



Intrastat: revised arrivals exemption threshold - 1 January 2015

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 with a value in excess of £1.2 million per annum.

General description of the measure

The measure will amend the UK Intrastat legislation to increase the arrivals threshold from £1.2 million to £1.5 million.

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

Information on trade in goods between EU member states is collected by the Intrastat system. member states are required by EU legislation to review annually their Intrastat Exemption thresholds, below which businesses involved in such trade are not required to submit Intrastat declarations.

All VAT registered businesses are required to declare the value of their intra-EU trade in goods on their VAT returns. Businesses with annual intra-EU trade above the thresholds (applied independently to arrivals and dispatches) are required to provide more detailed statistical returns.

The value of the thresholds are reviewed annually by HM Revenue and Customs (HMRC) to:

- accurately match the percentage coverage of the value of intra-EU trade required by EU legislation
- ensure that the number of businesses required to submit monthly information is minimised

The review considers an analysis of the past year's trade and forecasts for the expected level of trade in the year ahead; in this case 2015.

This latest increase to the threshold should be seen as part of HMRC's continuing efforts to reduce the administrative burden of Intrastat on businesses. It is HMRC's intention to raise the threshold whenever possible in order to meet the minimum legal requirements. HMRC implemented a reduction in coverage for arrivals from 97% to 95% from 1 January 2010, with a further reduction to 93% implemented on 1 January 2014. These changes will reduce the number of businesses required to submit Intrastat declarations from around 33,500 prior to 2010 to around 22,600 when this latest threshold increase is implemented.

Detailed proposal

Operative date

This measure will have effect on and after 1 January 2015.

Current law

Statutory Instrument (SI) 1992 No. 2790 The Statistics of Trade (Customs and Excise) Regulations 1992 (as amended by SI 2013 No. 3043) currently specifies that businesses are required to submit arrivals Intrastat declarations if the value of their arrivals trade exceeds the threshold of £1.2 million.

Proposed revisions

A Statutory Instrument will be laid to increase the arrival exemption threshold from £1.2 million to £1.5 million.

Summary of impacts

Exchequer impact (£m)	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019	
	nil	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.					
Economic impact	The measure is not expected to have any significant economic impacts.					
Impact on individuals, households and families	There is no impact on individuals and households because this measure only affects VAT registered businesses submitting Intrastat declarations. The measure is not expected to impact on family formation, stability or breakdown.					
Equalities impacts	No equality groups have been identified as being impacted differently by this change.					
Impact on business including civil society organisations	This measure is not being implemented as a result of any change to the Intrastat obligations. It is being implemented to ensure that the Intrastat system captures only the minimum number of businesses required to submit Intrastat arrivals declarations.					
	This proposal would reduce the administrative burden for those businesses which are currently required to submit Intrastat arrivals declarations.					
	Government expect that around 900 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 £500,000 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	£500,000		5		

	Total Benefit (PV)	£2.3million	N/A
	Net Benefit (NPV)	£2.3million	N/A
	Impact on Administrative Burden (included in Net Benefit)		
	Increase	Decrease	Net Impact
	negligible	£500,000	-£500,000
Operational impact (£m)	This change is not expected to have any cost impact to HMRC.		
Other impacts	<p><u>Small and micro business assessment:</u> The regulatory requirement to submit Intrastat declarations does not apply to businesses with an annual value of intra-EU trade below the legally set Intrastat exemption thresholds.</p> <p>Therefore many small and micro businesses will already have been exempted from providing Intrastat declarations.</p> <p>This measure will further reduce the number of small and micro businesses from the requirement to submit Intrastat 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 Mark Ellis on Telephone: 03000 593 339 (email: <mailto:mark.ellis@hmrc.gsi.gov.uk>).

Declaration

Priti Patel MP, Exchequer 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.