

## **Intrastat: Revised Arrivals Exemption Threshold**

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### **Who is likely to be affected?**

Businesses that are required to submit declarations of Arrivals (EU imports) trade received from other EU Member States on an Intrastat declaration. This is limited to those with intra-EU Arrivals trade in excess of £600,000 per annum.

### **General description of the measure**

The measure will amend the UK Intrastat legislation to increase the Arrivals threshold from £600,000 to £1,200,000.

### **Policy objective**

This measure supports the Government's strategy to reduce the burden on business caused by the collection of trade statistics whilst maintaining the quality of the data made available to users.

### **Background to the measure**

The Intrastat survey collects data on UK trade-in-goods with EU Member States and all VAT registered businesses with annual intra-EU trade above specific thresholds are required to provide detailed Intrastat declarations. This equates to around 26,000, or about 15 per cent of all VAT registered businesses with EU trade.

The EU Commission have circulated various options to simplify Intrastat. This includes a proposal to remove the requirement for Member States to collect arrival data. Partner Member States dispatch data could be used to compile arrival data. The initial target date for introduction is 2016.

In the interim, the EU Intrastat legislation is to be amended which will reduce the percentage coverage of total EU Arrivals trade by value to be collected within the Intrastat systems from 95 to 93 per cent. This enables HM Revenue & Customs (HMRC) to make a large increase to the Arrivals Exemption threshold.

HMRC informally consulted businesses on the proposal to increase the exemption threshold between March and May 2013. The informal consultation sought the views of Intrastat data providers and users on reducing the coverage of Arrivals trade from 95 per cent to 93 per cent.

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

## **Detailed proposal**

### **Operative date**

This measure will have effect on and after 1 January 2014.

## Current law

Statutory Instrument (SI) 1992 No. 2790 The Statistics of Trade (Customs and Excise) Regulations 1992 (as amended by SI 2009 No. 2974) currently specifies that businesses are required to submit Arrivals Intrastat declarations if the value of their Arrivals trade exceeds the threshold of £600,000.

## Proposed revisions

A Statutory Instrument will be laid to increase the Arrival Exemption threshold from £600,000 to £1,200,000.

## Summary of impacts

Exchequer impact (£m)	2013-14	2014-15	2015-16	2016-17	2017-18
	nil	nil	nil	nil	nil
	This measure is not expected to have an exchequer impact. No revenue is raised through the Intrastat system, therefore this measure will have no tax yield or costs.				
<b>Economic impact</b>	The measure is not expected to have any significant economic impacts.				
<b>Impact on individuals and households</b>	There is no impact on individuals and households because this measure only affects VAT registered businesses submitting Intrastat declarations.				
<b>Equalities impacts</b>	No equality groups have been identified as being impacted differently by this change.				
<b>Impact on business including civil society organisations</b>	This proposal would reduce the administrative burden for those businesses which are currently required to submit Intrastat arrivals declarations.				
	Government expect that around 4,000 businesses will benefit from this measure. There will be ongoing savings for companies from reduced administrative cost from no longer being required to submit Intrastat arrivals declarations. It is expected that the resulting reduction in administrative burden placed on businesses from the measure will be around £1.4 million per year.				
		Cost		Time Period (yrs)	
	Compliance Costs				
	One-off Costs		negligible	n/a	
	Average Annual Costs		negligible	5	
	Total Costs (PV)		negligible	n/a	
	Compliance Benefits				
	One-off Benefit		negligible	n/a	
	Average Annual Benefit		£1.4m	5	
	Total Benefit (PV)		£6.5m	n/a	
	Net Benefit (NPV)		£6.5m	n/a	
	Impact on Administrative Burden (included in Net Benefit)				
	Increase		Decrease	Net Impact	
negligible		£1.4m	-£1.4m		

<b>Operational impact (£m) (HMRC or other)</b>	This change is not expected to have any cost impact to HMRC.
<b>Other impacts</b>	<p><u>Small firms impact test:</u> the regulatory requirement to submit Intrastat arrivals declarations does not apply to businesses with an annual value of intra-EU trade below the legally set Intrastat arrivals threshold (currently £600,000). Therefore many small businesses will already have been exempt from providing Intrastat arrivals declarations.</p> <p>This proposal would further reduce the number of small and medium sized businesses required to submit arrivals declarations.</p> <p>Other impacts have been considered and none have been identified.</p>

### **Monitoring and evaluation**

The measure will be monitored as part of HMRC's normal compliance activity.

### **Further advice**

If you have any questions about this change, please contact Andrew Brown on 01702 361970 (email: [andrew.brown1@hmrc.gsi.gov.uk](mailto:andrew.brown1@hmrc.gsi.gov.uk)).

### **Declaration**

Sajid David MP, Economic Secretary to the Treasury has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.