The principle was established by BPM5 par. 81; the operator is not confirmed as the owner.		
^{d)} Exception from physical movement principle. List of exclusions is not applicable and thus duration of the leasing does not affect the decision.		^{e)} Included even if not crossing frontiers.			
4.2 Transfer of ownership of railway rolling stock, oil drilling rigs and production platforms					
Intra-EU trade^{f)}	Included when declared as acquisition/supply for VAT. Excluded when temporary movement.	BPM5^{g)}	Included in sub-item 'General Merchandise' Par. 208		
Extra-EU trade^{f)}	Included when declared for Customs. Excluded when temporary movement	BPM6^{g)}	Included		
^{f)} May be covered by the provisions on specific goods or movements.		^{g)} Included even if not crossing frontiers.			

4.3 Satellites, spacecraft

Intra-EU trade^{h)}	Included , but only if just constructed and initially launched. Reg. No 1982/2004, Art. 22 Recorded at ex-works value, as a transaction between MS of construction of the finished spacecraft and MS of the new owner.	BPM5	Included Both when initially launched and if ownership is transferred while the satellite is in orbit.
Extra-EU trade^{h)}	Included , but only if just constructed and initially launched. Reg. No 113/2010, Art.23 Recorded at ex-works value, as a transaction between MS/country of construction of the finished spacecraft and MS/country of the new owner.	BPM6	Included Both when initially launched and if ownership is transferred while the satellite is in orbit.
^{h)} Transfers of owner-ship of satellites in orbit are excluded from ITGS.			

5. Sea products

Fish and other marine products caught by a non-resident ship and sold in the compiling economy, or caught by a resident ship and sold directly abroad

Intra-EU tradeⁱ⁾	Included Reg. No 1982/2004, Art. 21 Sea products are deemed to belong to the MS where the taxable person who exercises the economic ownership of the vessel is established.	BPM5^{j)}	Included in sub-item 'General Merchandise' Par. 208. In the case of ships flying flags of convenience, the country of registry differs from the country of residence of the operator or owner. The activity has to be attributed to the country of residence of the operating enterprise. Par. 81
Extra-EU tradeⁱ⁾	Included Reg. No 113/2010, Art. 22 Sea products are deemed to belong to the MS where the person who exercises the economic ownership of the vessel is established	BPM6^{j)}	Included in sub-item 'General Merchandise' Par. 10.16 (e)

ⁱ⁾ Covered by the provisions on specific goods or movements.

^{j)} Included even if not crossing frontiers.

6. Goods purchased or sold by embassies (as non-residents) for their own use in the economy in which they are located

Intra-EU trade	Excluded Reg. No 1982/2004, Annex I, point (d) Goods never cross borders, do not leave or enter the reporting Member State.	BPM5^{k)}	Included under goods if identified (Par. 208), otherwise included under 'Services / Government services'. Par. 266.
Extra-EU trade	Excluded Reg. No 113/2010, Annex I, point (d) Goods never cross borders, do not leave or enter the reporting Member State.	BPM6^{k)}	Excluded Acquisition of goods and services by embassies are classified under 'Services/Government goods and services n.i.e.' Paras. 10.175 and 10.176
^{k)} Included even if not crossing frontiers.			

6.1 Goods bought from or sold to international institutions (as non-residents) located in the reporting country

Intra-EU trade	Excluded Reg. No 1982/2004, Annex I, point (d) Goods never cross borders, do not leave or enter the reporting Member State.	BPM5	Included under goods if identified (par. 208), otherwise included under 'Services / Government services'. Par. 266
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Extra-EU trade	Excluded Reg. No 113/2010, Annex I, point (d) Goods never cross borders, do not leave or enter the reporting Member State.	BPM6	Excluded Acquisition of goods and services by embassies are classified under 'Services/Government goods and services n.i.e.'. Paras. 10.175 and 10.176
7. Goods consigned to embassies (shipments by a specific economy to its diplomatic establishments located outside the territory of the economy)			
Intra-EU trade	Excluded Reg. No 1982/2004, Annex I, point (d)	BPM5^{l)}	Excluded Par. 209.
Extra-EU trade	Excluded Reg. No 113/2010, Annex I, point (d)	BPM6^{l)}	Excluded Par. 10.22(c)
^{l)} List of exclusions, no change of ownership.			
8. Government imports and exports of goods			
Intra-EU trade	Included	BPM5^{m)}	Included Par. 215
Extra-EU trade	Included	BPM60^{m)}	Included Par. 10.22(c)
^{m)} Special types of goods.			
9. Goods dispatched to national armed forces stationed outside the statistical territory of the reporting MSs			
Intra-EU trade	Excluded Reg. No 1982/2004, Annex I, point (d)	BPM5ⁿ⁾	Excluded Par. 209.
Extra-EU trade	Excluded Reg. No 113/2010, Annex I, point (d)	BPM6ⁿ⁾	Excluded Par. 10.17(o)
ⁿ⁾ List of exclusions, no change of ownership.			
10. Goods delivered to and from offshore installations			
Intra-EU trade	Included Reg. No 1982/2004, Art. 20	BPM5^{o)}	Included in sub-item 'General Merchandise' Par. 208.
Extra-EU trade	Included Reg. No 113/2010, Art. 21	BPM6^{o)}	Included
^{o)} Included even if not crossing frontiers.			
11. Returned exports and imports of goods			
Intra-EU trade	Included Reg. No 1982/2004, Annex III Identified by NoT code 21	BPM5^{p)}	Excluded Par. 209 Deductions from imports and exports of general merchandise have to be made. Par. 210
Extra-EU trade	Included Reg. No 113/2010, Annex II Identified by NoT code 21	BPM6^{p)}	Excluded Par. 10.22 (i)
^{p)} List of exclusions, no change of ownership.			
12. Goods that are lost or destroyed during the shipment			
12.1 Goods that are lost or destroyed			
Intra-EU trade	Included or not , depending on whether the loss takes place before or after crossing frontiers of reporting Member State.	BPM5	Included whenever there is a change of ownership. These accidents cannot be recorded by ITGS. In practice, only big losses (e.g. sinking of tankers) can be taken into account.
Extra-EU trade	Included or not , depending on whether the loss takes place before or after crossing frontiers of reporting Member State.	BPM6	Included or excluded depending on the change of ownership Par. 10.17 (m)
12.2 Goods that are lost or destroyed inside the customs frontier of the exporting economy			

Intra-EU trade	Excluded	BPM5 ^{g)}	Included , if there is change of ownership Par. 209.
Extra-EU trade	Excluded	BPM6 ^{g)}	Included , if there is change of ownership. Par. 10.17(m)
			^{g)} List of exclusions, no change of ownership.

12.3 Goods that are lost or destroyed inside the customs frontier of the importing economy

Intra-EU trade	Included	BPM5	Included , if there is change of ownership. Par. 209. They have to be deducted from trade figures of both economies, if the loss took place before change of ownership.
Extra-EU trade	Included	BPM6	Included , if there is change of ownership.

12.4 Goods that are lost or destroyed between the custom frontiers of exporting (country A) and importing economies (country B)

Intra-EU trade	Included in dispatches of country A, excluded from arrivals of country B	BPM5 ^{f)}	Included , if there is change of ownership. Par. 209 If the loss took place prior to the change of ownership, the value has to be deducted from country A exports. If it took place after the change of ownership, the value has to be added to country B imports.
Extra-EU trade	Included in exports of country A, excluded from Imports of Country B	BPM6 ^{f)}	Included , if there is change of ownership.
			^{f)} Included even if not crossing frontiers.

13. Transit trade**13.1 Direct transit trade**

'Real' transit; goods merely passing through a MS, entering the customs border of a MS, not cleared by its customs authorities directly sent to another MS for customs clearance

Intra-EU trade	Excluded Reg. No 638/2004, Art. 3	BPM5 ^{s)}	Excluded Par. 209
Extra-EU trade	Excluded Reg. No 471/2009, Art. 3	BPM6 ^{s)}	Excluded Par. 10.22 (a)
			^{s)} List of exclusions, no change of ownership.

13.2 Quasi-transit trade ('Disguised' direct transit trade)

Intra-EU trade	Included Goods which enter the EU are released for free circulation at the compiling economy and are then transferred to another MS. A dispatch declaration has to be filed in that MS. Goods originate in one MS but leave the EU through the territory of another MS where customs procedures are carried out. An arrival has to be included in intra-EU trade data reported to Eurostat (Union concept).	BPM5	Included The recording, which is an exception to the change of ownership principle, is recommended to avoid underestimation of imports from non-member countries at EU level.
Extra-EU trade	Included Where the import/export declaration is lodged at the external border of the EU, MS of entry/exit shall report for extra-EU trade statistics.	BPM6	Included BoP Vademecum, November 2009, pages 19 and 20, 'Quasi-transit adjustment'

13.3 Re-exports are the goods that were previously imported into the compiling economy and that are later exported in the same condition as previously imported

Intra-EU trade	Included Not identified by any specific NoT code	BPM5	
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Extra-EU trade	Included Not identified by any specific NoT code	BPM6	Included in 'General merchandise' Where possible should be shown separately as a supplementary item, particularly in economies where re-exports make up a significant part of exports'. Paras. 10.37 and 10.39
14. Goods entering/leaving customs warehouses, free zones, free distribution centres (facilities which can hold merchandise under customs control)			
Intra-EU trade	Not applicable	BPM5	Included in case of change of ownership Par. 222 Included if the owner is a resident of MS. If the ITGS-goods item is based on general trade, imports/exports on account of non-residents must be excluded. If the ITGS-goods item is based on special trade statistics, imports / exports of residents must be added.
Extra-EU trade	Excluded if goods remain inside the warehouses or move between warehouses. Included if goods leaving customs warehouse to be cleared for free circulation, inward, processing. Included if goods are imported in customs free zones for processing and then re-exported, as well as re-import after customs outward processing procedure.	BPM6	Included in case of change of ownership Included if the owner is a resident of a MS. Par. 10.25
15. Merchanting — goods purchased and resold by a resident of the compiling country, but not entering the compiling country			
15.1 Goods traded between residents and non-residents which never cross borders (or are stored in free zones), if the transaction is finalised in the same recording period			
Intra-EU trade	Excluded	BPM5	Excluded Par. 212 Recorded (net) under 'Services / Other business services / Merchanting and other trade related services' Par. 262
Extra-EU trade	Excluded	BPM6	Included in goods as a sub-item 'Net exports of Goods under merchanting' Par. 10.41 Acquisition of goods is recorded as negative exports. Sale of goods is recorded as positive exports (par. 10.44). Difference between sales and purchases is recorded as an item 'Net exports of goods under merchanting'.
15.2 Goods traded between residents and non-residents which never cross borders (or are stored in free zones), if the goods are acquired in one reporting period and sold in a later period = Stocks of goods located abroad			
Intra-EU trade	Excluded	BPM5¹⁾	Included Par. 213 These goods have to be recorded in the BoP of the temporary owner as imports of goods (stocks of goods located abroad), The same amount has to be deducted from imports in the period in which the goods are finally sold.

Extra-EU trade	Excluded	BPM6^{t)}	If the goods are the object of merchanting, the distinction between 15.1 and 15.2 is no longer relevant
^{t)} Change of ownership of goods but not crossing frontiers.			
15.3 Imports: Purchase of goods for own use that remain abroad (not object of merchanting). Exports: sales of goods (that remain in the economy) to a non-resident			
Intra-EU trade	Excluded	BPM5	Included
Extra-EU trade	Excluded	BPM6	Included
16. Means of payment which are legal tender , and securities, issued banknotes and securities and coins in circulation			
Intra-EU trade	Excluded Reg. No 1982/2004, Annex I, point (b)	BPM5	Excluded Recorded in the Financial Account
Extra-EU trade	Excluded Reg. No 113/2010, Annex I, point (b)	BPM6	Excluded
17. Paper money, coins, securities not in circulation , which are valued as commodities and not at face value			
Intra-EU trade	Included	BPM5	Included Par. 215
Extra-EU trade	Included	BPM6	Included Par. 10.17 (a)
18. Monetary gold Gold exchanged between the monetary authorities of different economies, gold held as reserve assets by the monetary authorities			
Intra-EU trade^{u)}	Excluded Reg. No 1982/2004, Annex I, point (a)	BPM5	Excluded Par. 214 Recorded under Financial account / Reserve assets
Extra-EU trade^{u)}	Excluded Reg. No 113/2010, Annex I, point (a)	BPM6	Excluded Paras. 5.74 and 5.75 Recorded under Financial account / Reserve assets.
^{u)} List of exclusions			
19. Non-monetary gold Imports and exports of gold: industrial gold and gold held as a store of value. Non-monetary gold includes also gold bought by private banks as reserve assets			
Intra-EU trade	Included Identified by CN codes 7108 11 00, 7108 12 00, 7108 13 00, 7108 13 10, 7108 13 80 Excluded if the gold is stored abroad and does not cross borders.	BPM5^{v)}	Included Par. 202 Recorded as a separate sub-item. Included even if it does not cross frontiers. Par.208
Extra-EU trade	Included Identified by CN codes 7108 11 00, 7108 12 00, 7108 13 00, 7108 13 10, 7108 13 80 Excluded if the gold is stored abroad and does not cross borders.	BPM6^{v)}	Included Recorded as a separate sub -item 'Non-monetary gold' Paras. 10.50 -10.54. 'In many cases there is no physical delivery to the new owner, because the gold is held at specialised bullion storage. However change of ownership is the criterion for the recording, so gold sales and purchases should be recorded even when there is no physical movement'. Par. 10.53 However unallocated non-monetary gold accounts (see Par 5.77) should be classified as financial assets. Par. 10.51
^{v)} Special types of goods			
20. Emergency aid for disaster areas (food and other humanitarian aid)			
Intra-EU trade	Included	BPM5^{w)}	Included in sub-item 'General Merchandise' An offsetting entry should be made in the

			Current Account/Current Transfers. Par. 291
Extra-EU trade	Included Reg. No 1982/2004, Annex III Identified by NoT code 3	BPM6^{w)}	Included Par. 10.17 (q)
			^{w)} Goods treated as financial items

21. Goods delivered under aid programs, without compensation

Intra-EU trade	Included Reg. No 1982/2004, Annex III Identified by NoT code 3	BPM5	Included in sub-item 'General Merchandise' An offsetting entry should be made in the Current Account / Current Transfers. Par. 291
Extra-EU trade	Included Reg. No 113/2010, Annex II Identified by NoT code 3	BPM6	Included Par. 10.17 (q)

22. Goods for and following temporary use (temporary exports and imports of goods that are not for sale)

Intra-EU trade	Excluded , provided that the expected duration of the temporary use is no longer than 24 months. Reg. No 1982/2004, Annex I, point (c)	BPM5	Excluded Par. 209
Extra-EU trade	Excluded , provided that the expected duration of the temporary use is no longer than 24 months. Reg. No 113/2010, Annex I, point (c)	BPM6	Excluded Par. 10.22 (e)

23. Goods used as carriers of information (floppy disks, CD-ROMs, films, audio and videotapes)

Intra-EU trade	Excluded , if information is customised for particular client. Included , if information is not customised. Reg. No 1982/2004, Annex I, point (e)	BPM5	Packaged, non-customised software, CD-ROMs, etc. are included and recorded in sub-item 'General Merchandise'. Customised carriers of information are excluded and recorded as 'Services/computer and information services'
Extra-EU trade	Excluded , if information is customised for particular client. Included , if information is not customised. Reg. No 113/2010, Annex I, point (e)	BPM6	Included Par. 10.17 (c) and Table 10.4

24. Goods not subject of commercial transaction**24.1 Printed advertising material, commercial samples (Samples of no commercial value)**

Intra-EU trade ^{x)}	Excluded Reg. No 1982/2004, Annex I, point (g)	BPM5	Excluded Par. 209
Extra-EU trade ^{x)}	Excluded Reg. No 113/2010, Annex I, point (g)	BPM6	Excluded Par. 10.22(j)

^{x)} List of exclusions**24.2 Other goods**

- a) Decorations, prizes, medals
- b) Travel equipment for personal use
- c) Coffins, funerary urns, etc.
- d) Ballast
- e) Pharmaceutical products used at international sporting events

Intra-EU trade ^{y)}	Practically excluded	BPM5^{z)}	Excluded Par. 209
Extra-EU trade ^{y)}	Excluded , if not declared for customs purposes. Some goods identified by CN codes 9919 00 00	BPM6^{z)}	Excluded

^{y)} List of exclusions.^{z)} List of exclusions, no change of ownership.

24.3 Migrants' effects (Items involved in moving house or heirlooms)

Intra-EU trade	Practically excluded	BPM5	Included All the household and personal effects of migrants ... transferred from the old to the new economy are included under 'general merchandise'. Par. 353 An offsetting transaction has to be recorded under 'Capital account/capital transfers/Other sectors/ Migrants' transfers'. Par. 352
Extra-EU trade	Excluded , if not declared for customs purposes. Identified by CN codes 9905 00 00 and 9919 00 00	BPM6	Excluded 'Migrants' personal effects. The personal property that accompanies people changing residence is not classified as a transaction because there is no change of ownership'. Par. 10.22(b) Adjustment may be necessary in extra-EU trade.

24.4 Waste (Goods which have become unusable)

Intra-EU trade ^{aa)}	Included	BPM5	Excluded Par. 209
Extra-EU trade ^{aa)}	Included	BPM6	Excluded Par. 10.22 (h) Waste and scrap with positive values are included in 'general merchandise'.

^{aa)} Quantity is recorded in case of waste with negative value.**25. Shipments of gifts**

Intra-EU trade	Excluded if sent or received by a person below Intrastat thresholds. Included if the receiver or sender is above Intrastat exemption thresholds.	BPM5 ^{bb)}	
Extra-EU trade	Excluded , if not declared for customs purposes.	BPM6 ^{bb)}	

^{bb)} Special type of goods.**26. Means of transport travelling in the course of their work, including spacecraft launchers at the time of launching**

Intra-EU trade	Excluded Reg. No 1982/2004, Annex I, point (i)	BPM5	Excluded
Extra-EU trade	Excluded Reg. No 113/2010, Annex I, point (i)	BPM6	Excluded

27. Trade in goods between foreign affiliates

Intra-EU trade	Included , if the goods cross the border.	BPM5	Included in sub-item 'General Merchandise' Par. 205
Extra-EU trade	Included , if the goods cross the border.	BPM6	Excluded , if no change of ownership. Par. 10.24

28. Financial leasing (Lease arrangements made for capital goods for most or all of their expected economic life)

Intra-EU trade	Included Reg. No 1982/2004, Annex III Could be identified by NoT code 14.	BPM5 ^{cc)}	Included in sub-item 'General Merchandise' Par. 206 An offsetting entry should be made in the Financial Account.
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Extra-EU trade	Included Reg. No 113/2010, Annex II Could be identified by NoT code 14.	BPM6^{cc)}	Included in sub-item 'General Merchandise' Paras. 10.17(f) and 5.56
^{cc)} Exceptions to change of ownership rule			

29. Operational leasing (Leasing/rental of equipment other than ships and aircrafts)

Intra-EU trade	Excluded if shorter than 24 months, otherwise included .	BPM5^{dd)}	Excluded Par. 209 Recorded under Services/Other Business Services/Operational leasing (Par. 263). Operational leasing longer than 24 months, included in ITGS, has to be excluded from BoP.
Extra-EU trade	Excluded if shorter than 24 months, otherwise included .	BPM6^{dd)}	Excluded Recorded under Services/Other Business Services/Technical,/Trader related and other business services/Operating leasing Paras. 10.153-10.157
^{dd)} List of exclusions, no change of ownership			

30. Goods acquired by travellers for their own use and by non-resident workers (which are not VAT registered entities)

Intra-EU trade	Practically excluded	BPM5^{ee)}	Excluded Par. 212 Recorded under 'Services/Travel'
Extra-EU trade	Excluded , if not declared for customs purposes.	BPM6^{ee)}	Excluded Par. 10.86 Goods and services for own use acquired from an economy by non-residents during visits to that economy are recorded as 'Travel'
^{ee)} Exceptions to change of ownership rule.			

30.1 Sales of new means of transport to non-resident private individuals (tourists)

Intra-EU trade	Included	BPM5^{ff)}	Excluded from goods, included under 'Services/Travel'
Extra-EU trade	Included	BPM6^{ff)}	Included Paras. 10.20 and 10.90 Goods acquired by travellers in excess of customs thresholds and included in statistics are included in general merchandise. If not included in customs data they should be included in travel. Care is needed to avoid double counting in extra-EU goods and travel.
^{ff)} Goods classified as services.			

30.2 Sales of valuable goods to non-resident private individuals (tourists)

- a) Paintings, sculptures, recognised works of art and antiques.
- b) Jewellery, precious stones

Intra-EU trade	Excluded	BPM5	Included ESA95, Par. 3.150.e. Transactions in existing valuables with the Rest of the World have to be recorded as an import or export of goods. Adjustment required only in intra-EU trade
Extra-EU trade	Included , if declared for customs purposes.	BPM6	Included Paras. 10.20 and 10.90 Goods acquired by travelers in excess of customs thresholds and included in statistics are included in general merchandise. If not included in customs data they should be included in travel. No

			adjustment in goods required anymore. Care is needed to avoid double counting in extra-EU goods and travel.
30.3 Shuttle trade (Goods for resale acquired by travelers while on visit)			
Intra-EU trade	Practically excluded	BPM5	
Extra-EU trade	Included , if declared for customs purposes.	BPM6	Included Par. 10.19 Because the intent of this travel is not to acquire goods for personal use but to engage in a business.

31. Newspapers and periodicals (not in bulk) sent on the basis of direct subscription			
Intra-EU trade	Excluded if sent or received by non-taxable person. Included if the subscriber or sender is a taxable person and the PSI is over Intrastat exemption threshold.	BPM5	Excluded Par. 212 Recorded under 'Services / Computer and information services'
Extra-EU trade	Included , if declared for customs purposes.	BPM6	Excluded Par. 10.146 Recorded under 'Services / telecommunications, computer and information services / Information services'

32. Postal consignments (Goods dispatched through postal or courier services)			
Intra-EU trade	Excluded if sent or received by a non-taxable person. Included if the receiver or the sender is a taxable person and PSI is above Intrastat exemption threshold.	BPM5	Included Par. 215
Extra-EU trade	Included , if declared for customs purposes.	BPM6	Included Par. 10.17 (l)

33. Supplies to construction sites			
33.1 Supplies of building materials Exports of building materials for works that are performed abroad by residents as part of a general construction contract lasting less than one year			
Intra-EU trade	Included , if not considered as temporary movement. Reg. No 1982/2004, Annex III May be identified by NoT code 8.	BPM5 ⁹⁹⁾	Excluded Par. 254 Goods imported or exported by the (non-resident) contractor for use in the project are included in 'Services/ Construction services/ Exports (credits)'. However it was recommended to offset these goods by recording a corresponding debit in construction services.
Extra-EU trade	Included , if not considered as temporary movement. Reg. No 113/2010, Annex II May be identified by NoT code 8.	BPM6 ⁹⁹⁾	Excluded Paras. 10.22 (d) and 10.103 '... goods sent abroad from the home base for use in a construction project not undertaken by a separate entity; these goods are not included in exports of general merchandise of the territory of the home base.' Adjustment required in imports and exports of goods.

⁹⁹⁾ Goods classified as services.

33.2 Supplies of building materials

Imports of building material for works that are performed in the compiling economy by non-residents as part of a general construction contract **lasting less than one year**

Intra-EU trade	Included , if not considered as temporary movement. Reg. No 1982/2004, Annex III May be identified by NoT code 8.	BPM5 ^{hh)}	Excluded Par. 254 Goods imported or exported by the non-resident contractor for use in the project are included in 'Services/ Construction services/ Exports (credits)'. However it was recommended to offset these goods by recording a corresponding credit in construction services.
Extra-EU trade	Included , if not considered as temporary movement. Reg. No 113/2010, Annex II May be identified by NoT code 8.	BPM6 ^{hh)}	Excluded Paras. 10.22 (d) and 10.103 '... goods sent abroad from the home base for use in a construction project not undertaken by a separate entity; these goods are not included in exports of general merchandise of the territory of the home base.' Adjustment required in imports and exports of goods.

^{hh)} Goods classified as services.

33.3 Supplies of building materials

Exports of building materials for works performed abroad by residents as part of general construction contract **lasting more than one year** (or performed by a subsidiary which is considered resident of the host economy)

Intra-EU trade	Included , if not considered as temporary movement. Reg. No 1982/2004, Annex III May be identified by NoT code 8.	BPM5 ⁱⁱ⁾	Included Par. 254 Recorded under 'General merchandise'. The construction activity abroad is recorded as a direct investment.
Extra-EU trade	Included , if not considered as temporary movement. Reg. No 113/2010, Annex II May be identified by NoT code 8.	BPM6 ⁱⁱ⁾	Included Par. 10.103 Recorded under 'General merchandise'. The construction activity abroad is recorded as a direct investment.

ⁱⁱ⁾ Goods classified as services.

33.4 Goods locally acquired for construction undertaken by enterprises that are non-resident in the territory of the location of the work

Intra-EU trade	Excluded No cross-border transaction	BPM5 ^{jj)}	Excluded No cross-border transaction
Extra-EU trade	Excluded No cross-border transaction	BPM6 ^{jj)}	Excluded Paras. 10.23 (d) and 10.102 Goods are included under 'Construction services'.

^{jj)} Goods classified as services.

34. Illegal and smuggled goods (that otherwise are legal)

Intra-EU trade	Excluded	BPM5	Included Par. 215
Extra-EU trade	Excluded	BPM6	Included Paras.10.17 (i) and (j)

35. Electricity, gas and water

Intra-EU trade ^{kk)}	Included Reg. No 1982/2004, Art 23 According to the physical movement of the goods and not the ownership.	BPM5	Included Par. 215
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Extra-EU trade^{kk)}	Included Reg. No 113/2010, Art. 24 According to the physical movement of the goods and not the ownership.	BPM6	Included Par. 10.17 (b) Charges invoiced separately for the transmission, transport, or distribution of these products are included in 'Services/Transport'
^{kk)} Values might be estimated.			
35.1. Pipelines transport (Imports of natural gas for re-export)			
Intra-EU trade^{ll)}	Included Reg. No 1982/2004, Art. 23 According to the physical movement of the goods and not the ownership.	BPM5	Included Same treatment as ITGS. This is similar to quasi-transit trade (point 13.2), and therefore also here the Union concept should be followed.
Extra-EU trade^{ll)}	Included Reg. No 113/2010, Art. 24 According to the physical movement of the goods and not the ownership.	BPM6	Included Par.10.17 (b) However, charges invoiced separately for the transmission, transport, or distribution of these products are included in services under transport
^{ll)} Values might be estimated.			

36. Livestock driven across frontiers

Intra-EU trade^{ll)}	Included as any other goods.	BPM5^{mm)}	Included Par. 215
Extra-EU trade^{ll)}	Included as any other goods	BPM6^{mm)}	Included , if there is a change of ownership Par. 10.1
			^{mm)} Special types of goods.

37. High value capital goods

The production of high-value capital goods such as ships, heavy machinery and other equipment may take several months or years to complete. The transaction should be recorded at the time that economic ownership is conveyed from the seller to the buyer

Intra-EU trade	Included at the time , when the good crosses borders. Unless the high value capital good is a vessel or aircraft.	BPM5ⁿⁿ⁾	Included
Extra-EU trade	Included at the time , when the completed capital the good crosses borders. Unless the high value capital good is a vessel or aircraft.	BPM6ⁿⁿ⁾	Included , at the moment of change of ownership Par. 10.28. If change of ownership differs from time of payment, accounts receivable/payable arise. Adjustment needed if the time of change of owner-ship is different from the time of final consignment.
			ⁿⁿ⁾ The timing in data sources may or may not coincide with the change of ownership, for example payments data are on the basis of stage payments, while customs data are on the basis of the time that the completed item crosses the frontier.

Annex 4 — List of Extrastat Data Elements

UCC-relevant provision (¹)							ITGS-relevance		
D.E. n°	D.E. name	Customs status	B1	B2	H1	H4	B4	H5	SAD Box n°
B1 Export declaration and re-export declaration B2 Declaration for outward processing H1 Declaration for release for free circulation; declaration for end-use H4 Declaration for inward processing B4 Declaration for dispatch of goods in the context of trade with special fiscal territories H5 Declaration for the introduction of goods in the context of trade with special fiscal territories							'L': D.E. is legally required for the compilation of ITGS, where it is available on the customs declaration 'E': D.E. encouraged to be used as potentially useful		
1/01	Declaration type	Mandatory	x	x	x	x	x	x	1/01
		Optional							
1/02	Additional declaration type	Mandatory	x	x	x	x		x	1/02
		Optional							
1/10	Customs procedure code	Mandatory	x	x	x	x	x	x	37/1
		Optional							
1/11	Additional procedure code	Mandatory	x	x	x	x	x	x	37/02
		Optional							
3/2	Exporter identification No	Mandatory	x	x			x		2
		Optional			x	x		x	
3/16	Importer identification No	Mandatory			x	x		x	8
		Optional							
4/1	Delivery terms	Mandatory			x			x	20
		Optional	x	x		x	x		

(¹) Annex B of Commission Implementing Regulation (EU) 2015/2447 of 24 of November 2015 and Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 laying down detailed rules for implementing certain provisions laying down the Union Customs Code .

UCC-relevant provision (¹)							ITGS-relevance		
D.E. n°	D.E. name	Customs status	B1	B2	H1	H4	B4	H5	SAD Box n°
B1 Export declaration and re-export declaration B2 Declaration for outward processing H1 Declaration for release for free circulation; declaration for end-use H4 Declaration for inward processing B4 Declaration for dispatch of goods in the context of trade with special fiscal territories H5 Declaration for the introduction of goods in the context of trade with special fiscal territories							'L': D.E. is legally required for the compilation of ITGS, where it is available on the customs declaration 'E': D.E. encouraged to be used as potentially useful		
4/10	Invoice currency	Mandatory		x	x		x		22
		Optional	x	x			x		
4/17	Preference	Mandatory		x	x				36
		Optional					x		
5/8	Country of destination	Mandatory	x	x	x	x	x		17a
		Optional					x		
5/14	Country of dispatch/ export code	Mandatory	x	x	x	x		x	15a
		Optional					x		
5/15	Country of origin	Mandatory		x	x				34a
		Optional					x		
5/16	Country of preferential origin	Mandatory		x	x				—
		Optional					x		
5/26	Customs office of presentation	Mandatory	x	x	x	x	x	x	—
		Optional							

UCC-relevant provision (¹)							ITGS-relevance		
D.E. n°	D.E. name	Customs status	B1	B2	H1	H4	B4	H5	SAD Box n°
B1 Export declaration and re-export declaration B2 Declaration for outward processing H1 Declaration for release for free circulation; declaration for end-use H4 Declaration for inward processing B4 Declaration for dispatch of goods in the context of trade with special fiscal territories H5 Declaration for the introduction of goods in the context of trade with special fiscal territories							'L': D.E. is legally required for the compilation of ITGS, where it is available on the customs declaration 'E': D.E. encouraged to be used as potentially useful		
6/1	Net mass (kg)	Mandatory	x	x	x	x	x	x	38
		Optional							
6/2	Supplementary units	Mandatory	x	x	x	x	x	x	41
		Optional							
6/14	Commodity code (CN)	Mandatory	x	x	x	x	x	x	33/1
		Optional							
6/15	Commodity code TARIC	Mandatory		x	x				33/2
		Optional					x		
7/2	Container	Mandatory	x	x	x	x			19
		Optional							
7/4	Mode of transport at the border	Mandatory	x	x	x	x		x	25
		Optional					x		
7/5	Inland mode of transport	Mandatory	x	x	x	x			26
		Optional					x		
8/5	Nature of transaction	Mandatory	x	x	x	x	x	x	24
		Optional							

The net mass indicates the good's net weight in kilogram.

Supplementary units measure quantities other than net mass (e.g. metres, terajoules etc.).

This D.E. serves for compiler to identify the commodity by the 8-digit CN code.

This D.E. serves for compiler to identify the commodity by the 10-digit TARIC code which needs to be compiled for extra-EU imports based on customs declarations.

This D.E. serves for compiler to identify whether or not goods are transported in container at the time of entry (imports) / exit (exports) from/to the customs territory of Union.

This D.E. serves for compiler to identify the active means of transport at the border of the Union.

The statistical definition is meant to be transport related to the place of arrival or departure. However, the relevant information on the customs declaration refers merely to the place of presentation of the goods to customs where its relevance should be assessed, especially if the information from the data source can serve as proxy for the statistical need.

Acronyms and abbreviations

AES	Automated exports system
BoP	Balance of Payments
BPM6	Balance of Payments and International Investment Position Manual, Sixth Edition
CC	Centralised clearance
CCI	Centralised clearance for imports
CN	Combined Nomenclature
CPC	Customs Procedure Code
D.E.	Data Element
DG TAXUD	Directorate General for Taxation and Customs Union
EEZ	Exclusive Economic Zone
EORI	Economic Operators Registration and Identification
ESA	European System of Accounts
GSP	Generalised System of Preferences
IMTS	International Merchandise Trade Statistics
ITGS	International Trade in Goods Statistics
MS	Member State
NA	National Accounts
NACE	Statistical classification of economic activities in the European Community
NoT	Nature of Transaction
NSA	National Statistical Authority
NSI	National Statistical Institute
OSS	One Stop Shop
PSI	Provider of Statistical Information
SAD	Single Administrative Document
SASP	Single Authorisation for Simplified Procedure
SITC	Standard International Trade Classification
TARIC	Tarif Intégré Communautaire
TDA	Transitional delegated act
TSO	Transmission System Operator
UCC	Union Customs Code
UN	United Nations
VAT	Value Added Tax
VIES	VAT Information Exchange System

Glossary

Balance of Payments	The statistical system through which economic transactions occurring during specific time periods between an economy and the rest of the world can be summarised in a systematic way.
Balance sheet	Balance sheet is a summary of the financial balances where assets, liabilities and ownership equity are listed as of a specific date, such as the end of a company's financial year. A standard company balance sheet has three parts: assets, liabilities and ownership equity. The main categories of assets are usually listed first, and typically in order of liquidity. Assets are followed by the liabilities.
CIF-type value	Valuation principle when the value includes the transaction value of the goods, the value of services performed to deliver goods to the border of the exporting country and the value of the services performed to deliver the goods from the border of the exporting country to the border of the importing country.
Centralised clearance	Authorises a holder to lodge, or make available, at the customs office where an operator is established, a customs declaration for goods which are presented to customs at another customs office within the customs territory of the Union.
Combined Nomenclature	A systematic list of goods descriptions based on the Harmonised System, serving for the purposes of the Common Customs Tariff, external trade statistics, and other EU policies.
Continental shelf	Continental shelf comprises the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured where the outer edge of the continental margin does not extend up to that distance. The continental shelf can spread out beyond the exclusive economic zone of a country depending on the seabed topography.
Country of origin	The country where the goods originate. Goods, which are wholly obtained or produced in a country, originate in that country. Goods, whose production involved more than one country, shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or they underwent processing resulting in the manufacture of a new product.
Country of consignment	Member State or non-member country from which the goods were initially dispatched to the Member State in which the goods are located at the time of their release into the customs procedure, if neither a commercial transaction (e.g. sale or processing), nor a stoppage unrelated to the transport of goods has taken place in an intermediate Member State or non-member country. If such a stoppage or commercial transaction has taken place, the data shall indicate the last intermediate Member State or non-member country.
Customs authorities	The authorities in Member States responsible <i>inter alia</i> for applying customs rules.
Customs decision	Any act by the customs authorities pertaining to the customs legislation giving a ruling on a particular case, and having legal

Customs declaration	effects on the person or persons concerned.
Customs procedure	The act whereby a person indicates, in the prescribed form and manner, a wish to place goods under a given customs procedure, with an indication, where appropriate, of any specific arrangements to be applied.
Special procedures	The UCC provides for 3 customs procedures: — release for free circulation, — special procedures, — export.
Customs procedure codes	The following customs procedures require an authorisation: — transit, which shall comprise external and internal transit, — storage, which shall comprise customs warehousing and free zones, — specific use, which shall comprise temporary admission and end-use, — processing, which shall comprise inward and outward processing.
Customs union	A system of four-digit codes, composed of a two-digit code representing the procedure requested, followed by a second two-digit code representing the previous procedure. This code has to be entered in D.E. 1/10 (SAD box 37) and is used in statistics to define the coverage of exports and imports.
Customs warehousing	The merger of two or more customs territories with the effect that customs duties and non-tariff barriers are eliminated between the members of the union for substantially all trade, and a common customs tariff and common rules for non-tariff barriers are introduced for substantially all trade with non-member countries.
Delivery terms	Customs procedure allowing the storage of non-Union goods without subjecting them to import duties or commercial policy measures and Union goods with a view to applying measures normally requiring the export of such goods.
Entry In Declarants' Record	Those provisions of the sales contract which lay down the obligations of the seller and the buyer respectively, in accordance with the Incoterms of the International Chamber of Commerce.
Economic benefits	Authorises the holder to lodge a customs declaration in the form of an entry into the declarant records at its premises, provided that the particulars of that declaration are at the disposal of the customs authorities in the declarant's system when the declaration is lodged.
EORI number	Increased wealth or ability to satisfy needs and wants with respect to production, distribution, and consumption of goods and services.
Establishment	Economic Operator Registration and Identification number, unique in the customs territory of the Union, assigned by a customs authority in a Member State to an economic operator or to another person. The number is used as a customs identifier in all customs matters, e.g. customs declarations.
	Persons or corporations are said to be resident/established in a country when they have a centre of economic interest on the economic territory of that country. Having a centre of economic interest means that a corporation engages for an extended

	period (one year or more) in economic activities on this territory.
Estimates of missing intra-EU trade	Estimated value (and possibly quantity) of the trade below the exemption threshold and of the non/late response. These estimates are flagged with the threshold indicator 3, 4 or 8 in Doc MET 400 data files.
Estimates of net mass in intra-EU trade	Estimates of the net mass not collected from PSIs because of simplification provisions (net mass not mandatory for CN8 codes with a supplementary unit). These estimates are flagged with the threshold indicator 5 in Doc MET 400 data files.
Estimates of statistical value in intra-EU trade	The statistical value may not be collected from all PSIs because of simplification provisions (exemption of all PSIs or of only the ones above the optional variable threshold). Therefore the legislation requires the statistical value to be estimated. These estimates are transmitted under the threshold indicators 1 or 2 in Doc MET 400 data files.
Exclusive economic zone	The exclusive economic zone is an area beyond and adjacent to the territorial sea. The exclusive economic zone shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.
Export (in customs terms)	The customs procedure for taking Union goods out of the customs territory in order to ensure compliance with export restrictions.
Export duties	Customs duty payable on the export of goods, for instance export charges introduced under the common agricultural policy.
Exporter	The person on whose behalf the export declaration is made and who is the owner of the goods or has a similar right of disposal over them. Under other regulations it is the person who holds a contract with a consignee in third country and has the power for determining that the goods are to be brought to a destination outside the customs territory of the Union.
Exports/Dispatches (in statistical terms)	Operation/movement of goods which subtract the goods from the stock of material resources of a Member State by leaving its statistical territory. Within the context of NA, exports/dispatches of goods consist of transactions (sales, barter, gifts) from residents to non-residents.
Financial intermediary	Financial intermediation is the activity in which a financial corporation (e.g. a bank) acquires financial assets and at the same time incurs liabilities on the market. The assets and liabilities of the financial intermediaries have different characteristics with respect to their maturity, scale, and risk. Financial intermediaries transform and/or repackage the funds and the like in the financial intermediation process. A corporation is a purely financial intermediary when it undertakes no other (non-financial) activities.
Financial leasing	A financial lease is an arrangement where the lessor is the legal owner of an asset but the lessee is the economic owner as the latter bears the operating risks and receives the economic benefits from using the asset in a productive activity. In return, the lessor accepts another package of risks and rewards from the lessee, in the form of repayments associated with a loan.
FOB-type value	Valuation principle when the value includes the transaction value of the goods and the value of services performed to deliver goods to the border of the exporting country.

Free zone, free warehouse	A territory or premises situated in the customs territory where import duties and commercial policy measures are suspended for non-Union goods, and Union goods can already benefit from measures requiring their export.
Goods	All movable property, including electricity.
High seas	High seas are defined as all other territories beyond exclusive economic zone (200 NM) and beyond continental shelf. The high seas can be referred as to 'international waters', 'high seas' or 'Area' as well. From statistical point of view, it was recommended to consider the area in high seas which exclusive rights for exploitation was attributed to the Member State, to consider as the statistical territory of that Member State.
Hire purchase	A hire purchase arrangement exists when durable goods are sold to a purchaser in return for agreed future payments. The buyer takes possession of the goods immediately, though legally they remain the property of the lessor as collateral/guarantee until all agreed payments have been made by the lessee.
Import duties	Customs duties payable on the import of goods, autonomous tariff suspensions and tariff quotas, preferential arrangements, anti-dumping, countervailing, safeguard and retaliatory duties, as well as import charges laid down under the common agricultural policy and specific arrangements for processed agricultural products
Incidental expenses	The expenditure spent on the services rendered in the delivery of goods to the border of the exporting or importing country such as loading/unloading of the goods, transportation or insurance.
Imports (in customs terms)	Goods placed under a suspensive procedure and goods that have been released for free circulation under the inward processing drawback system.
Imports/Arrivals (in statistical terms)	Operation/movement of goods which add the goods to the stock of material resources of a Member State by entering its economic territory. Within the context of NA, imports of goods consist of transactions (purchases, barter, receipt of gifts) in goods from non-residents to residents.
Intrastat register	Register of intra-EU operators containing at least the consignors, upon dispatch, and the consignees, upon arrival based on lists of taxable persons who have declared that, during the period in question, they have supplied goods to other Member States or acquired goods from other Member States, provided by national tax administrations.
Invoice value	Represents the amount actually invoiced and charged to the customer; it may/may not include incidental expenses if they represent payments made by the buyer to the seller.
Member State of arrival	Member State in which goods arrive from another Member State.
Member State of consignment	Partner Member State on arrival; the presumed Member State of dispatch in cases where goods enter directly the Member State of arrival from another Member State. Where, before reaching the Member State of arrival, goods have entered one or more Member States in transit and have been subject in those States to halts or legal operations not inherent in their transport (e.g. change of ownership), the Member State of consignment shall be taken as the last Member State where such halts or operations occurred.

Member State of destination	Partner Member State on dispatch; the last Member State to which it is known, at the time of dispatch, that the goods are to be dispatched.
Member State of dispatch	Member State from which goods are dispatched to a destination in another Member State.
Merchanting	Purchases of goods by a resident of the reporting economy from a non-resident and the subsequent resale of the same goods to another non-resident without the goods entering the reporting economy.
Mode of transport	Type of the active means of transport by which the goods reach a point (e.g. border of a Member State, place of departure etc.).
National Statistical Authority (in ITGS context)	The national statistical institutes and other bodies responsible in each Member State for producing ITGS.
National Statistical Institute	The national statistical authority designated by each Member State as the body having the responsibility for coordinating all activities at national level for the development, production and dissemination of European statistics.
Nature of transaction	The different characteristics (purchase/sale, work under contract, etc.) which are deemed to be useful in distinguishing one transaction from another.
Operating (also operational) risks	According to the Basel II regulations operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
Operational leasing	An operational lease is an arrangement where the lessor as legal owner is also the economic owner and accepts the operating risks and receives the economic benefits from the asset by charging for the use of it, in a productive activity. The lessee only has the right to use the asset for a defined period of time.
Origin of goods	The ‘economic’ nationality of goods in international trade determined to calculate duties and/or equivalent charges or to apply any customs restrictions or obligations.
Outward processing	A customs procedure allowing the export of Union goods for processing abroad and the re-import of the processed products under total or partial duty relief.
Presentation customs office	The presentation customs office is the customs office responsible for the place where the goods are physically located. It is also responsible, jointly with the supervising customs office, for the supervision of operations and the release/controls of the goods.
Provider of statistical information	Any businesses, other ‘institutional’ bodies (such as public and non-profit institutions, schools, hospitals) and individual persons who are providing statistical information.
Quality checks	Verification that data fulfil the definition and follow the defined rules.
Quality control	A mechanism and procedures for the management of the data quality such as validity and credibility checks; assessment of the compilation methods and practices etc.
Quantity of the goods	(a) The net mass, which means the actual mass of the goods excluding all packaging. (b) The quantity in supplementary units as detailed in the CN.
Quasi-transit	Operation when goods are imported by non-residents into the reporting economy from outside the EU and subsequently

Re-exportation (in customs terms)	dispatched to another Member State as well as when the goods exported from a Member State to a non-member country are cleared for export in another Member State.
Re-exports (in statistical terms)	Customs treatment of non-Union goods that are taken out of the customs territory of the EU.
Reference period	Operation when foreign goods (goods produced in other economies and previously imported) are exported with no substantial transformation from the state in which they were previously imported.
Re-imports (in statistical terms)	The time period for which statistical results are collected or calculated and to which, as a result, these values refer.
Sea products	Operation when domestic goods (goods produced in an economy and subsequently exported) are imported from another economy and did not undergo substantial transformations there.
Self-assessment	Fishery products, minerals, salvage and other products which have not yet been landed by seagoing vessels.
Simple circulation between Member States	Authorises an operator (Authorised Economic Operator Customs Simplification / AEOC) to carry out certain customs formalities that are to be carried out by the customs authorities, to determine the amount of import and export duty payable, and to perform certain controls under customs supervision.
Simplified declaration	Operation/movements of Union goods when the goods are dispatched from one Member State to another and on the way to the Member State of destination, travel directly through another Member State or stop for reasons related only to the transport of the goods.
Single Administrative Document	It allows an operator to have goods placed under a customs procedure on the basis of a simplified declaration. The benefit is related to the two-step procedure: particulars or documents can be missing at the time of release of the goods
Single authorization for simplified procedures	This is a multi-copy form which is used throughout the EU and EFTA countries for the control of imports, exports and goods in transit. The document covers the placement of any goods under any customs procedure (Export, import, transit where the new computerised transit system (NCTS) is not yet used, warehouses, temporary import, inward and outward processing, etc.) whatever the mode of transport used.
Spacecraft	A scheme based on single authorisation that enables economic operators to be authorised in one Member State for simplified declaration procedures and for the entry in declarants' records for all their import and export freight operations throughout the EU. This enables economic operators to centralise the accounting and payment of customs duties for all transactions in the authorising Member State, although the physical control and release of goods may take place in another Member State.
	Satellites and other vehicles which are able to travel outside the earth's atmosphere, used for different purposes (e.g. communications, earth observation, meteorology, navigation, planetary exploration and transportation of humans and cargo).

Specific goods or movements	Goods or movements which, by their very nature, call for specific provisions, and in particular: — industrial plants, — vessels and aircraft, — sea products, — goods delivered to vessels and aircraft, — staggered consignments, — military goods, — goods to or from offshore installations, — spacecraft, — motor vehicle and aircraft parts, — waste products.
Statistical business register(s)	Register(s) of all enterprises carrying on economic activities contributing to the gross domestic product of a Member State, and their local units, the legal units of which those enterprises consist, truncated enterprise groups and multinational enterprise groups and all-resident enterprise groups. The register is established for statistical purposes, as a tool for the preparation and coordination of surveys, as a source of information for the statistical analysis of the business population and its demography, for the use of administrative data, and for the identification and construction of statistical units.
Statistical procedure	The different characteristics which are deemed to be useful in distinguishing different types of arrivals/dispatches for statistical purposes.
Statistical territory	The territory with respect to which data are being collected.
Statistical value	The value of the goods at the time and place the goods cross the border of the exporting/importing Member State which contains solely and entirely the costs of transport and insurance performed to deliver the goods from the place of their departure to the border of the exporting/importing Member State.
Supervising customs office	This customs office has the responsibility to supervise the placing of the goods under a customs procedure. It is also the customs office where, according to Article 179 the UCC, the customs declarations are lodged and supervises the operations of the authorisation holder.
TARIC	Integrated tariff of the Union, held in a Commission database containing the EU import and export measures applicable to specific goods, such as tariff suspensions, tariff quotas, tariff preferences, anti-dumping duties, quantitative restrictions, embargoes, export.
Taxable amount	The value to be determined for taxation purposes in accordance with the VAT Directive.
Territorial enclaves	Demarcated areas of land within geographical boundaries of other countries and which are used by the government for diplomatic, military, scientific or other purposes (e.g. embassies, consulates, military bases, scientific stations, information or immigration offices, aid agencies, etc.).
Territorial sea (or territorial waters)	Every State has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles, measured from baselines determined in accordance with this Convention. This is the territory included in the EU customs territory and in this way makes part of statistical territory of the Member State.

Trade systems	ITGS data-compilation systems defined through the inclusion/exclusion of some parts of the economic territory of a country in/from the statistical territory of that country.
Transit	Operation/movements of goods when the goods are transported through the reporting economy on the way to their final destination without any halt or with a halt only inherent to the transport.
Union Customs Code	Regulation (EU) No 952/2013 of the European Parliament and of the Council setting the general rules and procedures applicable to goods brought into or out of the customs territory of the EU. This new code aims to facilitate trade by simplifying and computerising customs procedures and ensuring the interoperability between the IT systems of the 28 customs administrations, while ensuring a high level of safety and security at the external borders.
Union goods	(i) Goods wholly obtained in the customs territory of the Union and not incorporating goods imported from countries or territories outside the customs territory of the Union. (ii) Goods brought into the customs territory of the Union from countries or territories outside that territory and released for free circulation. (iii) Goods obtained or produced in the customs territory of the Union, either solely from goods referred to in point (ii) or from goods referred to in points (i) and (ii).
VAT registration (as an entity)	An entity, usually non-resident taxable person, which is obliged to register for VAT in a Member State when effectuating taxable transaction in that Member State.

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