

## **Intrastat: mandatory electronic submission of Intrastat declarations**

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

Businesses that are required to submit declarations of their trade with other EU Member States and are currently using a paper Intrastat declaration to do so. (Only businesses with intra-EU trade in excess of £600,000 per annum for Arrivals (EU imports) and/or £250,000 per annum for Dispatches (EU exports) are required to submit Intrastat declarations).

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

HM Revenue & Customs (HMRC) will amend the UK Intrastat legislation to withdraw the option to submit Intrastat declarations by paper means.

### **Policy objective**

This measure supports the Government's strategy to move to greater use of electronic channels whilst at the same time saving businesses around £275,000 in administrative burdens and HMRC £200,000 in running costs per annum.

### **Background to this 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.

Around 80 per cent of businesses required to submit Intrastat declarations already submit their Intrastat declarations by electronic means;

HMRC informally consulted businesses on the mandatory electronic submission of Intrastat declarations. The consultation targeted specific businesses affected (businesses who were not currently, or only partially, submitting electronically);

Of those that provided usable responses, nearly three quarters (73 per cent) said they would not have a problem moving over to electronic submission.

### **Detailed proposal**

#### **Operative date**

This measure will take effect on 1 April 2012.

#### **Current law**

Statutory Instrument (SI) 1992 No. 2790 The Statistics of Trade (Customs and Excise) Regulations 1992 (as amended by SI 2004 No. 3284). This sets out that Intrastat declarations can be submitted either on paper forms or by means of electronic submission.

## Proposed revision

This measure will make the submission of Intrastat declarations by electronic means mandatory by withdrawing the option to submit on paper forms.

## Summary of impacts

|   |  |             |         |                          |         |
|---|--|-------------|---------|--------------------------|---------|
| <b>Exchequer impact (£m)</b>                                    | 2011-12  | 2012-13     | 2013-14 | 2014-15                  | 2015-16 |
|   | Nil  | Nil         | Nil     | Nil                      | Nil     |
|   | This measure will have no Exchequer impact. No revenue is raised through the Intrastat system, therefore this measure will have no tax yield or costs.   |             |         |                          |         |
| <b>Economic impact</b>  | This measure is not expected to have a significant economic impact.  |             |         |                          |         |
| <b>Impact on individuals and households</b>                     | There is no impact on individuals and households because this measure only affects 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 measure will reduce the administrative burden for those businesses which are currently submitting Intrastat declarations on paper forms.  |             |         |                          |         |
|   | The main tangible benefits to businesses are:  |             |         |                          |         |
|   | <ul style="list-style-type: none"> <li>• Elimination of all postage costs associated with Intrastat declarations;</li> <li>• Elimination of the burden associated with supplying the data element 'Number of lines' on the Intrastat return;</li> <li>• A reduction in the costs of correcting validity errors, because the majority of validity errors will be detected via the online system before the data is submitted;</li> <li>• A reduction in the time taken in completing monthly Intrastat declarations, mainly due to commodity code information being available as an online link.</li> </ul> |             |         |                          |         |
|   | The estimated saving from the introduction of this measure, modelled via the Standard Cost Model (SCM), is £273,000.   |             |         |                          |         |
|   |  | <b>Cost</b> |         | <b>Time Period (yrs)</b> |         |
|   | <b>Compliance Costs</b>  |             |         |                          |         |
|   | One-off Costs  | £77k        |         | 1                        |         |
|   | Average Annual Costs   | Negligible  |         |                          |         |
|   | Total Costs (PV)   | Negligible  |         |                          |         |
|   | <b>Compliance Benefits</b>   |             |         |                          |         |
| One-off Benefit   | Negligible   |             |         |                          |         |
| Average Annual Benefit  | £273k  |             |         |                          |         |

|                                |  |                 |                   |
|--------------------------------|--|-----------------|-------------------|
|                                | Total Benefit (PV)   | £273k           |                   |
|                                | <b>Net Benefit (NPV)</b>   | £273k           |                   |
|                                | <b>Impact on Administrative Burden</b> (included in Net Benefit)   |                 |                   |
|                                | <b>Increase</b>  | <b>Decrease</b> | <b>Net Impact</b> |
|                                | Negligible   | £273k           | £273k decrease    |
| <b>Impact on public sector</b> | HMRC will save approximately £200k in costs. This will be achieved through the reduction in the number of keying staff required, the cost of printing, storing and sending out blank forms and other running costs such as the cost of microfilming and destruction of completed forms.  |                 |                   |
| <b>Other impacts</b>           | <p>Small Firms Impact Test: Intrastat legislation applies to all businesses equally and it is therefore not possible to exclude small firms (those with fewer than 20 full time employees) from the scope of this legislation.</p> <p>However, as the regulatory requirement to submit Intrastat supplementary declarations does not apply to businesses with an annual value of intra-EU trade below the legally set Intrastat Exemption thresholds, the majority of small businesses will be exempt from providing Intrastat information. Any small firms not exempted will already be required to submit their VAT returns electronically.</p> <p>We ensured that our informal consultations covered the whole range of businesses including those with only a low annual value of intra-EU trade. The informal consultations did not highlight any issues which were specific to these businesses.</p> |                 |                   |

### Monitoring and evaluation

The effect of the policy will be monitored as part of HMRC's normal compliance activity.

### Further advice

If you have any questions about this change, please contact Margaret Kingston on 01702 366576 (email: [Margaret Kingston](mailto:Margaret.Kingston)).

### Declaration

Chloe Smith 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.

The Statistics of Trade (Customs and Excise) (Amendment) Regulations 2012 draft Statutory Instrument<<Link to PDF created in request 1>>