

**THE INTRASTATE STATISTICAL DECLARATION – A WAY OF
GETTING TO KNOW THE ECONOMIC PROCESSES AND OF
PREDICTING THE COMMERCIAL FLOW AT THE LEVEL OF
THE REGIONS OF DEVELOPMENT**

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Abstract

Starting with Romania's accession to the European Union, the intrastate system functions in Romania as well. The monthly intrastate declarations replace the custom declarations and are much easier to make.

The information provided by the international commercial statistics represents an important activity of the national economy with a determinative influence on the development, the growth and the modernization of the production and services as well as the economic efficiency and the income growth in general.

The Intrastate declaration doesn't have to represent solely statistical data flow for the decision making bodies at the central levels that have the role of working with the data; the statistics centers together with the expertise departments within the institutions and their regional partners that are responsible for the economical development have to use this data in order to simplify the decision making process, but this doesn't mean overlapping with the decision making level.

From this point of view, the responsibility for the accuracy of information from the intrastate declaration is highly important. Through this approach, we set as target- which is by no means an exhaustive one, to offer complete information on the Intrastate statistics, details on who declares Intrastate data, when the data is due for transmission and last but not least, what should be declared.

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1. Introduction

The Intrastate is the system of collecting data on the commerce of goods between the EU member states, the service providing commerce being not included in this system.

The INTRASTAT declaration follows the physical movement of goods and not the financial flow or that of the invoices, as it is the case with the procedure for the VAT deductions and the VIES recapitulative declaration.

In Romania, Intrastate is administrated by the National Institute of Statistics (NIS), in collaboration with the Public Ministry of Finance (PMF).

In case a country becomes a member of the European Union and a part of the Single Market, the customs control of the goods moving from this country to the other member states vanishes, and the traders are not compelled to fill in the customs declaration for these goods.

The Intrastate statistical system was developed in order to replace this source of data, and to directly collect data from the economical operators from the EU countries that trade goods with other EU member states. This statistical system has been operational since January 1st 1993 in the EU, and has as background a series of rules that are applied in all EU member states. Presently, the Regulation of the Council no. 638/2004 regarding the statistics of commerce between the EU member states and the Regulation of the Board no. 1982/2004 of the implementation of the Regulation of the Council no. 638/2004 are applied.

Starting with 2007, a series of Romanian economical operators that trade goods with EU member states elaborate a monthly Intrastate declaration. Not all firms have this obligation: in order to simplify the system and for the accuracy of the data some statistical thresholds are being used. There are two categories of operators: economical operators that have surpassed the value threshold established for the current year will send the Intrastate declaration for all the months of the year; the economical operators that surpass the value threshold in the current year will send the Intrastate declaration starting with the month in which the value threshold was surpassed.

2. The Intrastate Declaration

There are three conditions to fulfill in order for an economic operator to become a provider of statistical data (PSD):

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- To be registered as VAT payer
- To make inter-community commercial operations with goods
- The value of the commercialized goods per year, separated in the introduction flow and the dispatch, surpasses the Intrastate statistical threshold

Consequently, an economical operator whose inter-community introductions⁷ of goods are equal or surpass 300.000 lei is bound to declare for the "introduction" flow; an economical operator that has intra-community dispatch of goods equal to or surpassing 900.000 lei is bound to declare for the "dispatch" flow. Consequently, an economical operator may be bound to declare data for the intrastate system for both flows, for one of the flows or for none of these commercial flows, depending on the value level of their intra-community exchanges.

The company/firm is completely responsible for the accuracy of data in the intrastate declaration. The declaration may be transmitted at one's own charge (by a company/firm employee) or through an agent (third party declarant - TPD). A TPD may transmit data for more firms. There are three types of intrastate statistical declarations:

- New declarations - declarations that are transmitted for the first time for a month of reference and a certain flow transmission;
- Revised declarations - declarations in which the data provider wants to modify/ correct/ delete/add certain pieces of information (these are not necessarily the latest declarations and older declarations may also be revised);
- Void declarations - for PSD that have no transactions in the month of reference (these are mandatory in order to avoid penalties).

In order to elaborate intra-community commerce statistics sources of both statistical and administrative (fiscal, customs, journals of different ministries/ authorities etc.) data will be used.

The most important sources of data will be represented by:

- The INTRASTAT statistical declarations, collected and worked by NIS

⁷ As general information, the goods that arrive in a EU member state from another EU member state are called, from a statistical point of view- „intra-community introductions“, while the goods that leave an EU member state are called „ intra-community dispatch“. The intra-community introductions and dispatches, together with the imports and the exports from and to non-member states of the EU establish the international commerce volume of an EU member state.

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The VAT deductions and the recapitulative declarations (VIES) are collected and worked by the Ministry of the Public Finances. In this context, it's important to emphasize two aspects:

- the data in the VAT deductions and the VIES recapitulative declarations, which are put at one's disposal by the fiscal authority, are used only in statistical purposes, without being disseminated at the level of an economical operator;
- the correlation of the data from the VAT deductions, the VIES declarations and the INTRASTAT ones is possible only on the basis of some common identification data (the most important being the fiscal code/ the single code registration); for this reason, any change of address, name, organizational structure or fiscal registration must be identically betaken both in the fiscal documents and the INTRASTAT declaration.

The customs declarations of export and import for the monitoring and inclusion in the intra-community statistics of certain movements of goods that are subject to operations that take place under the custom check including after the accession to the EU (goods that are being processed in the customs) as well as certain goods that arrive or are dispatched in certain territories that belong to EU member states but not to the customs territory of the EU (e.g. Isle Reunion, Martinique etc). These movements of goods will be excluded from the EXTRASTAT statistics and will be included in the INTRASTAT statistics.

The INTRASTAT statistical declarations for the introductions and the dispatch of goods contain the following transactions:

- Commercial transactions of goods that change their owner and are intended for final consumption, intermediate consumption or for investment or resale;
- Movements of goods from one member state to the other without ownership transfer;
- Returned goods;
- Movement of goods for and after processing activities (on a contract basis).

The transactions that have to be reported will be determined on the basis of the current regulations in the European Union in the field of the intra-community commerce of goods.

The INTRASTAT statistical declaration will be transmitted to NIS in electronic format only and will contain data regarding:

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- Identification data for the firm that does intra-community commerce operations of goods or, if applicable, for the third declarant of the commercial flow (introduction, dispatch);
- The reference period (the month of the year);
- The partner member state, depending on the commercial flow;
- The code for the goods (an 8 figure code according to the Combined Nomenclature, which is at the foundations of the import customs rate);
- The code for the nature of the transaction;
- The means of transportation;
- Dispatch conditions, according to INCOTERMS;
- The quantity in kg as well as in an additional measurement unit;
- The invoiced value in lei;
- The statistical value in lei.

The INTRASTAT statistical declaration will be transmitted to NIS in electronic format, either in the online or the offline mode. The online transmission will be done through web forms, through the Internet directly from the following site: www.intrastat.ro, while the offline application will mean making the declaration with the help of a previously installed software on the computer of the firm that makes the declaration, which generates the file with INTRASTAT data, while the transmission of this file to the NIS will be done via e-mail or by loading the content to the Intrastate application on-line.

3. Exchanges of goods that are excluded from the Intrastate system

Movements of goods excluded from the Intrastate system:

- Services
- Goods that are in transit

The goods that are in transit between the EU member states are goods that are being sent from one state to the other, which, on their way to the destination state, go through Romania or make stops due to reasons that are solely related to the transportation of the goods. The repackaging and/or the storage of the goods are not considered as being stops due to reasons that are related to the transportation of the goods.

- Temporary movements

These include the temporary movements of goods, for a period of less than two years, provided that these are not subject to further alterations and that they are not declared with tax purposes in the VAT declaration. Under this heading the followings may be included: goods meant to be displayed in trade shows and exhibitions, construction tools, means of transport, etc.

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- Goods dispatched as commercial samples, advertising materials and items, etc., having the 'Free' label.
- The exchange of goods with those parts of the EU member states that are not subject to the Intrastate statistical system.
- Goods dispatched towards territorial enclaves or that come from these. Generally speaking, the economical territory of a country includes any enclave of its territory (Embassies, foreign military camps and other establishments) physically placed between the geographical borders of another country, and at the same time excluding the enclaves of other countries placed between its own geographical borders. Consequently, the movement of goods from an EU member state and its enclaves placed in other EU member states is considered as internal flow and must be excluded from the intra-community of that particular member state. Such flows are also excluded from the good commerce statistics of the host country (the country that contains the enclaves of other countries within its geographical borders). The subsequent transfers of goods from the enclaves to the EU host member state must be registered at the time of the transfer as introductions for the host country and as dispatches for the country which owns these enclaves.
- The triangular commerce, in the case that the goods do not enter on the national territory of Romania from other member states of the EU or are not dispatched from Romania towards another EU member state (Romania being the intermediary part).
- The term of triangular commerce is used in the following situation: *figure1*. Source: The Handbook for the Intrastate Statistical Data Providers, the National Institute of Statistics, Bucharest, 2008, p.24.

There are three economical operators A, B and C having headquarters in different EU member states. The economical operator A sells goods towards the economical operator B, which, in its turn, sells these to the economical operator C. The goods are dispatched directly from A to C.

For the Intrastate statistics, the economical operators A and C must declare the movement of goods in the member state they belong to. For B, this operation doesn't have to be declared in the intrastate system, because there is no movement of goods on its country's territory.

In case that during a reference period there are intra-community exchanges of goods in a certain flow, that fall under the same code of 8 figures from the Combined Nomenclature, with the same partner country, there is the same type of transaction, the same terms of dispatch are applied

and they are transported in the same means of transportation; these may be cumulated and declared in a single line on the declaration.

4. The link with the fiscal system. General aspects

The VAT deduction contains very important data for the intrastate system.

First of all, the data of the economical operators that are bound to supply statistical data are checked on the basis of the intra-community value of commerce declared in the VAT deductions and in the trimestrial recapitulative declarations (VIES) that are made at the Ministry of Economy and Finance (MEF).

The public institutions that acquire goods from other EU member states, goods having the value higher than the statistical threshold per year, are also bound to make the intrastate declaration to the NIS.

It's worth mentioning that the information flow between the MEF and the NIS goes one way only; NIS gets the data from the MEF, but the statistical data of the economical operators is not transmitted to the MEF under no circumstances.

As already described above, the Intrastate statistical system is based mostly on the VAT data. The economical operators must understand though that this link between the intrastate system and VAT does not mean that the intrastate data and the VAT data must be identical.

The methodology applied to the two types of declarations (Intrastate and VAT) are different, so that the data declared in the two systems are not always identical. Consequently, due to these differences in methodology, it is not correct to approach these data as being identical.

When we refer to the Intrastate – VAT comparison, we have in mind only those pieces of information from the VAT declaration that refer to the intra-community commerce of goods, following that only these will be compared to the data in the Intrastate declaration. This aspect is based on the presupposition that the legislation in Romania is applied both in the member state that dispatches the goods and the member state that receives the goods. In a randomly given example - in which different member states are involved - any member state may substitute Romania.

Different VAT rules apply to the different types of sales.

5. The link between the Intrastate and the VAT

The Intrastate system is in close link to the VAT system. This link is based on the fact that the VAT data are used in the intrastate system with the following purposes:

- The identification of the economical operators that are responsible for the transmission of the Intrastate declarations (called providers of statistical data);
- The verification of the completeness of the provided data in the Intrastate declaration;
- The establishment of the annual statistical thresholds for the intrastate statistical system. MEF provides the necessary data to NIS to monitor the intra-community commerce operators and to check the collected statistical data.

The economical operators that are bound to transmit the intrastate declaration are identified based on the declared values in the VAT deductions for the intra-community exchanges of goods. An economical operator that is registered as VAT payer and does not transmit an intrastate declaration will be verified in this aspect. Consequently, by using the VAT data, the NIS may identify the economical operators with activity in intra-community commerce of goods, the volume of this type of commerce and whether the economical operators that have to transmit the Intrastate declaration have fulfilled their obligation to report or not.

In addition, the reported data by these economical operators in the intrastate declaration are compared to the data in the VAT deductions. According to the nature of the transactions made, the data in the Intrastate declaration may differ from the data in the VAT deductions. For example, the services are not included in the Intrastate, but the economical operators have to declare these for the VAT.

6. Confidentiality

The data that is transmitted for the intrastate system are subject to the confidentiality rules and are used only for statistical purposes.

In the case of the intrastate system, the passive confidentiality applies, respectively the rules of confidentiality are applied for the statistical data only if the economical operator requests the confidentiality for its own data, and this request is strongly reasoned.

According to the EU regulations, the EU member states are recommended to apply the principle of “passive confidentiality” for the

data regarding the exterior commerce, which means that the NIS will take all the measures needed to keep data confidential only on the economical operators' request, operators that consider their own interests (economical, commercial or of other nature) may be affected by the dissemination of data at the 8 figure level according to the NIS Combined Nomenclature.

The data may be held confidential for all types of flow, including imports, exports, introductions or dispatches; the confidentiality may be applied both on the declared value and on the quantity of goods, for all the partner countries or for a certain partner country of the requesting economical operator.

The request for confidentiality must be addressed in writing to the NIS. The request transmitted by the economical operator for the confidentiality of statistical data of exterior commerce, must necessarily contain the reason for the request, the span of time for which the request for confidentiality is made, the goods and/or the partner country as well as the flow for which the confidentiality is being requested.

7. Conclusions

The Intrastate statistical declaration is mandatory for the exchange of goods between Romania and the other member states of the European Union, according to the current national and European legislation.

The Council of ministers of EU has declared that the information regarding the commerce of goods between the member states is important to evaluate the development of the Single Market. This has to be based on detailed information on the commerce in order to be able to emphasize the commerce of goods within the European Community and its member states from the different sectors of the industry.

The volume of the goods that are dispatched/introduced towards/ from other countries is a useful indicator to evaluate and predict the development of the infrastructure for transportation and other economic fields which contribute to the accomplishment of the international commerce of goods.

In 2005 the European Union has simplified the intrastate legislation, following the difficulties that were experienced by the member states while operating with this system, especially by the smaller economical agents.

The statistical data providers for Intrastate may also be the beneficiaries of information, which they could use to monitor the market share in terms of volume, value and price of the products and they might also examine new markets and expansion opportunities.

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Intrastate is connected to the VAT system and the VIES data base (the European VAT information exchange system) so that the completeness and the quality of the information may be verified.

For the private economical operators, the sale of a certain product in the EU may represent a field of interest to plan the investment strategies, the development strategies, etc.

Due to the intrastate system, that allows the administration of certain statistical information in every detail from a great number of firms, the European Single Market's evolution may be monitored permanently, together with the national accounts and the payment balance, on a national scale. Also, the intrastate data is used to define the measures that refer to the commercial politics, the rules for competitors, the management and the coordination of the agriculture and the fishing, the regional development.

At a regional scale, the public institutions, the professional associations, the commercial companies and the researchers need the information from Intrastate in order to conduct the market survey, such as, for example, the research of the global market for certain goods and their prices as well as to obtain data on the competitors on the foreign markets or on the foreign competitors in the internal market.

References

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