

E. Customs and statistical threshold; treatment of non-response

19.17. *Customs and statistical threshold.* The customs threshold can be defined as a threshold specified in value or quantity under which customs does not require a goods declaration to be completed. Such thresholds are applied by many countries for the goods acquired by travellers (see IMTS 2010, para 1.49 (a)) and for goods sent by postal and courier services. Statistical authorities might adopt the customs threshold as their statistical threshold for practical reasons. If the trade that takes place under the statistical threshold is economically significant, as determined by the statistical authorities of the compiling country, it should be estimated and included in the trade statistics (see IMTS 2010, para. 1.3). Box XIX.1 provides information on the different thresholds applied in the European Union Intrastat system and box XIX.2 describes a practice for estimation of trade below threshold.

Box XIX.1

Thresholds applied in the European Union Intrastat system

Exemption threshold

The exemption threshold as defined in article 10 (3) of Regulation (EC) No. 638/2004 of the European Parliament and of the Council of 31 March 2004, is a mandatory threshold, i.e., each member State shall set the thresholds below which parties responsible for providing information (PSIs) are exempted from providing any Intrastat information.

The value of the trade of a party responsible for providing information is considered to be above the thresholds if:

- (a) The value of trade with other member States during the previous year exceeded the applicable thresholds; or
- (b) The cumulative value of trade with other member States since the beginning of the year of application has exceeded the applicable thresholds. In this case, information should be provided from the month in which the thresholds were exceeded.

Simplification threshold

Application of the simplification threshold as defined in article 10 (4) of Regulation (EC) No 638/2004 is optional, i.e., member States may apply a simplification threshold. The member State has the option of selecting the type of simplification that is implemented:^a

- (a) Exemption of traders from providing information about the quantity of the goods;
- (b) Exemption of traders from providing information about the nature of transaction;
- (c) Possibility of reporting a maximum of 10 of the relevant Combined Nomenclature (CN) subheadings and regrouping other products according to partner Member State under code 9950 00 00.

Small transaction threshold

Application of the small transaction threshold, as defined in article 10 (6) of Regulation (EC) No 638/2004, is optional. Depending on the decision of individual member States, PSIs may group together transactions with individual values less than the small transactions threshold. Article 13 (4) of Commission Regulation (EC) No. 1982/2004 of 18 November 2004 implementing Regulation (EC) No. 638/2004 of the European Parliament and of the Council of Community Statistics relating to the trading of goods between member States and repealing Commission Regulations (EC) No. 3590 /92, fixes the threshold at 200 EUR. Traders may report just the partner member State and the value of goods using product code 9950 00 00. National authorities may require an authorization for the application of this simplified reporting.

Statistical value threshold

The statistical value threshold as defined by article 13 (2) of Regulation (EC) No. 1982/2004 is set as mandatory in those member States that collect the statistical value. The threshold is usually applied to the collection of the optional data elements as well.

^aSee Eurostat, "National requirements for the Intrastat system: 2011 edition".

Box XIX.2

Estimation of trade below the threshold: experience of the European Union (Germany)

Exporters and importers are exempted from the declaration of intra-European Union trade if their yearly exports/imports do not exceed a certain value. The estimation of the missing data follows a "top down-procedure". The total value of the trade below threshold can be estimated with the help of the relevant tax data. The total value is then broken down by commodities (at the HS two-digit level) and partner countries according to the structure of the enterprises just above the threshold. The idea behind this is that the trade structure of the companies near the threshold should be quite similar. The quantities are calculated proportional to the share of the estimated values in the total values.

19.18. *Treatment of non-response and simplified customs declaration.* In general, non-response refers to the situation when an entity responsible for providing information about trade transactions does not respond to the request for the information. Non-responses are usually associated with surveys, but can occur in respect to other sources as well. Simplified customs declarations refer to certain transactions where only part of the usually required information is requested by customs. In both cases—non-responses to enterprise surveys, and absence of the necessary information due to the application of simplified customs declaration—countries are encouraged to estimate and include such flows in their foreign merchandise trade statistics following the IMTS 2010 recommendations if they are economically significant, as determined by the statistical authority of the compiling country (see also para. 2.28 of this *Manual*). However, in the case where goods should have been declared to customs but the traders failed to do so and, in fact, the goods were moved in or out of the compiling country illegally, such movement of goods would constitute smuggling and should be excluded from the international merchandise trade statistics (see para. 19.15 above).