

# Intrastat Guide 2017

Part II - Extension - Updated to 1/1/2017

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## 1. Preface

"INTRASTAT GUIDE PART II - EXTENSION" contains more information on the various transaction codes, a list of goods movements exempt from the Intrastat declaration, doubtful cases (FAQ) showing whether these goods movements have to be included or not in the Intrastat declaration, a discussion of the link with VAT and, lastly, a discussion of the various variants of triangular trade and processing (2 EU Member States, 3 EU Member States etc.).

As the title says, Part II is an extension of the "INTRASTAT GUIDE PART I - BASIS"

The "INTRASTAT GUIDE PART I - BASIS" can be found on <https://www.nbb.be/en/statistics/foreign-trade>

At the end of this extension you will find an alphabetical index of key words which will make it easier to find what you are looking for. We also give you some useful telephone numbers and some e-mail addresses at which you can reach us for further information.



## 2. Notes on the transaction codes and particular movements

### 2.1 Notes on the transaction codes

It is always assumed that “Belgian” legislation is applicable in the country of dispatch and the country of arrival. Therefore in an example – where various EU Member States are concerned – each Member State can be substituted for Belgium.

#### Transaction code 1

**All transactions involving actual or intended transfer of ownership from residents to non-residents against financial or other compensation (except the transactions listed under 2, 7 and 8).**

Transaction code 1 concerns an actual, anticipated or intended future transfer of ownership in return for financial or other compensation. This transaction code includes most arrivals and consignments of goods **involving financial or other compensation.**

It may concern a definite purchase/sale, consignment/arrival with a view to sale\*, replacement of returned goods\*, financial leasing and hire purchase\*, sale on consignment\*, approval\*, on trial\* and, sale with commission\* or with the intervention of a commission agent\*, barter (payment in kind), etc. Each of these transactions (indicated by\*) need explanation and will be discussed below. Transaction code 1 also includes goods movements (transfers of ownership in return for financial or other compensation) between subsidiaries.<sup>1</sup>

<sup>1</sup> If this transaction does not involve a payment or other remuneration, transaction code 3 should be used.

“Transfer of ownership” means a **transfer of ownership between an enterprise in the Member State of the Intrastat declaration and an enterprise in another country.**<sup>1</sup>

This means:

- for declaration of an arrival: a transfer of ownership between an enterprise in the Member State of destination and an enterprise in another country;
- for declaration of a consignment: a transfer of ownership between an enterprise in the Member State of consignment and an enterprise in another country.

Since a transfer of ownership between **an enterprise in the Member State of the Intrastat declaration** and an enterprise in another country is concerned, it is therefore not necessary - although this will mostly be the case - for the Intrastat declarant “himself”:

- for an arrival: to be owner (now or in future) of the goods or
- for a consignment: to dispose of (now or in future) ownership of the goods.

In other words, the transfer of ownership is not always between the Intrastat declarant “himself” and an enterprise in another country. It may also be another enterprise in the Member State of declaration who becomes owner or disposes of the goods.<sup>2</sup>

General note on the use of transaction code 1 by **tax representatives or persons registered direct for VAT purposes** in Belgium; ie:

For goods movements declared by a tax representative or a person registered direct for VAT purposes (provided they are actually acting in this capacity<sup>3</sup>) there is not always an actual or future transfer of ownership between an enterprise in the Member State of the Intrastat declaration (Belgium) and an enterprise in another country:

- for an *arrival* there is only a transfer of ownership if the imported goods are sold (or will be sold) to an enterprise in Belgium and
- for a *consignment* there is only a transfer of ownership if the shipped goods are bought by an enterprise in Belgium.

**In these cases only** the tax representative or the person registered direct for VAT purposes in Belgium must declare the inward or outward goods movement with **transaction code 1.**<sup>4</sup>

For the declaration of goods movements where there is no actual or future transfer of ownership between an enterprise in the Member State of the Intrastat declaration (Belgium) and an enterprise in another country: see discussion of transaction code 9, point c.

<sup>1</sup> The “other country” may be an EU Member State or a non-EU Member State. Therefore the transfer of ownership itself is not necessary between an enterprise in the Member State of consignment and an enterprise in the Member State of destination (e.g. on being sold the goods are not sent to the buyer’s Member State) or between two enterprises, each based in a different EU Member State (e.g. for indirect import or export).

<sup>2</sup> Note: It does concern a goods movement between two EU Member States (otherwise there would not be an Intrastat declaration).

<sup>3</sup> For instance, the Intrastat declarant may be trading in the name and on behalf of his foreign principal and in this case never becomes owner of the goods himself. If this Intrastat declarant re-sells the goods on behalf of and for the account of his foreign principal after they are imported into the Member State to an enterprise in that Member State, we are dealing with a transfer of ownership between an enterprise in the Member State of destination and an enterprise in another country in which it is not the Intrastat declarant “himself” who becomes the owner of the goods.

<sup>4</sup> Tax representatives or persons registered direct for VAT purposes will normally be regarded as acting in this capacity if they “themselves” do not become owners of the goods.

<sup>5</sup> If the tax representative or the person registered direct for VAT purposes is not acting in that capacity – and becomes owner of the goods or disposes of them himself – he must, of course, also use transaction code 1 for the goods movement.



**The following transactions require explanation:**

– **Consignment/arrival with a view to sale**

This therefore normally concerns a future transfer of ownership (for declaration of a consignment: between an enterprise in the Member State of consignment and an enterprise in another country; for declaration of an arrival: between an enterprise in the Member State of destination and an enterprise in another country).

However, in practice it is **often not known** whether a transfer of ownership between an enterprise in the Member State of the Intrastat declaration and an enterprise in another country will take place because it is not known which country the buyer will be from.<sup>1</sup>

How such a goods movement “with a view to sale” has to be declared in the Member State of consignment and arrival is discussed below.

NB: the declaration in the Member State of consignment differs somewhat from the declaration in the Member State of destination in such a goods movement.

**a. Declaration in the Member State of consignment**

**a.1. If it is known that a transfer of ownership will not take place between an enterprise in a Member State of consignment and an enterprise in another country and the goods will return to the Member State of consignment:**

If it is known that no transfer of ownership<sup>2</sup> will take place and the goods will therefore return to the Member State of consignment, the consignment must be declared with **transaction code 9**. For instance: a Belgian enterprise supplies only customers in Belgium from its stocks in Germany (provisioned from Belgium). The consignment of these goods from Belgium to its stocks in Germany must be declared with transaction code 9. This is actually a transfer for purely logistical reasons (see transaction code 9). The later return consignment from these stocks to customers in the Member State of consignment (Belgium) must also be declared with transaction code 9.

**a.2. In all other cases:**

However, since the intention is generally to sell the goods to an enterprise in another country, this consignment must be declared with **transaction code 1** (i.e. a transfer of ownership between an enterprise in the Member State of consignment and an enterprise in another country).

<sup>1</sup> A buyer still has to be sought. This buyer may be an enterprise in the Member State of destination, the Member State of consignment or another country. Depending on this, there may be a transfer of ownership in a Member State of declaration or not. Reminder: “transfer of ownership” means a transfer of ownership between an enterprise in the Member State of the Intrastat declaration and an enterprise in another country.

<sup>2</sup> Reminder: “transfer of ownership” means a transfer of ownership between an enterprise in the Member State of the Intrastat declaration and an enterprise in another country!

Say the goods are returned in the course of time to the Member State of consignment because, for instance, they cannot be sold or are sold to an enterprise in the Member State of consignment<sup>1</sup>, the “original” transaction (indicated with transaction code 1) **only has to be corrected if it is statistically relevant** (i.e. transaction code 9 instead of transaction code 1).<sup>2</sup>

Looked at in retrospect, this was not a transfer of ownership between an enterprise in the Member State of consignment and an enterprise in another country but simply a stock movement. The return of these goods must be declared with transaction code 9.<sup>3</sup>

#### **b. Declaration in the Member State of destination**

This concerns goods movements declared by tax representatives, among others, and persons registered direct for VAT purposes.<sup>4</sup> In these cases an enterprise in the Member State of Intrastat declaration (in this case the Member State of destination) only becomes owner of the goods if the imported goods are to be sold to an enterprise in this Member State (a transfer of ownership between an enterprise in the Member State of destination and an enterprise in another country).

##### ***b.1. If it is known that an enterprise in the Member State of destination will become owner of the goods:***

If it is known that an enterprise in the Member State of destination will become buyer of the goods, **transaction code 1** is used.

##### ***b.2. In all other cases:***

In all other cases the arrival is declared with **transaction code 9** (see use of transaction code 9). This is if it is not known whether an enterprise in the Member State of destination will become owner of the goods or not or if one is sure that no enterprise in the Member State of destination will become owner of the goods. If it **emerges later** that the goods have been sold to an enterprise in the Member State of destination and there has therefore been a transfer of ownership between an enterprise in the Member State of destination and an enterprise in another country, **the original arrival must be corrected if this is statistically relevant**<sup>5</sup> (i.e. transaction code 1 instead of transaction code 9 for the arrival).

<sup>1</sup> Example: A Belgian enterprise supplies customers in Belgium from stocks in Germany. The stocks in Germany consist of goods coming from Belgium. So after they are sold (transfer of ownership between 2 enterprises in Belgium) the goods return to the Member State of consignment (at the time of consignment he does not know who he is going to sell the goods to; it could also be a German enterprise).

<sup>2</sup> To make a correction, see "Intrastat Guide Part I - Basis".

<sup>3</sup> Note: Say that at the time of consignment it is already known that the goods will be returned to the Member State of consignment; this consignment and return must be declared with transaction code 9 (i.e. it concerns a transfer abroad for purely logistical reasons).

<sup>4</sup> See note p. 2-2 above re use of transaction code 1 by tax representatives or persons registered direct for VAT purposes in Belgium.

<sup>5</sup> To make a correction, see "Intrastat Guide I - Basis".

*Example 1:*

Goods are sent to a distribution centre<sup>1</sup> from which **only** customers in that Member State will be supplied, naturally after the sale of these goods. This consignment “with a view to sale” and this arrival in the Member State of destination must be declared to Intrastat with code 1 because both cases (the consignment and the arrival) concern the future transfer of ownership between an enterprise in the Member State of declaration and an enterprise in another country.

Say this distribution centre supplies e.g. only EU Member States other than the Member State of destination and consignment, this consignment must be declared with transaction code 1 (i.e. a transfer of ownership between an enterprise in the Member State of consignment and an enterprise in another country). However, the arrival must be declared in the Member State of the distribution centre with transaction code 9 (i.e. there is no transfer of ownership (in the future) between an enterprise in the Member State of destination and an enterprise in another country; no enterprise in the Member State of destination will become owner of the goods).

*Example 2:*

Goods are sent to a distribution centre<sup>2</sup> from which **various Member States** will be supplied, naturally after these goods are sold (it is not known which country the customers will be from).

- Declaration in the Member State of consignment:  
This consignment must be declared to Intrastat with **transaction code 1**. If it emerges later that these goods return to the Member State of consignment because they have been sold to an enterprise in the Member State of consignment (e.g. supply – after being sold to an enterprise in the Member State of consignment – from a foreign stock) or because the goods cannot be sold, the return must be declared with transaction code 9 and the consignment corrected if it is statistically relevant (i.e. transaction code 9 instead of 1).
- Declaration in the Member State of destination:  
This arrival must be declared to Intrastat with transaction code 9. If it emerges later that these goods have been sold to an enterprise in the Member State of destination, the arrival must be corrected if it is statistically relevant (i.e. transaction code 1 instead of transaction code 9 for the arrival).

General note on consignment/arrival “with a view to sale”: if the final transfer of ownership takes place, care must be taken that the transaction is not declared again in Intrastat (unless a correction has to be made) since this will have already been declared with the consignment/arrival of the goods.

<sup>1</sup> This distribution centre itself does not become owner of the goods. If the distribution centre does become owner of the goods (in return for financial or other consideration) we have a case of final purchase/sale which must be declared with transaction code 1.

<sup>2</sup> Ditto previous footnote.

– **Sale on approval, on trial or on consignment (variants of “with a view to sale”<sup>1</sup>)**

These are purchases/sales with a clause suspending a possible sale pending fulfilment of one or more conditions before it can be carried out. A sale can in fact be recorded as actually taking place only if there is a purchaser and if the parties agree on the purpose, the product and the price.

- **In the event of a purchase/sale on trial or approval, the condition** which suspends or defers the sale is that the purchaser wishes to see, examine or test the product before buying it. The goods are imported or exported in order to be sold. The sale is concluded only when the interested client considers that the outcome of the trial is positive.

In the event of a purchase/sale on trial or on approval, the Intrastat declaration is made **at the time of the sale**. If the goods have been dispatched with a view to a sale but the sale does NOT take place, the movement of the goods must not be shown in the declaration. This then actually concerns a temporary movement.

- **A dispatch on consignment** takes place as follows: person A gives the goods on consignment to person B, who seeks a buyer C on his own account. The A-B sale becomes actual only when B has found a buyer C. A dispatch on consignment consists of two contracts, A-B and B-C. **The declaration is made only at the time of the physical delivery or the acquisition of the goods** and not when the contract (A-B or B-C) is drawn up.

– **Replacement of returned goods:**

This only concerns the replacement of returned goods which have been declared to Intrastat with transaction code 2 or by goods code 99600000<sup>2</sup>. In practice returned goods often have to be replaced because they are damaged or because the delivery does not agree with the order etc.

A replacement of non-returned goods (of which the original transaction conforms to transaction code 1) is exempted from declaration.<sup>3</sup>

– **Financial leasing and hire purchase<sup>4</sup>**

On expiry of the contract the lessee (for financial leasing: only if the buy option is exercised<sup>5</sup>) becomes the actual owner of the goods. This involves a transfer of ownership. The instalments are calculated so as to cover the value of the goods fully or almost fully.

<sup>1</sup> For use of the transaction code, see previous point “consignment/arrival with a view to sale”.

<sup>2</sup> Reminder for use of code 99600000: If you are not required to declare the goods flow of the return – of goods of which the original transaction meets the description of transaction code 1 – this return must be declared with the special goods code 99600000 on the declarable flow (which is therefore the goods movement in the opposite direction).

<sup>3</sup> Returns and replacements of returned goods of which the original transaction conforms to the transaction codes 3 to 9 must be recorded under the same transaction code as the original transaction code.

<sup>4</sup> In financial leasing there is an option to buy at the end of the rental period whereas in hire purchase the hirer becomes owner of the hired goods at the end of the rental term anyway, without having to exercise an option.

<sup>5</sup> If the buy option is not exercised at the end of the rental contract, naturally nothing has to be declared to Intrastat because they are hired goods and they are exempt from declaration.

The risks and benefits of ownership are transferred to the lessee. For intrastat, the **total value** of the goods **at the time of the transfer of ownership** must be reported. N.B.: code 1 must also be used when an enterprise buys goods in its own name in another Member State and subsequently leases them to customers on the Belgian market (domestic transactions).

- **Sale/purchase with commission (i.e. through a broker or agent)<sup>1</sup>**  
This is a variant of a usual sale/purchase where A sells to C and where B (a broker or agent) acts in the name and on behalf of A and receives a commission from A. A sets the price and the A-C transaction is given the code 1. A and C declare for Intrastat.
- **A delivery/replacement with intervention of a commission agent**  
A commission agent acts in his own name and on behalf of his principal. A commission agent B intermediates in a sale of goods by A to C. The goods are sent by A direct to C. A issues B with an invoice and B invoices C for the goods. So here two deliveries take place. Depending on which country B is based in, it is A and B or B and C who declare the goods movement in Intrastat with transaction code 1.

## Transaction code 2

### **Return and replacement of goods free of charge after registration of the original transaction.**

This code may only be used where a return concerns goods of which the original transaction (i.e. the transaction before the return) conforms to the description of transaction code 1.

In practice they will often be goods that have been refused because they are damaged or because the delivery does not agree with the order

NB:

A return of goods - of which the original goods movement meets the description of transaction code 1 - must "always" be declared to Intrastat, ie:

- even if the original transaction has not been declared under transaction code 1 because there was no obligation to declare the goods movement;
- and even if there was no obligation to declare the return for the goods movement. In this case the special goods code "99600000" must be used on the system for which the enterprise is required to declare.

<sup>1</sup> NB: Not to be confused with commission agent. A broker or agent is limited to putting his principal in contact with a buyer or seller without intervening directly in concluding the transaction and charges commission for doing this.

In brief: before returning goods – of which the original transaction meets the description of transaction code 1 – transaction code 2 must be used if a declaration has to be made for the return goods flow and the special goods code “99600000” if a declaration does not have to be made for the return goods flow.

### Transaction code 3

#### **Transactions involving transfer of ownership<sup>1</sup> without financial or in kind compensation (e.g. aid shipments).**

It therefore concerns consignments or receipts *free of charge*. These include: consignments of goods under assistance programmes partly or fully managed or financed by the European Union, other government support, other assistance (private sector, non-governmental organizations) and other deliveries/replacements free of charge.

Remember that in such cases the value must always be declared even if there is no invoice (use an estimate). Gifts also come under code 3.

### Transaction codes 4 and 5

#### **Transaction code 4:**

**Operations with a view to processing<sup>2</sup>, under contract (no transfer of ownership<sup>3</sup> to the processor).**

#### **Transaction code 5:**

**Operations following processing under contract (no transfer of ownership to the processor).**

Values to be declared:

- with transaction code 4, the **value is the intrinsic value of the imported or exported goods for processing** (which are naturally not invoiced because the goods have not been changed by the owner).
- with transaction code 5, the **value is the intrinsic value of the goods imported or exported for processing plus the cost of the service provided and the price of additional parts or materials.**<sup>4</sup> (The invoice price only includes the cost of the service (if the service is not free of charge) and the price of **additional parts or materials**; i.e. not the value of the goods since the goods have not been changed by the owner).

<sup>1</sup> “Transfer of ownership” means a transfer of ownership between an enterprise in the Member State of the Intrastat declaration and an enterprise in another country (for more information on the term “transfer of ownership”, see “transfer of ownership” under transaction code 1 p. 2-2).

<sup>2</sup> Processing covers operations (transformation, construction, assembling, enhancement, renovation, ...) with the objective of producing a new or really improved item. This does not necessarily involve a change in the product classification. Processing activities on a processor's own account are not covered by this item and should be registered under item 1.

<sup>3</sup> “Transfer of ownership” means a transfer of ownership between an enterprise in the Member State of the Intrastat declaration and an enterprise in another country (for more information on the term “transfer of ownership”, see “transfer of ownership” under transaction code 1 p. 2-2).

<sup>4</sup> Say fabrics are sent to make suits. The value of the suits to be declared is determined as follows: value of the fabrics + service provided + price of additional materials such as: thread, buttons, lining material, zips etc.). Therefore, the additional materials do not have to be declared separately to Intrastat because they are now part of the suits.

Example of the declarable value:

- *in the Member State of the service provider:*  
A raw material is imported from another Member State to be processed. There is no invoice because no transfer of ownership takes place. Nevertheless this arrival must be declared with transaction code 4 and, as value, the intrinsic value of the goods received (the value of the goods in the received state). If this is unknown, you must inquire from the owner or give your own estimate.  
If, after the goods have been processed, they are returned to the Member State of consignment, this consignment must be declared with transaction code 5 and, as value, the value of the goods (= the value of the imported goods + processing cost).
- *in the Member State of the principal/consignor:*  
If goods are sent to another Member State to be processed there, this consignment must be declared with transaction code 4 and, as value, the intrinsic value of the goods sent. If the goods come back after processing, this arrival must be declared with transaction code 5 and, as value, the value of the goods, including the processing cost.

#### **Conditions for using transaction codes 4 and 5:**

Not all transactions “with a view to” and “after” goods processing may be declared with transaction code 4 or transaction code 5.

#### **The following 2 conditions must be met in order to use transaction codes 4 and 5:**

1. There is no transfer of ownership (now or in future)<sup>1</sup>  
The use of these transaction codes is **only allowed** if there is **no transfer of ownership** – between an enterprise in the Member State of declaration and an enterprise in another country – of the goods. (If a transfer of ownership does take place: see use of transaction code 1).
2. There must **always** be an **inward goods movement** which is **followed by** a later **outward goods movement** in the Member State of declaration **or vice versa** (the declaration of these movements is not necessarily made by the same Intrastat declarant)<sup>2</sup>.

Transaction code 4 and 5 are therefore **only allowed**:

- *in the Member State of the service provider:* if the goods for processing are part of an inward goods movement and the processed goods are part of an outward goods movement (it does not matter to which Member State);
- *In the Member State of the consignor/principal:* if the goods for processing are part of an outward goods movement and the processed goods are part of an inward goods movement.

<sup>1</sup> “Transfer of ownership” means a transfer of ownership between an enterprise in the Member State of the Intrastat declaration and an enterprise in another country (for further information on the term “transfer of ownership”, see “transfer of ownership” under transaction code 1 p. 2-2).

<sup>2</sup> In other words, the incoming goods must leave the Member State of declaration again at some time and the outgoing goods must arrive in the Member State of declaration again at some time.

Note:

The inward and outward goods movement do not necessarily have to be declared by the same Intrastat declarant (i.e. it may be that in Member State A: Intrastat declarant A1 declares the arrival and an Intrastat declarant A2 declares the consignment). In practice it may occasionally<sup>1</sup> occur that a goods movement declared in your declaration with transaction code 4 has to be followed by a later goods movement declared with transaction code 5 (naturally, if a compulsory declaration has to be made for both goods flows).

*Example 1:*

A1 exports steel plates to be galvanized abroad by B1.

If A1 stays the owner of the plates and they are re-imported after being galvanized into the country of consignment, we are dealing with goods processing (transaction codes 4 or 5).

On the other hand, if B1 buys the plates to galvanize them on his own account, we are dealing with a normal purchase/sale (transaction code 1).

*Example 2:*

A1 in Member State A transfers the goods temporarily to B1 in Member State B, with the intention of having them processed there. After this processing a number of different situations may arise:

- a. The processed goods return to the Member State of consignment (whether or not to the original consignor/principal). In this case the service provider declares the goods movements with transaction codes 4 and 5. The consignment of the goods for processing is declared with transaction code 4 and the arrival of the processed goods is declared with transaction code 5.
- b. The processed goods are forwarded to a Member State other than the Member State of the original consignment. In this case the service provider declares the goods movements with transaction codes 4 and 5 (i.e. inward and outward goods movement). The consignment of the goods for processing and the arrival of the processed goods are declared with transaction code 1 instead of transaction codes 4 and 5 (i.e. no outward goods movement which is followed by a later inward goods movement and vice versa).
- c. The processed goods stay in the country where they are processed. In this case the service provider declares the arrival of the goods for processing with transaction code 1 instead of transaction code 4 (i.e. no inward goods movement which is followed by a later outward goods movement). The consignment of the goods for processing is also declared with transaction code 1 instead of transaction code 4 (i.e. no outward goods movement which is followed by a later inward goods movement).

<sup>1</sup> The cases are discussed under multilateral goods processing, see p. 5-4.



For more information on possible different situations (bilateral and multilateral goods processing), see p. 5-4.

**Transaction code 6**

**Operations "following" repair<sup>1</sup> or maintenance, other than under joint inter-governmental production programmes. Repair and maintenance can be against payment or free of charge. These operations don't involve a (future) transfer of ownership.**

N.B: with transaction code 6, **the value is equal to the value of the repair or maintenance** (this is only the cost of the delivered "service" and the price of replacement parts).<sup>2</sup>

Furthermore, for these movements of goods, not all the data have to be provided after repair or maintenance and special goods code "9945 0000" must be used; for more information, see "9.3. Movements of goods after repair or maintenance" in "INTRASTAT MANUAL PART I - BASIS".

**Transaction code 7**

**Operations under joint defence projects or other joint intergovernmental production programs.**

This code must be used for a joint production programme. This is a programme for which contractors from different countries join forces to carry out a major project.

Example:

A chassis of the HST (high-speed train) is manufactured in Member State A and is then sent to Member State B where the chassis is given a superstructure. The goods are then sent to Member State C to install air conditioning. These goods movements must be declared with transaction code 7.

**Transaction code 8**

**Transactions involving the supply of building materials and technical equipment under a general construction or civil engineering contract for which no separate invoicing of the goods is required and an invoice for the total contract is issued.**

Supply of building materials under a general building contract. This transaction code can be used only for transactions for which no separate invoicing of the goods is required but rather invoicing for all the work (the value to be declared covers only the goods and if appropriate this value has to be estimated). If there are separate invoices for the goods, the transactions must be shown under code 1.

<sup>1</sup> A repair entails the restoration of goods to their original function or condition. The objective of the operation is simply to maintain the goods in working order; this may involve some rebuilding or enhancements but does not change the nature of the goods in any way.

<sup>2</sup> Say an engine is sent for repair. The declaration of the value of the "engine" after repair must be determined as follows: value of the service + price of the replacement parts. The replacement parts do not have to be declared separately to Intrastat because these are now part of the repaired goods.



## Transaction code 9

### Other transactions which cannot be classified under other codes.

The following transactions must be declared with transaction code 9:

- a. Transfer of goods – without transfer of ownership – to another Member State for purely logistical reasons with the intention of returning them in the course of time to the Member State of consignment (e.g. pure stock movements)
- b. Return of the goods referred to in point a) above to the Member State of consignment. Again there is no transfer of ownership. This return must be declared by both the consignor and the consignee of these returned goods with transaction code 9.
- c. Certain goods movements declared by tax representatives or persons registered direct for VAT purposes: if they are acting as tax representatives or as persons registered direct for VAT purposes, a consignment and an arrival must be declared with transaction code 9, except in the following cases:
  - the goods sent to another EU Member State were bought from an enterprise in Belgium. In this case the consignment must be declared to Intrastat with transaction code 1 (i.e. there is a transfer of ownership)
  - the goods received from another EU Member State were or will be sold to an enterprise in Belgium. In this case the arrival must be declared to Intrastat with transaction code 1 (there has been or will be a transfer of ownership).
  - the goods movement concerns processing, repair or maintenance. In this case it must be declared to Intrastat with transaction codes 4, 5 or 6.<sup>1</sup>
- d. Goods which come under a hire contract or operational leasing must be declared under transaction code 9 if the contract term exceeds 24 months. The declaration period is the month in which the goods arrive or are dispatched.  
Goods which come under a hire contract or operational leasing for which the contract term is less than 24 months are exempt from declaration. If the goods do not return within the period of 24 months, then they must be declared under transaction code 9 in the month in which it becomes absolutely certain that the goods will remain in the Member State of destination for longer than 24 months.

Note to point c, second bullet point:

If an arrival is concerned “with a view to sale” and at the time of arrival it is not known whether an enterprise in the Member State of destination will become owner of the goods (i.e. a transfer of ownership), this arrival must be declared with **transaction code 9**. This arrival may be corrected later (i.e. transaction code 1 instead of transaction code 9) once it is known that an enterprise in the Member State of destination is becoming or has become owner of the goods (see discussion of transaction code 1, arrival “with a view to sale”).

<sup>1</sup> Note: movements of goods “with a view to” repair or maintenance are exempted from declaration.

## 2.2 Goods movements not to be declared to intrastat

- a. monetary gold;
- b. means of payment which are legal tender and securities, including means which are payments for services such as postage, taxes, user fees;
- c. goods for or following temporary use (e.g. hire, loan, operational leasing), provided all the following conditions are met:
  - no processing is or was planned or carried out,
  - the expected duration of the temporary use was or is not intended to be longer than 24 months,
  - the dispatch/arrival has not to be declared as a supply/acquisition for VAT purposes;
- d. goods moving between:
  - a Member State and its territorial enclaves in other Member States, and
  - the most Member State and territorial enclaves of other Member States of international organisations.

Territorial enclaves include embassies and national armed forces stationed outside the territory of the mother country;
- e. goods used as carriers of customised information, including software;
- f. software downloaded from the Internet;
- g. goods supplied free of charge are themselves not the subject of a commercial transaction, provided that the movement is with the sole intention of preparing or supporting an intended subsequent trade transaction by demonstrating the characteristics of goods or services such as:
  - advertising material
  - commercial samples
- h. goods for and after repair and replacement parts that are incorporated in the framework of the repair and replaced defective parts;
- i. means of transport travelling in the course of their work, including spacecraft launchers at the time of launching.

## 2.3 Doubtful cases: FAQ (Frequently asked questions)

For certain very specific goods or transactions it is not always clear whether the goods movements have to be declared to Intrastat or not. This chapter covers a few special cases in alphabetical order. For some types of goods or transactions, there is not in fact always a "right answer".

	Type of goods or movement	To be included in the declaration or not ?
<b>A</b>	<b>Advertising material</b>	see Samples
	<b>Aircraft</b>	Yes. Aircraft must be notified by email to: <a href="mailto:sxselect@nbb.be">sxselect@nbb.be</a>
	<b>Arrivals from other Member States which are to be immediately re-exported to third countries</b>	Yes. Even if this "transit" takes place via a tax representative (VAT No. 796.6xxx.xxx) of an enterprise in the Member State of consignment
<b>B</b>	<b>Barter trade</b>	Yes. The consideration is in kind. Transaction code 1.
	<b>Belgian armed forces abroad (supplies to, acquisitions from)</b>	No.
	<b>Boosters</b>	No. Only if a movement of goods is involved for the purposes of a launch or at the time of the launch itself.
	<b>Branches or between "parent" and "subsidiary" companies (movements of goods between)</b>	Yes, the usual transaction code 1, (transfer of ownership against compensation) except for supplies/acquisitions before or after processing (transaction code 4 or 5); goods movement 'after' repair or maintenance (transaction code 6); pure stock movement (transaction code 9) or deliveries free of charge (transaction code 3). Always report the total value of the goods except for movement of goods after repair or maintenance, in this case the value is equal to the value of the repair or the maintenance.
	<b>Bunkering</b>	see Stores and provisions for ships
<b>C</b>	<b>Complete Factory Installations</b>	Yes. Enquiries about the commodity codes to be used must be sent by email to: <a href="mailto:sxselect@nbb.be">sxselect@nbb.be</a>
	<b>Consignment (supply on)</b>	Yes. At the time of delivery rather than the time when the sender has found a buyer for the goods intended for consignment. Transaction code 1.
	<b>Consignment on approval</b>	Yes. Transaction code 1. See also page 2-6
	<b>Consignment on trial basis</b>	Yes. Transaction code 1. See also page 2-6
	<b>Consignments (direct) to other Member States preceded by an import from third countries</b>	Yes. Even if this "transit" takes place via a responsible representative (VAT no. 796.5XX.XXX) of a company in the Member State in which the consignment arrives.
	<b>Copyright and licences</b>	No
	<b>Customs warehouse (Goods in)</b>	No. Customs warehousing takes place only for non-Community goods.
	<b>Data media</b>	No. If used as carriers of customised information, including software. Yes. Standard software.
<b>D</b>	<b>Delivery with installation or assembly</b>	Yes. Only the value of the goods must be declared. Transaction code 1.

	<b>Demonstrations, fairs and exhibitions (Goods for)</b>	No, so long as it is a temporary introduction or dispatch (see conditions point c) p. 2-14). If it is an operation with a sales option, the item of goods sold must be declared at the time when the invoice is received or made out.
	<b>Destruction without return</b>	No. Only the original arrival/consignment has to be declared. If a credit note has been issued for these goods, it must be declared to Intrastat (see decision table for handling credit notes in "INTRASTAT GUIDE PART 1 – BASIS").
	<b>Down-payments on a later delivery (e.g. 5 months later)</b>	No. To be declared at the time of arrival/supply for the full value. Down-payments do not need to be reported separately; they are part of the amount recorded in the declaration.
<b>E</b>	<b>E-commerce</b>	Supply by Internet. No (there is no physical support).
	<b>Electricity</b>	No. The data are collected through the network manager.
	<b>Embassies, supplies to</b>	No, supplies to embassies need not be declared because customs documents are prepared.
	<b>European or other international institutions in other Member States (supplies to, acquisitions from)</b>	The international institution forms part of the statistical territory of the country in which it is situated. That means that supplies to international institutions in other Member States, or acquisitions from these, or acquisitions or supplies by international institutions from or to other Member States, must be declared. The code for the country of destination or origin is the country of location. Trade between international institutions and enterprises in the same country is excluded.
	<b>European or other international institutions in Belgium (supplies to, acquisitions from)</b>	No.
<b>F</b>	<b>Fair on the territory (supplies to a)</b>	No.
	<b>Foreign Army in Belgium (Supplies to, acquisitions from)</b>	No.
	<b>First Aid Goods</b>	Yes.
<b>G</b>	<b>Gas</b>	No. The data are collected through the network manager.
	<b>Gifts and free supplies</b>	Yes, nature of transaction code 3, total value of goods.
	<b>Goods for hire, return after hire</b>	Yes, if the expected duration of the temporary use becomes more than 24 months.
<b>H</b>	<b>Hardware in combination with software</b>	Yes, report the total value.
<b>I</b>	<b>Insurance</b>	No.
<b>L</b>	<b>Leasing, financial</b>	Only financial leasing with transfer of ownership must be declared, at the time when this transfer takes place. Transaction code 1. The total value of the goods, comprising the regular payments and the balance, is to be reported.
	<b>Leasing, operational and other</b>	Yes, if the expected duration of the temporary use becomes more than 24 months. Transaction code 9.
	<b>Legal tender</b>	No.
	<b>Low value transactions</b>	Yes. If < €200 use commodity code 9950.0000. Manual Part I - page 9-2
	<b>Luxembourg (trade with)</b>	Yes, in accordance with the usual rules.
<b>M</b>	<b>Maintenance (materials)</b>	No, if it is a temporary arrival or dispatch (see conditions point c) p. 2-14). Yes, if it concerns a (later) sale, the maintenance must be declared at the time when the invoice is received or made out. Transaction code 1.

	<b>Means of transport, new</b>	Yes. Only if sold by a VAT payer in Belgium to a private individual in another Member State.
	<b>Moving house</b>	No, unless it is a commercial transaction.
<b>O</b>	<b>Overseas territories (Guadeloupe, Réunion, etc.) and Canary Islands</b>	No, because customs documents remain in use.
<b>P</b>	<b>Packaging</b>	No, if it is treated as part of the goods and/or returned later. Yes, except for non-returnable packaging dispatched or received, or which is itself being purchased/sold.
	<b>Packaging to be returned</b>	No, provided that introduction/dispatch is temporary (see conditions point c) p. 2-14).
	<b>Piecemeal (dispatches)</b>	The last dispatch is regarded as the actual dispatch. That is the time when the whole dispatch must be declared. Transaction code 1. The total amount and total weight must be declared. The preceding parts of the dispatch do not have to be declared.
	<b>Processing</b>	Yes, transaction code 4 or 5; always report the total value of the goods.
	<b>Products of the sea</b>	Yes. Products of the sea must be notified by email to: sxselect@nbb.be
	<b>Purchase or supplies and fuel abroad</b>	No, if VAT is paid in the country of purchase (for local use). Yes, if VAT is paid in the country of arrival (acquisition).
	<b>R</b>	<b>Refusal without return</b>
<b>Repairs</b>		No, the movements of goods "before" repair or maintenance are exempted from declaration. Yes, the movements of goods "after" repair or maintenance must be declared with transaction code 6; only the value of the repair or the maintenance should be stated.
<b>Replacement of non-returned goods</b>		No. Replacements of returned goods have to be declared with transaction code 1.
<b>Research and reports</b>		No.
<b>S</b>	<b>Sale by commission agent</b>	The value to be declared for INTRASTAT is the value of the goods. See point "A delivery/replacement with intervention of a commission agent" p 3-2
	<b>Sale on trial</b>	Yes, when agreement is reached on the purchase. Transaction code 1.
	<b>Sale-and-lease-back operations</b>	No, because usually the goods do not leave the territory in this kind of transaction. However, what must be declared is the initial purchase of the goods (not the repurchase).
	<b>Samples</b>	No, provided that they are not the subject of a commercial transaction. Yes, commercial samples (not free). Transaction code 1.
	<b>Securities</b>	No.
	<b>Ships</b>	Yes. Ocean-going vessels, pleasure craft and inland craft must be notified by email to: sxselect@nbb.be
	<b>Ship's provisions</b>	see Stores and provisions for ships
	<b>Small quantities</b>	Yes, as a declarant you are required to declare all your goods, unless the Guide stipulates otherwise. See also code 9950 0000.
	<b>Small value</b>	see Low value transactions
	<b>Software (standard traded programs)</b>	Yes. Value of goods, based on the invoice value. No, if supply is effected via e-mail or Internet (no physical data medium).
	<b>Software (tailor-made programs)</b>	No, as long as the "service" element is predominant.

	<b>Software downloaded via e-mail or from the Internet</b>	Given that no physical transaction takes place, this type of "goods" is not to be recorded for INTRASTAT.
	<b>Spare parts for transport equipment</b>	Yes, if the supply or acquisition is not temporary Transaction code 1.
	<b>Spacecraft</b>	Yes. Spacecraft must be notified by email to: sxselect@nbb.be
	<b>Standard exchange</b>	Yes, with transaction code 1. The value of the goods to be repaired is the guarantee; the value of the repaired goods is the guarantee of the goods + the invoice value of the service.
	<b>Stores and provisions for ships (or aircraft, bunkering)</b>	No. Customs documents remain in use. Note that intra-Community acquisitions of goods which are to be supplied on board ships are subject to INTRASTAT declaration by indicating the right commodity code.
	<b>Subscriptions (periodicals, magazines, etc.)</b>	Yes. The full value of the goods. If the subscription is paid by a single payment, it need be reported only once – not whenever a publication is actually sent.
<b>T</b>	<b>Temporary arrival or dispatch for laundering</b>	No. Laundering is not regarded as a processing operation. (temporary: see conditions point c) p. 2-14)
	<b>Temporary introduction or export for animal breeding</b>	No. (temporary: see conditions point c) p. 2-14)
	<b>Temporary introduction or export for competitions</b>	No. (temporary: see conditions point c) p. 2-14)
	<b>Temporary use</b>	No. If the following conditions are met: a) not the subject of manufacturing costs/job processing b) for a term of less than 24 months c) not declared for VAT purposes Yes. If any of the three conditions are not met
	<b>Transfer of stock: the dispatcher still owns the goods</b>	Yes. The consignment is declared by the owner with transaction code 9. The arrival is declared by the tax representative of the owner or by the owner registered direct for VAT purposes with the same transaction code. Ditto if the goods are then sent back to the Member State of consignment. NB: If goods are sent to a warehouse in another EU Member State with the purpose of selling them, depending on the situation they must be declared with transaction code 1 or 9: see "consignment/arrival with a view to sale" p. 2-3.
	<b>Trial consignment</b>	see Consignment on trial basis
	<b>Turnkey industrial installations</b>	Yes, at the time of final acceptance. The installation should be reported under the various commodity codes. Transaction code 1 or 8. Permission to use a simplified commodity code can be obtained. For further information please contact our Information Section (Tel. + 32 2 221 40 99).
<b>U</b>	<b>US Army in Germany (Supplies to, acquisitions from)</b>	Yes. This is considered as a supply to the country where the supply takes place. The US Army must then have a German VAT number. Transaction code 1.
<b>W</b>	<b>Waste</b>	No, if the waste is to be finally destroyed. Yes, using the commodity code given in the nomenclature (for a fair number of goods there is a "... waste" item), if the waste has a residual value or a useful application.



## 3. The link with VAT

### 3.1 Introduction

The VAT return contains two data which are important to INTRASTAT.

First of all, the companies that are required to provide statistical information are selected on the basis of the values contained in the boxes on intra-community transactions on the periodic VAT returns.

Secondly, the data reported by these companies in the INTRASTAT declarations are compared with those in their vat return. (for audit purposes, the three-monthly declaration of intra-Community deliveries is also used, among other things).

Institutions (hospitals, CPAS (Public Social Assistance Institutions), etc.) who have to send in a "special VAT return" and acquire goods to the value of more than € 1,500,000 per annum from other Member States, are also required to make the INTRASTAT declaration. The check boxes are boxes 71, 72 and 73 of the special VAT return.

We would point out that the flow of information between the VAT authority and the Statistical Service goes in one direction; the Statistical Service receives data from the VAT authority but, conversely, no statistical information is sent to the VAT authority under any circumstances.

As described above, the Statistical Service relies heavily on the VAT data. However, we have noticed from contacts with declarants that there is some misunderstanding and lack of clarity about the precise link between INTRASTAT and VAT. Many declarants believe that, no matter what, there must be full agreement between INTRASTAT and VAT (in particular with boxes 46 and 86), but this is not correct.

However, the methodology of both types of declaration differs so that the entry in Intrastat and VAT do not always go in parallel. A classic example of this is the triangular transactions which are included in VAT boxes 46 or 86 but not in Intrastat (in this case the "T" column in the declaration of intra-Community deliveries is regarded as a means of control). Precisely as a result of differences in the methodology it is incorrect in some cases to strive for full agreement.

In this chapter the differences and similarities between Intrastat and VAT are explained.<sup>1</sup> When mentioning the **VAT-Intrastat comparison** and especially the existing link between the two, it should be noted that we are **only referring to boxes 46, 48, 84 and 86 of the VAT declaration, on the understanding that boxes 48 and 84 can also contain credit notes relating to the supply of intra-Community services. This is why we also base this comparison on the amount declared under code "L" in the "statement of intra-Community deliveries"**.

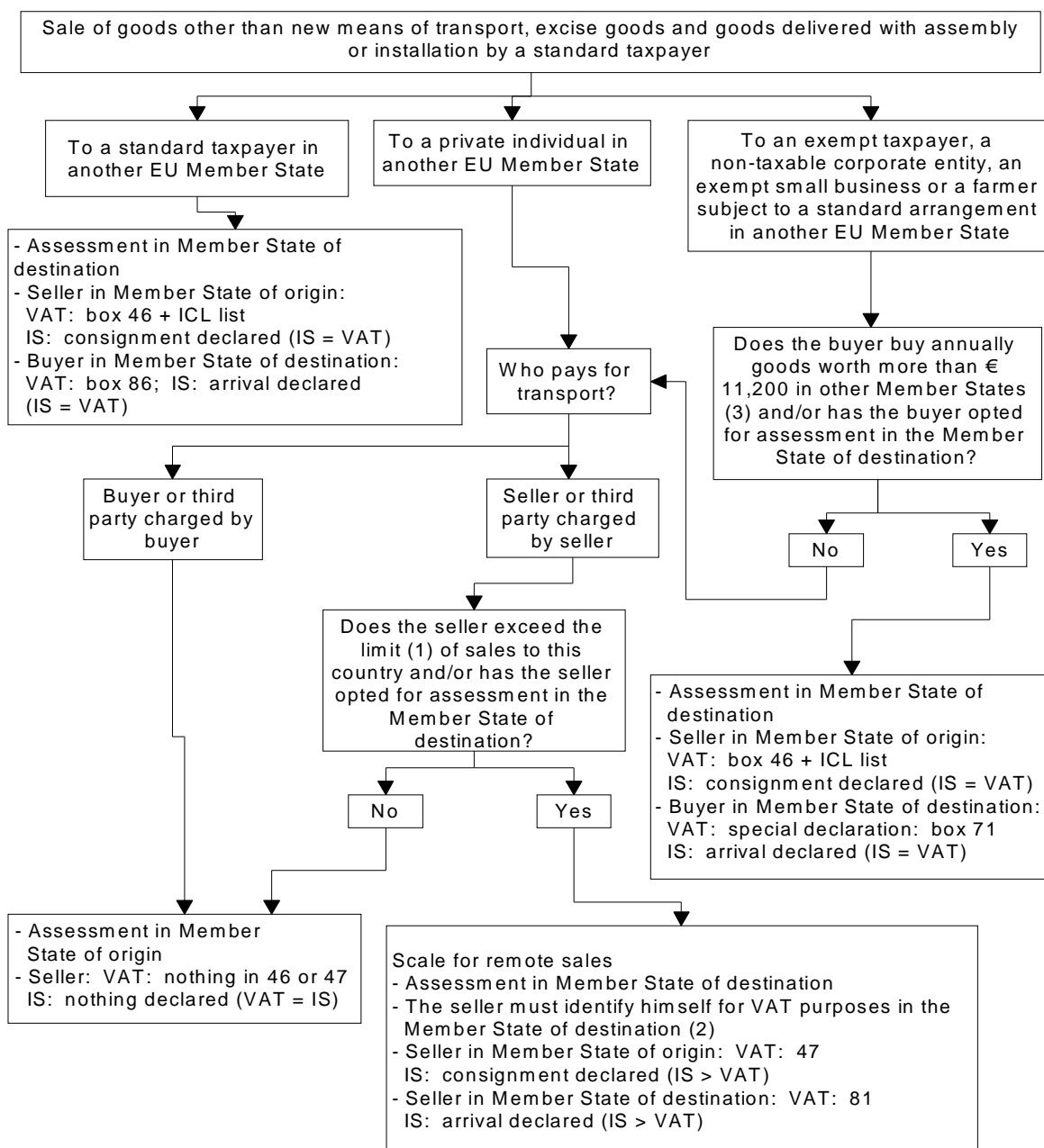
This chapter always assumes that "Belgian" legislation is applicable in the Member State of consignment and the Member State of destination. In one example – in which different EU Member States are involved – each Member State can be substituted for Belgium.

VAT distinguishes between various types of sales: sales of new means of transport, excise goods and goods other than these goods; sales by a standard taxpayer to other standard taxpayers, to private individuals, to non-taxable corporate entities etc.<sup>2</sup>. A different VAT rule applies to these various sales. This chapter shows how these cases and other special cases are handled in Intrastat.

<sup>1</sup> This manual cannot be used as a reference source for dealings between the declarant and the VAT department. The Intrastat office is not authorized to apply VAT legislation.

<sup>2</sup> In this chapter we always assume that the seller is a standard taxpayer.

### 3.2 Goods other than new means of transport, goods subject to excise duty and goods supplied with assembly or installation



(1) This threshold differs in each Member State of destination: Belgium: € 35.000, Denmark: 280.000 DKK, Germany: € 100.000, GB: 70.000 GBP, France: € 100.000, Greece: € 35.000, Ireland: € 35.000, Italy: € 35.000, Luxembourg: € 100.000, Netherlands: € 100.000, Portugal: € 35.000, Spain: € 35.000, Austria: € 100.000, Finland: € 35.000, Sweden: 320.000 SEK, Poland: 160.000 PLN, Cyprus: € 35.000, Czech Republic: 1.140.000 CZK, Latvia: 24.000 LVK, Lithuania: 125.000 LTL, Hungary: € 35.000, Slovenia: € 35.000, Slovakia: € 49.791, Malta: € 35.000, Estonia: 550.000 EEK. Sales of excise goods, new means of transport, goods with assembly or installation and sales to standard taxpayers, exempt taxpayers, exempt small businesses and non-taxable corporate entities which subject their intra-Community acquisitions to VAT in the country of destination are not considered for this threshold.

(2) Registration for VAT purposes in the Member State of destination can be done by direct VAT registration or by appointing a tax representative.

(3) These are intra-Community acquisitions by the customer. The purchases relating to excise goods, new means of transport or goods delivered with assembly and installation are not considered. € 11.200 is the threshold applicable in Belgium (i.e. for a Belgian customer)

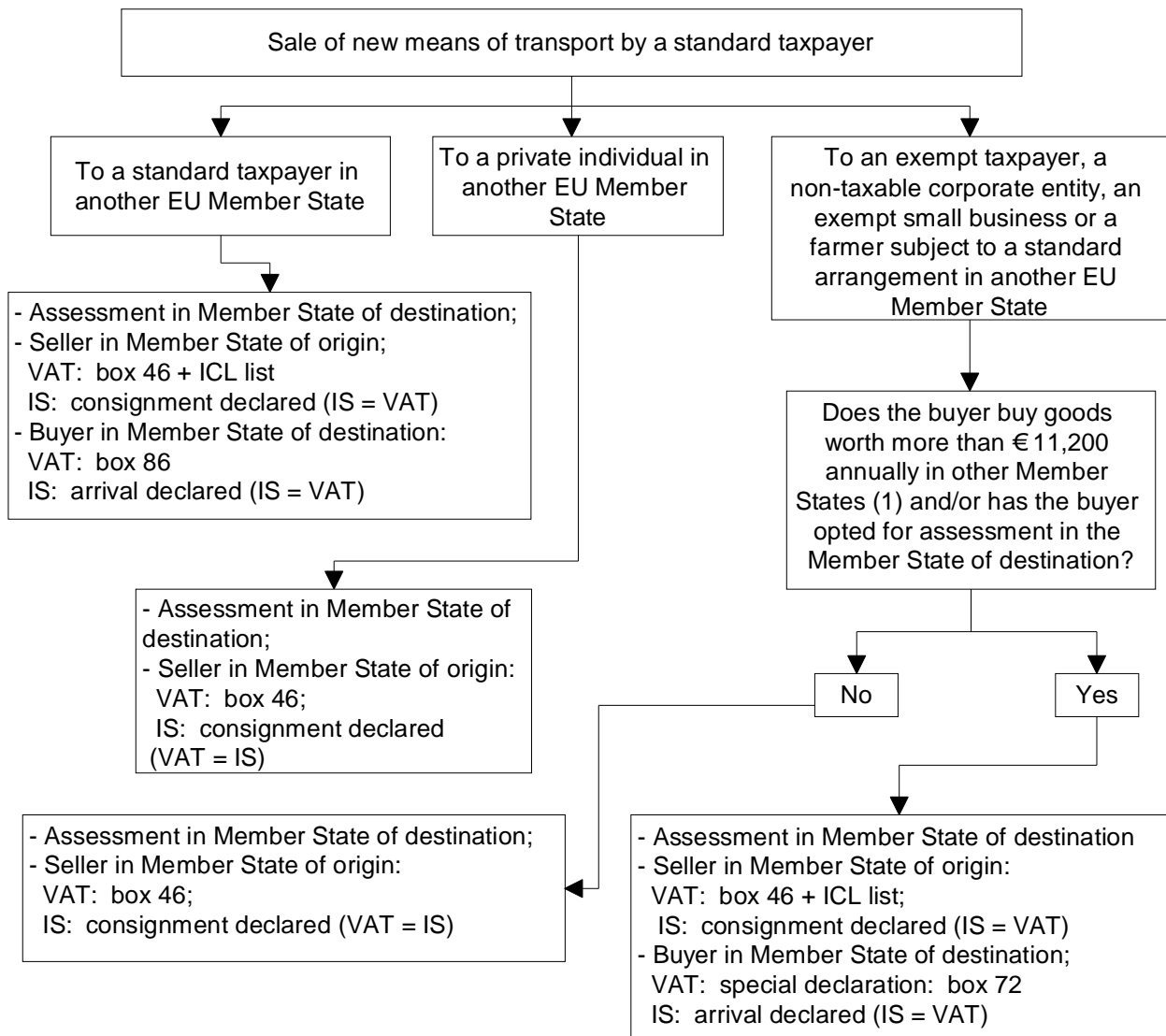
### 3.3 New means of transport

The tax is always charged in the Member State of consumption, even if the purchasers are private individuals, non-taxable corporate entities or non-exempt taxable persons.

Taxable sellers make zero-rated intra-Community supplies. The acquisition is taxed and the purchaser has to pay the VAT. The tax is probably charged at the time of registration of the vehicles. The seller does not need to register for VAT purposes.

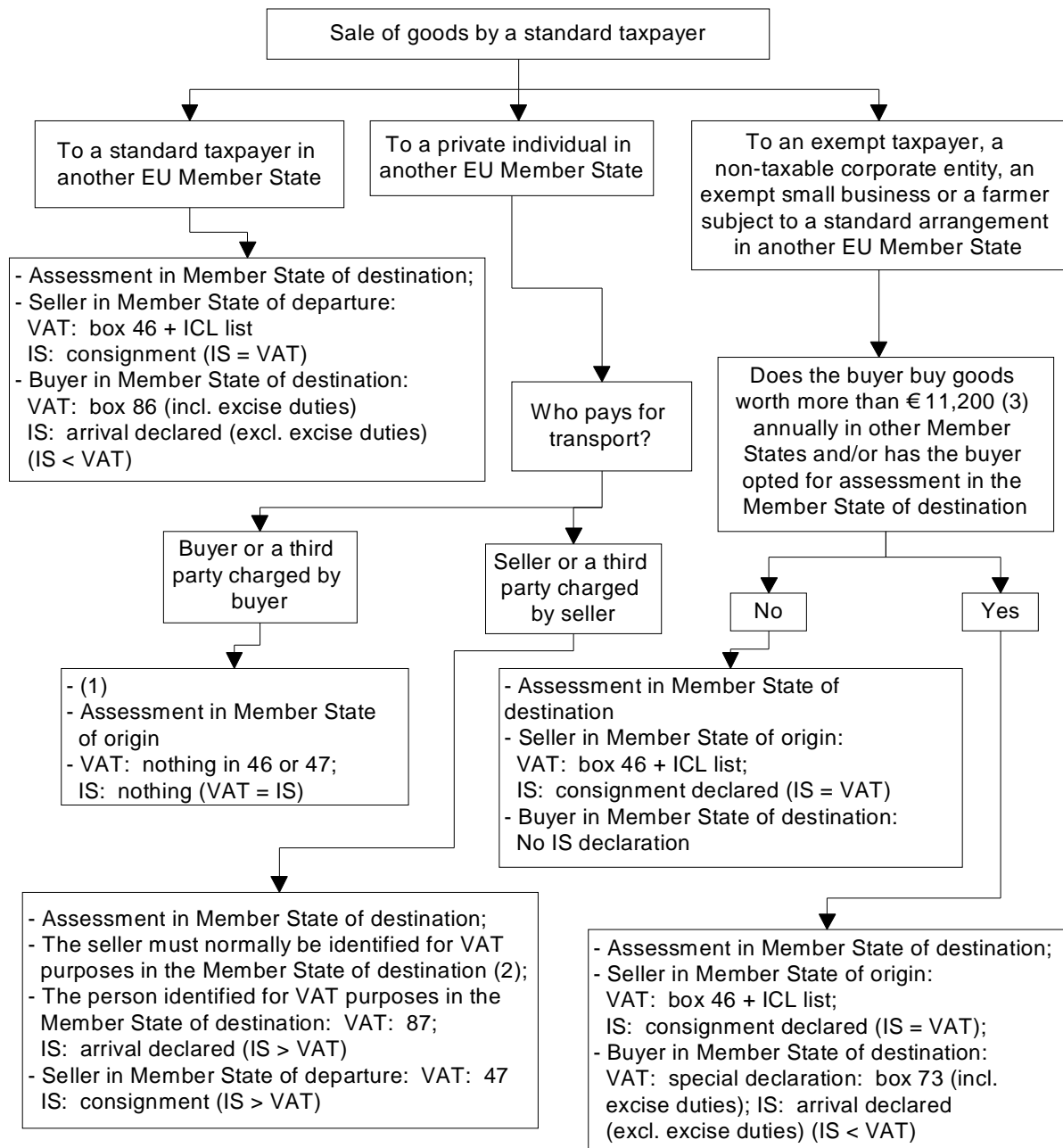
Sales of new means of transport to private individuals are exempted from Intrastat declaration.

Remark: In the case of second-hand vehicles, the general rule applies.



(1) These are intra-Community acquisitions by the customer. The purchases relating to excise goods, new means of transport or goods delivered with assembly and installation are not considered. € 11 200 is the threshold applicable in Belgium (i.e. for a Belgian customer).

### 3.4 Goods subject to excise Duty



(1) This only applies if the private individual buys goods in another Member State for his own use within certain indicative limits. .  
 (2) The administration has incorporated a simplification rule so that registration for VAT purposes is not obligatory.  
 (3) These are intra-Community acquisitions by the customer. The purchases relating to excise goods, new means of transport or goods delivered with assembly and installation are not considered. € 11 200 is the threshold applicable in Belgium (i.e. for a Belgian customer).

### 3.5 Particular cases

#### Goods delivered with assembly or installation

The supplier carries out the assembly or installation himself or commissions a third party to do so. For VAT, the delivery takes place in the country where the goods are being installed. Normally the supplier is required to register for VAT purposes in the Member State of destination.<sup>1</sup> If these sales with installation or assembly are occasional, the supplier may opt for the system by which the VAT is levied from the other contracting party.

If the VAT is transferred to the other contracting party this transaction is included in the VAT declaration by the seller in box 47 and not in box 46. The seller declares this transaction in the VAT declaration in box 87, not in box 86.

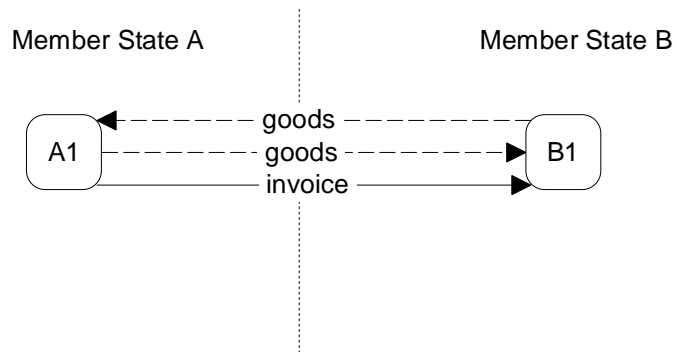
In the event of registration for VAT purposes in the Member State where the goods are installed, the transactions are not included in boxes 46 and 86 in the VAT declaration.

**For INTRASTAT only the materials have to be included.** If the invoice contains a total amount including both materials and services, an estimate has to be made of the proportion represented by the materials.

Conclusion: IS > VAT

#### Processing

Goods are often taken temporarily from one Member State (B) to another Member State (A) with the intention of having them processed there. After processing the goods are then sent back to the principal in the Member State of consignment (B).<sup>2</sup> In VAT legislation this is called bilateral goods processing; it is a strict there-and-back movement of the goods (before and after goods processing) between the same parties and the same Member States.



As far as VAT is concerned, neither of these is regarded as an intra-Community acquisition or supply. No amount is shown in box 46 or 86. For VAT purposes, processing is regarded as a service to be shown in other boxes. The principal puts his entry in box 88, the processor puts his entry in box 44.

<sup>1</sup> Where a delivery with assembly or installation in Belgium is concerned, the administration may grant an exemption from the obligation of identification for VAT purposes if certain conditions are met (simplification: Belgian Administration Registration no. 4/1979; transfer of tax to other contracting party; this is a Belgian law). In this case the other contracting party must enter this transaction in box 87 and declare this arrival to Intrastat.

<sup>2</sup> It may also be that the goods are not returned after processing to the Member State of consignment but to another Member State, or they may stay in the Member State where the processing was done. These cases are dealt with in point 4.3.2. of Chapter 4 "Goods processing".

For INTRASTAT, on the other hand, the dispatch or arrival of goods for processing must be declared at the total (estimated) value of the goods. On redispach or return of the goods after processing, the same estimated value must be declared for INTRASTAT, plus the processing charges.

**These transactions are recorded in the INTRASTAT declaration under code 4 or 5 (nature of transaction) at their full value.**

Conclusion of bilateral goods processing: IS > VAT

There are many variations of this bilateral goods processing, for instance: after the goods are processed, they are forwarded to a buyer; this buyer may be in the Member State of the service provider, the principal or another Member State etc. In the guide we refer to these variations as "multilateral goods processing". Which transaction codes in these cases have to be used and whether the transactions are included in the VAT declaration in boxes 46 and 86 or not is discussed in Chapter 5 Goods processing, in points 5.3. Multilateral goods processing on p. 5-4.

#### **Distance selling**

Distance selling is not entered for VAT in box 46 by the seller (but in 47) and not in box 86 (but in box 81) by the tax representative or the person registered direct for tax purposes.

Conclusion: IS > VAT both at the time of arrival and the time of dispatch.

#### **Financier leasing**

In financial leasing of goods the lessee has the option of acquiring ownership of the goods at the end of the leasing contract. If he exercises this option, for VAT purposes it is an intra-Community delivery and acquisition. For VAT purposes, only the remaining balance due has to be shown in box 46 or 86 (depending on whether the goods were supplied or acquired by the declarant) at the end of the contract if the option is taken up and on condition that the transfer of ownership is accompanied by the dispatch of goods from one Member State to another. The amounts paid by way of rent are regarded as services and are therefore not shown in boxes 46 or 86 of the VAT return. For INTRASTAT, on the other hand, it is the total value of the goods that must be declared (the total amount of all payments including the remaining balance due) at the time of transfer of ownership.

**These transactions are shown in the INTRASTAT declaration with code 1 (nature of transaction) at their full value.**

Conclusion: IS > VAT

#### **Hire purchase**

In contrast to financial leasing where there is an option to buy at the end of the lease, in hire purchase ownership of the rented goods is transferred at the end of the rental period to the hirer without him having to exercise an option. Since, for VAT purposes, the whole of the hire purchase is regarded as a supply, the full amount of the transaction must be shown in box 46 or 86, provided, however, that the transaction was accompanied by the dispatch of goods from one Member State to another.

**For Intrastat a dispatch or an arrival must be declared in this case.**

Conclusion: IS = VAT

### **Delivery/acquisition with the involvement of a commission agent**

A commission agent acts in his own name and on behalf of his principal. There are therefore three parties. In addition, there is an invoice between the supplier and the commission agent and an invoice between the commission agent and the acquirer of the goods.<sup>1</sup> The goods may go direct from the original supplier to the final acquirer of the goods. In this case we are dealing with triangular trade (for further information on who has to make a declaration for Intrastat and which boxes have to be used for VAT see 5. Triangular Trade. The goods may also be sent to the commission agent first and then to the final customer.

Where the *value* that has to be declared to Intrastat is concerned, the following should be noted:

- If the principal is the supplier of the goods, the criterion for the charge in the first invoice is the value of goods less commission. For Intrastat this commission must be added (since for Intrastat the value of the goods must be declared)
- If the principal is the customer for the goods, the criterion for the charge in the second invoice is the sum of the goods plus the commission. For Intrastat this commission must be deducted (since for Intrastat the value of the goods must be declared)

Conclusion:

Depending on who the supplier is and who has to make the declaration for Intrastat in the Member State concerned the result will be  $IS < VAT$ ,  $IS = VAT$  or  $IS > VAT$ . It is therefore impossible to give a general conclusion because there are many possible situations and the outcome is always different.

### **Triangular trade**

A trader B1 in Member State B is the intermediary in a triangular trade (or "chain sale"). B1 in Member State B buys goods from a supplier A1 in Member State A and then sells them to a customer C1 in Member State C. An invoice goes from A1 to B1 and from B1 to C1. The goods go direct from the original supplier (A1 in Member State A) to the final customer C1 in Member State C; the transport is governed by the contractual relationship A1-B1 and B1 applies the simplification rule for triangular trade.

For VAT, the intermediate supplier (B1) records both the intra-Community acquisition (86) and the intra-Community supply (46).

**The intermediate supplier (B1) declares nothing for INTRASTAT since there has been no physical movement of goods in Member State BE.**

This difference must be confirmed with Intrastat in the amounts included under the heading "T" of the VIES list (this is the heading for the triangular transactions in the monthly declaration of intra-Community deliveries).

Conclusion:  $IS < VAT$  (for B1 and for both acquisitions and deliveries).

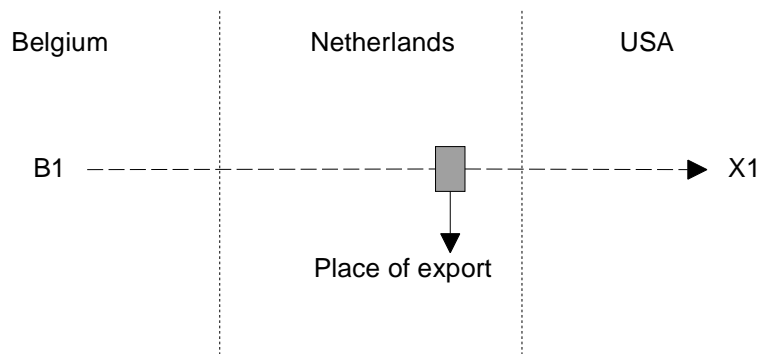
(For further information on triangular trade see "5. Triangular trade".).

<sup>1</sup> Note: in the event of a purchase/sale with commission but without the intervention of a commission agent, the supplier invoices the goods direct to the consignee (i.e. only one invoice and the invoice only includes the value of the goods). The commission is then regarded as a service for VAT and invoiced by the broker or agent to the principal. In this case  $VAT = IS$ .



**Indirect exports**

An indirect export is an export to a non-EU country via another Member State, where the export customs documents are made out.



For example: a Belgian exports goods to the USA but routes them (or has them routed) via the port of Rotterdam, where the export documents are made out by Dutch Customs. Note that this is an exceptional situation. As a general rule, export formalities have to be completed in the Member State of departure (Belgium in our example) unless certain conditions are met. Let us return to our example. Since the export formalities are completed in the Netherlands, the NBB does not have the statistical part of that document, which is actually processed by the Dutch statistical service. As a result **the exporter has to make out an INTRASTAT declaration for the movement from Belgium to the Netherlands, even if he is exporting goods to the USA.**

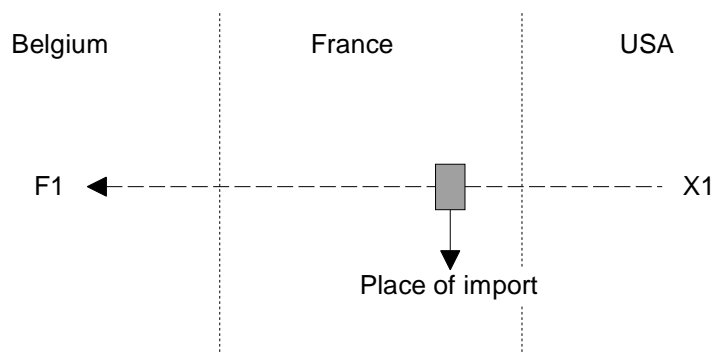
Obviously this INTRASTAT declaration does not need to be made out if the Customs documents are prepared in Belgium.

The firm must be identified in the foreign countries for VAT purposes (fiscal representative).

Conclusion: IS = VAT

**Indirect imports**

Conversely, goods can also be imported from an extra-community country into a Member State of the European Union via another Member State where the import formalities are made out. In this case we refer to indirect import.



For instance: a Belgian firm imports goods from the USA but the goods are imported and put into free circulation and use in the Port of Calais. **In this case for Intrastat: a consignment to Belgium from France has to be reported in France and an arrival from France has to be reported in Belgium in order to complete the full goods flow.** For Customs, there is an import into France and not into Belgium.

The firm must be identified in the foreign countries for VAT purposes (fiscal representative).

Conclusion: IS = VAT

## 4. Triangular trade

### 4.1 General - basis

#### Introduction

In triangular trade we have 3 parties: the consignor/original seller, the intermediary/intermediate trader and the consignee/final buyer. The goods go direct from the original seller to the final buyer. This chapter discusses the various situations in which these parties are located in 2 different and 3 different Member States and where the only important thing is whether EU Member States are concerned or a non-EU Member State is one of the parties. There are therefore many variants which are a combination of the cases set out below.

#### Legend for diagrams

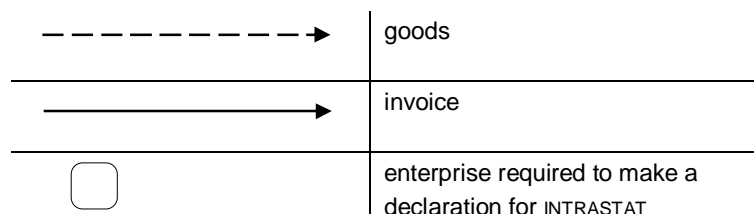
For the diagrams in this chapter the following letters and arrows are used:

A, B, C: 3 different Member States of the EU.

X: country **not** belonging to the EU (eg. United States)

A1, A2, B1, B2, C1, C2, ... enterprises from A, B, C,

X1, X2 : enterprises from the country X



The situations discussed always involve different EU Member States. Belgium can represent each Member State (Member State A, B or C).

The table below the graphic shows who has to make a declaration for Intrastat in which country, and which boxes etc. have to be completed in the VAT declaration.<sup>1</sup> The table has been drawn up from the standpoint of Belgian Intrastat obligations and VAT (e.g. boxes 46 and 86 will not necessarily have the same numbers in a different EU VAT declaration).<sup>2</sup>

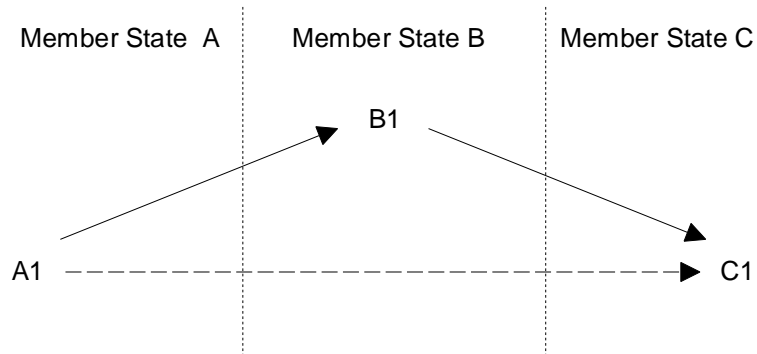
<sup>1</sup> These refer to boxes 46, 48, 84 and 86, which for our administration are relevant to the VAT-IS comparison.

<sup>2</sup> This manual cannot be used as a reference source for dealings between the declarant and the VAT department. The Intrastat office is not authorized to apply VAT legislation.

## 4.2 Current triangular trade (3 EU member states)

This is also called “real” triangular trade.

An enterprise in Member State B (B1) buys goods from A1 in Member State A and sells them to C1 in Member State C. An invoice goes from A1 to B1 and from B1 to C1. However, the goods go direct from A1 to C1.



### Note

Normally the intermediary (B1) has to be registered for VAT in the Member State of destination of the goods or the Member State of departure of the goods.<sup>1</sup> **The precise country where the intermediary has to be registered for VAT depends on the terms of the contractual relationship for the transport** (in the A1-B1 relationship or in the B1-C1 relationship).

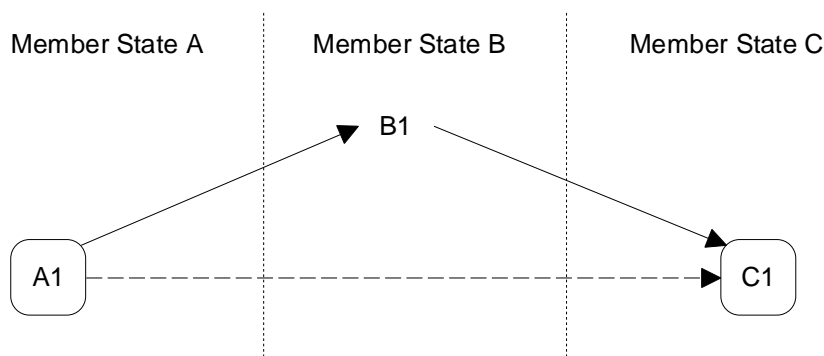
- If transport is a condition **in the B1-C1 relationship**, B1 must be identified for VAT purposes in the Member State of departure of the goods (A).
- If transport is a condition in the A1-B1 relationship, B1 must be identified for VAT purposes in the Member State of destination of the goods (C). It should be noted here that B1 can invoke the simplification rule in VAT for triangular trade, naturally provided that the conditions for applying this simplification rule have been met. The simplification rule means that the intermediary (B1) does not have to be registered for VAT purposes in the Member State of destination of the goods.

These various situations are dealt with below.

## 4.3 Situation without identification for VAT purposes: application of the simplification rule for triangular trade (transport in the A1-B1 relationship)

An enterprise in Member State B (B1) buys goods from A1 in Member State A and sells them to C1 in Member State C. An invoice goes from A1 to B1 and from B1 to C1. However, the goods go direct from A1 to C1.

<sup>1</sup> Registration for VAT purposes can be done by direct VAT registration or by appointing a tax representative.



In this case there is an Intrastat declaration for the movement A1-C1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	dispatch with Member State of destination C	dispatch in box 46 (ICS)
B1 in Member State B	nothing (no goods movement)	– arrival in box 86 – dispatch in box 46 – VIES list, heading "T"
C1 in Member State C	arrival with Member State of origin A	arrival in box 86 (ICA)

B1 will include this triangular trade in his VIES list under heading "T". The difference between the VAT declaration and the Intrastat declaration of B1 can be explained in this way. In this case Intrastat will be smaller than VAT for both flows from B1.

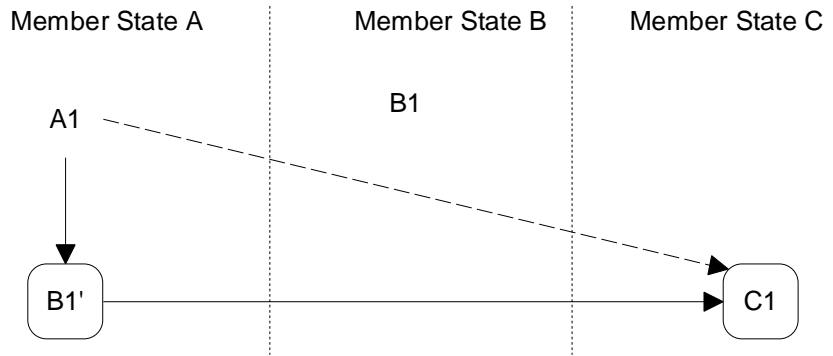
#### 4.4 Situation with identification for VAT purposes in the Member State of consignment/arrivals

Registration for VAT purposes can be by direct VAT registration or by appointing a tax representative<sup>1</sup>

##### **Tax representative/ direct VAT registration in the Member State of consignment (transport in relationship B1-C1)**

The intermediary in Member State B (B1) appoints a tax representative in Member State A or registers direct for VAT purposes. We shall call the tax representative or the person registered direct for VAT purposes B1'. The invoice goes from A1 to B1' in Member State A who, in his turn, sends an invoice to C1 in Member State C. The goods go direct from A1 to C1.

<sup>1</sup> Enterprises not based in the EU cannot opt for direct VAT registration.

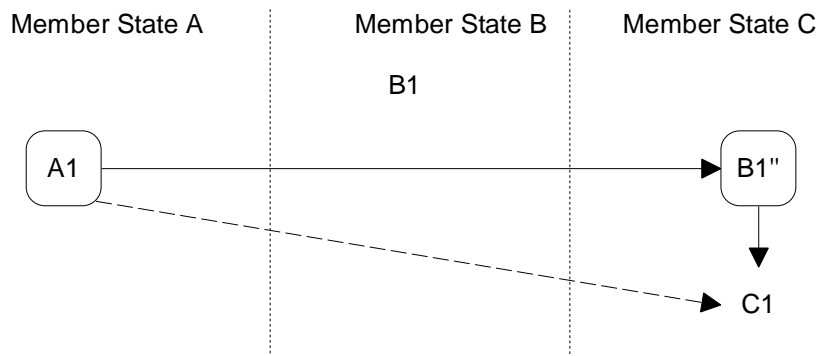


In this case there is an Intrastat declaration for the movement A1-C1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	nothing	nothing in boxes 46 and 86 (national delivery)
B1 in Member State B	nothing	nothing in boxes 46 and 86
B1' in Member State A	dispatch with Member State of destination C	box 46 (ICS)
C1 in Member State C	arrival with Member State or origin A	box 86 (ICA)

**Tax representative/ Person registered direct for VAT purposes in the Member State of destination (transport in A1-B1 relationship)**

The intermediary in Member State B (B1) appoints a tax representative in Member State C or registers direct for VAT purposes. We call the tax representative or the person registered direct for VAT purposes B1"). The invoice goes from A1 to B1" who then sends an invoice to C1. However, the goods go direct from A1 to C1.



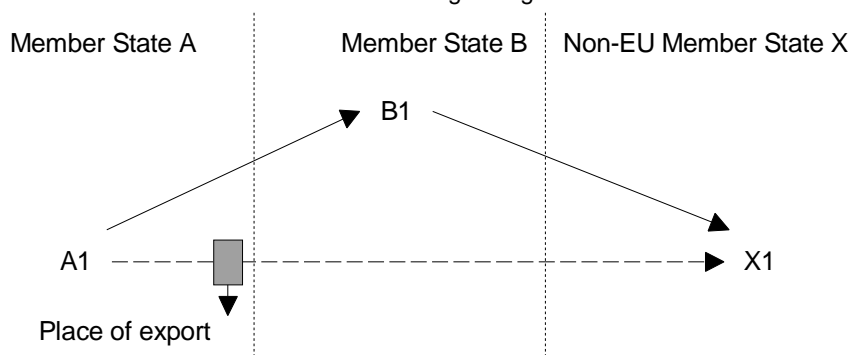
In this case there is an Intrastat declaration for the movement A1-C1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	dispatch with Member State of destination C	box 46 (ICS)
B1 in Member State B	nothing	nothing in boxes 46 and 86
B1" in Member State C	arrival with Member State of origin A	box 86 (ICA)
C1 in Member State C	nothing	nothing in boxes 46 and 86

#### 4.5 Triangular trade with one non-EU country

**Country of destination is not an EU Member State**

B1 in Member State B buys goods from A1 in Member State A and sells them to X1 in a non-EU Member State X. The goods go direct from A1 to X1.



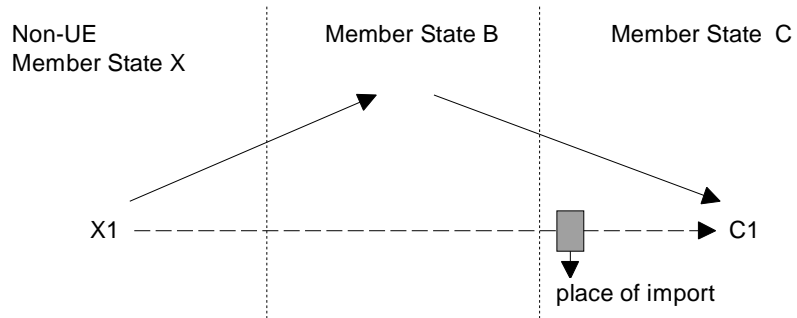
In this case A1 acts as the exporter. A1 has to submit a conventional export document (Single Administrative Document). It is enough for B1 to receive a copy. Neither B1 nor A1 have to declare this goods movement for Intrastat even if there is an invoice from A1 to B1.

In this case there is no Intrastat declaration:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	nothing	nothing in boxes 46 and 86
B1 in Member State B	nothing	nothing in boxes 46 and 86

**Country of departure is a non-EU Member State**

B1 in Member State B buys goods from X1 in the non-EU Member State X and sells them to C1 in Member State C. The goods go direct from X1 to C1.



C1 is reported as the consignee at the time of import. C1 has to submit a conventional import document (only the Single Administrative Customs). In this case it is enough for B1 to receive a copy. Neither B1 nor C1 have to declare this goods movement for Intrastat if there is an invoice from B1 to C1.

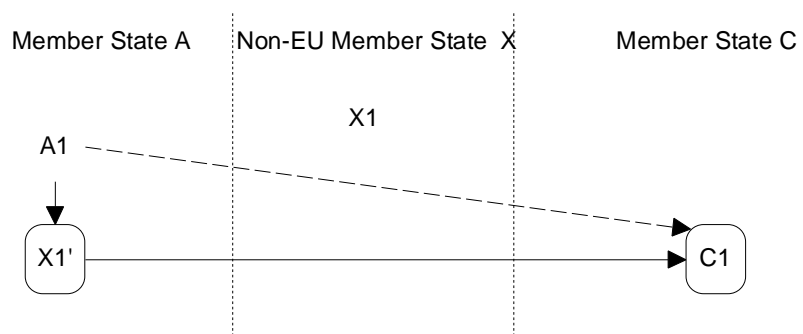
There is no Intrastat declaration:

	to declare for Intrastat	a.o. to declare for VAT
B1 in Member State B	nothing	nothing in boxes 46 and 86
C1 in Member State C	nothing	nothing in boxes 46 and 86

**Country of the intermediary is a non-EU Member State**

The country of the intermediary (X) is a non-EU Member State. The intermediary (X1) is obliged to have a tax representative in the Member State of departure of the goods (if the transport is a condition of the contractual relationship X1-C1) or in the Member State of destination of the goods (if the transport is a condition of the relationship A1-X1).

**a) Situation with tax representative in Member State A (= X1')**



In this case there is an Intrastat declaration for the movement A1-C1:

	to declare for Intrastat	a.o. to declare for VAT
A1	nothing	nothing in boxes 46 and 86
X1'	dispatch with Member State of destination C	box 46 (ICS)
C1	arrival with Member State of origin A	box 86 (ICA)



**b) Situation with tax representative in Member State C (=X1'')**



In this case there is an Intrastat declaration for the movement A1-C1:

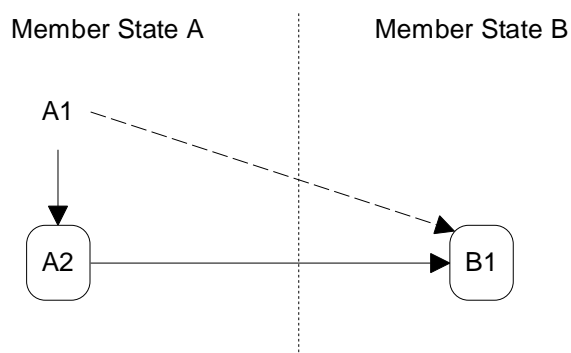
	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	dispatch with Member State of destination C	box 46 (ICS)
X1'' in Member State C	arrival with Member State of origin A	box 86 (ICA)
C1 in Member State C	nothing	nothing in boxes 46 and 86

**4.6 Triangular trade between two Member States instead of three**

**4.6.1 With goods movement between two Member States**

**Case 1: national delivery followed by an ICS**

A2 buys goods from A1 in Member State A. A2 sells these goods to B1 in Member State B. The goods go direct from A1 to B1.

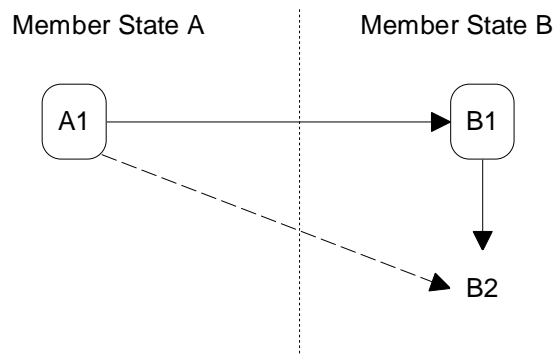


In this case there is an Intrastat declaration for the movement A1-B1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	nothing	nothing in boxes 46 and 86
A2 in Member State A	dispatch with Member State of destination B v	box 46 (ICS)
B1 in Member State B	arrival with Member State of origin A	box 86 (ICA)

**Case 2: ICS followed by a national delivery**

B1 buys goods from A1 in Member State A. B1 sells these goods to B2 in Member State B. The goods go direct from A1 to B2.



In this case there is an Intrastat declaration for the movement A1-B2:

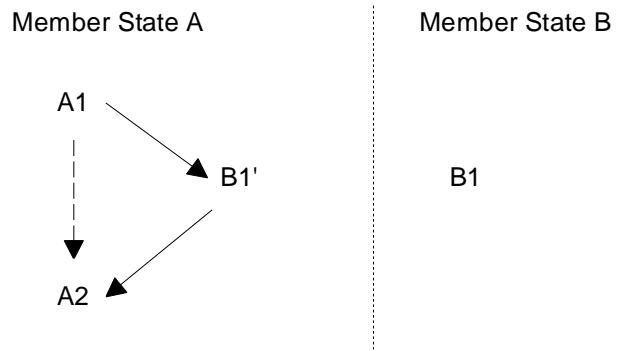
	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	dispatch with Member State of destination B	box 46 (ICS)
B1 in Member State B	arrival with Member State of origin A	box 86 (ICA)
B2 in Member State B	nothing	nothing in boxes 46 and 86

4.6.2 Without goods movement between two Member States

A1 in Member State A sells goods to B1 in Member State B. B1 sells these goods to A2 in Member State A. The goods are sent direct from A1 to A2. The intermediary (B1) has to register for VAT in Member State A.<sup>1</sup> We call the tax representative or the person registered direct for VAT in Member State A 'B1'. In this case nothing has to be declared for Intrastat because the goods have not left Member State A.

<sup>1</sup> Registration for VAT purposes can be done by direct VAT registration or by appointing a tax representative.





There is no Intrastat declaration:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	nothing	nothing in boxes 46 and 86
B1' in Member State A	nothing	nothing in boxes 46 and 86
B1 in Member State B	nothing	nothing in boxes 46 and 86
A2 in Member State A	nothing	nothing in boxes 46 and 86

## 5. Goods processing

### 5.1 General - Basis

#### Introduction

The VAT legislation refers to bilateral goods processing if there are two parties, i.e. the processor and the principal. In this case there is a strict there-and-back movement of the goods (before and after goods processing) between the same parties and the same Member States.

There are also many variations of this, e.g. after the goods processing the goods are sent to a buyer; this buyer may be in the Member State of the service provider, the principal or another Member State etc. This chapter will discuss who has to make the declaration for Intrastat in these situations.

In determining **who has to make the declaration for Intrastat** for the goods movements “with a view to and/or after goods processing” in the Member State where the goods processing takes place the following must be taken into account:

– *VAT legislation:*

**For services, a distinction is made between services supplied between taxable persons liable to VAT (B2B) and services provided by a person liable to VAT to a private individual (B2C).**

**The general rule with VAT applicable B2B service provision** is that the service is taxed in the country where the recipient of the service is established. The following conditions must be met:

1. The service is provided in a Member State other than that where the buyer is established. Sont ici visés **all services** except:
  - services connected with immovable property,
  - passenger transport,
  - services connected with cultural, sports, scientific and similar events,
  - restaurant and catering services,
  - short-term hiring of means of transport.
2. The recipient of the service is the taxpayer. The service provider is not established in the customer's Member State.
3. There is no VAT exemption in the Member State where the service is provided.

The **service provider** gives the taxable amount of the service in **box 44** of his/her periodic VAT declaration and is **exempt from VAT**. The **recipient of the service** indicates the taxable amount in **box 88** of his/her periodic declaration and mentions the VAT in box 55 of the periodic declaration.

The above rules apply to both **the processor (subcontractor)** and **the contracting authority**.

– Consequences for Intrastat:

If the principal works with a tax representative or a direct VAT registration in the Member State of the service provider (who will be invoiced for the service) the tax representative or the person registered direct for VAT purposes **“himself”** registers **all** cross-border goods movements relating to this goods processing in the Intrastat declaration in the Member State of the service provider (*i.e. instead of the service provider who in fact receives and/or sends the goods*).

A service provider only has to declare the goods movements for Intrastat **for which** he invoices the service to a another EU Member State (i.e. to a VAT number in another EU Member State). If the service is invoiced to an enterprise in the Member State of the service provider, that enterprise **must** declare the goods movement for Intrastat in the Member State of the service provider.

**Note on use of TC 4 and TC 5**

**Not all** goods movements “with a view to” and “after” goods processing may be declared with transaction code 4 or transaction code 5.

The following **two conditions** must be met in order to use transaction codes 4 and 5:

1. There is no future transfer of ownership between an enterprise in the Member State of declaration and an enterprise in another country.
2. There must always be an inward goods movement which is followed by a later outward goods movement to the Member State of declaration or vice versa (the declaration of these movements is not necessarily made by the same Intrastat declarant).

For more information: see discussion of transaction codes 4 and 5 p. 2-9 (“Conditions for use of transaction codes 4 and 5”).

**Legends for graphics**

The following letters and arrows are used for the diagrams in this chapter:

A, B, C: 3 different Member States of the European Union.

A1, A2, B1, B2, C1, C2 etc. enterprises of A, B, C etc.

----->	goods
—————>	invoice
□	declarable for INTRASTAT
■	processor

Different EU Member States are always involved in the situations discussed. Belgium can represent each Member State (Member State A, B or C). The table under the diagram shows who has to make a declaration for Intrastat in each country and which boxes have to be completed in the VAT declaration.<sup>1</sup> The table has been drawn up from the standpoint of the Belgian Intrastat obligations and VAT (e.g. boxes 46 and 86 will not necessarily have the same names in other EU VAT declarations).<sup>2</sup>

<sup>1</sup> These are boxes 46, 48, 84 and 86 which are relevant for our administration to the VAT-IS comparison.

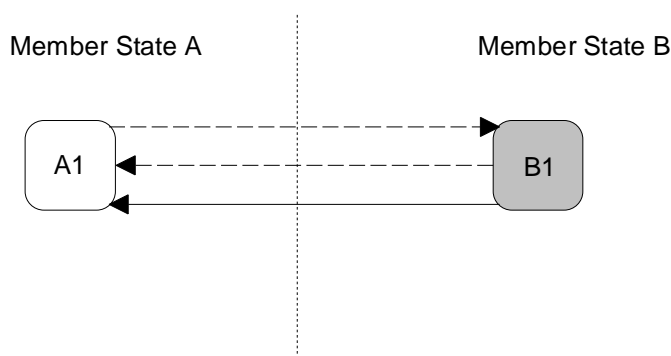
<sup>2</sup> This manual cannot be used as a reference source for dealings between the declarant and the VAT department. The Intrastat office is not authorized to apply VAT legislation.

## 5.2 Bilateral goods processing

**Definition** Goods are sent temporarily to a processor in another Member State for processing and after processing they come back to the principal in the Member State of the consignor.

**One single goods processing** A1 sends goods temporarily to B1 in Member State B with the intention of having them processed there. After processing the goods are then returned to A1 in the Member State of consignment. The processing is done on behalf of A1.

In this case A1 can use the simplification rule<sup>1</sup> and therefore gives his VAT number of Member State A to B1. B1 invoices the service to A1. The service is taxable in Member State A.



In this case there is an Intrastat declaration for the movements A1-B1 and B1-A1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	<ul style="list-style-type: none"> <li>– consignment with Member State of destination B (TC 4, value of the goods before processing)</li> <li>– arrival with Member State of origin B (TC 5, value of the goods after processing)</li> </ul>	(box 88: service: processing)
B1 in Member State B	<ul style="list-style-type: none"> <li>– arrival with Member State of origin A (TC 4, value of the goods before processing)</li> <li>– consignment with Member State of destination A (TC 5, value of the goods after processing)</li> </ul>	(box 44: service: processing)

<sup>1</sup> After processing the goods leave the country where the service has been provided.

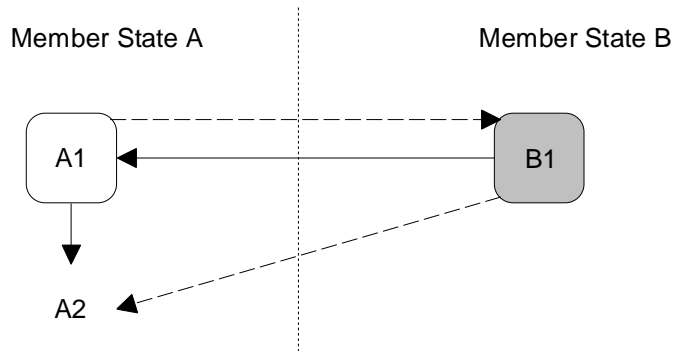
## 5.3 Multilateral goods processing

These are variants of bilateral goods processing: i.e. goods are sent to a processor (or processors) in another Member State and, after processing, the goods come back to the Member State of the consignor or the goods are sent to a different Member State etc.

### 5.3.1 Goods are returned to the original Member State of consignment

#### Once only goods processing

A1 sends goods temporarily to B1 in Member State B with the intention of having them processed there. After processing the goods are then sent to a customer A2 in Member State A. The processing is done on behalf of A1. In this case A1 can use the simplification rule<sup>1</sup> and therefore gives his VAT number of Member State A to B1. B1 invoices the service to A1 and the service is taxable in Member State A. The consignment of the goods to B1 is included in the record of non-transfers from A1. The delivery of the goods to A2 is regarded as a national transaction between A1 and A2 (sale/purchase) with the VAT which is applicable in Member State A.



<sup>1</sup> After processing the goods leave the country where the service has been provided.

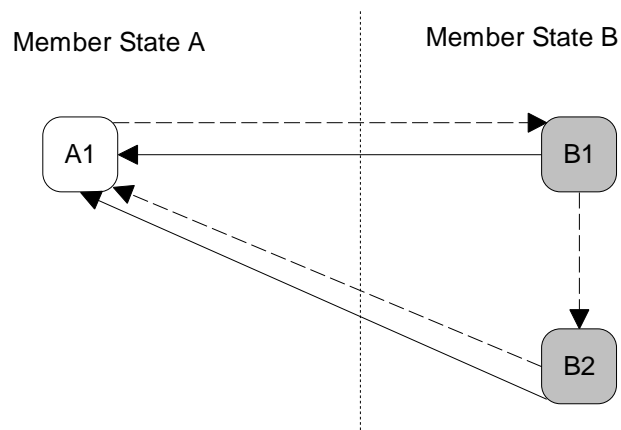


In this case there is an Intrastat declaration for the movements A1-B1 and B1-A1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	<ul style="list-style-type: none"> <li>– consignment with Member State of destination B (TC 4, value of the goods before processing)</li> <li>– arrival with Member State of origin B (TC 5, value of the goods after processing)</li> </ul>	(box 88: service: processing) (national transaction)
A2 in Member State A	nothing	(national transaction)
B1 in Member State B	<ul style="list-style-type: none"> <li>– arrival with Member State of origin A (TC 4, value of the goods before processing)</li> <li>– consignment with Member State of destination A (TC 5, value of the goods after processing)</li> </ul>	(box 44: service: processing)

**Double goods processing**

A1 sends goods to B1 for first processing and B1 then sends them to B2 for second processing. The processed product is sent by B2 to A1. In this case A1 can use the simplification rule<sup>1</sup> and therefore gives his VAT number of Member State A to B1. B1 and B2 each invoice the service to A1. The services are taxable in Member State A.



<sup>1</sup> After processing the goods leave the country where the service has been provided.

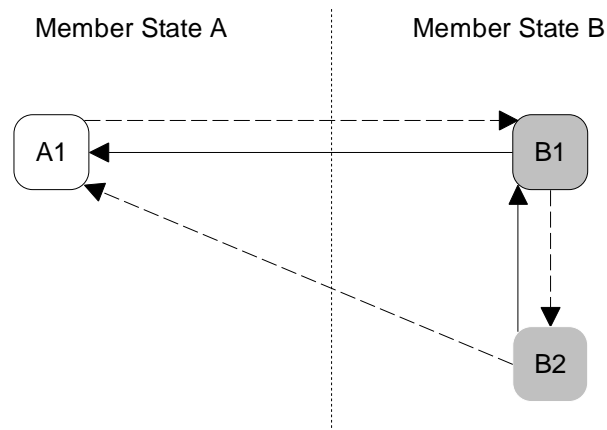
In this case there is an Intrastat declaration for the movements A1-B1 and B2-A1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	<ul style="list-style-type: none"> <li>– consignment with Member State of destination B (TC 4, value of the goods before processing)</li> <li>– arrival with Member State of origin B (TC 5, value of the goods after processing)</li> </ul>	(box 88: service: processing)
B1 in Member State B	arrival with Member State of origin A (TC 4, value of the goods before processing)	(box 44: service: processing)
B2 in Member State B	consignment with Member State of destination A (TC 5, value of the goods after processing)	(box 44: service: processing)

**Double processing in which one processor is subcontractor of the other**

This is the same situation as above, with the difference that B2 (the second processor) is a subcontractor of B1 (the first processor). B2 therefore does the processing on behalf of B1 and sends the finished goods direct to A1. The declarant in Member State B is B1 because a declaration is made for A1 and B1 as if this were bilateral goods processing.

In this case A1 can use the simplification rule<sup>1</sup> and therefore gives his VAT number of Member State A to B1. B1 invoices the service to A1 and the service is taxable in Member State A. The transaction between B1 and B2 is a national transaction.



<sup>1</sup> After processing, the goods leave the country where the service is provided.

In this case there is an Intrastat declaration for the movements A1-B1 and B2-A1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	consignment with Member State of destination B (TC 4, value of the goods before processing) and arrival with Member State of origin B (TC 5, value of the goods after processing)	(box 88: service: processing)
B1 in Member State B	arrival with Member State of origin A (TC 4, value of the goods before processing) dispatch with Member State of destination A (TC 5, value of the goods after processing)	(box 44: service: processing) (national transaction)
B2 in Member State B	nothing	(national transaction)

### 5.3.2 Goods are not returned to the original Member State of consignment

#### 5.3.2.1 Goods processing done on behalf of the seller

The supplier first sends the goods to the processor before sending them to a foreign customer; the goods processing is done on behalf of the seller.

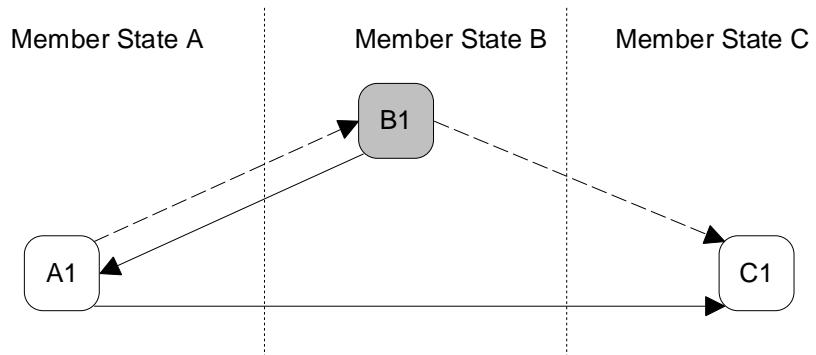
##### 5.3.2.1.1 GOODS PROCESSING: NOT IN THE MEMBER STATE OF THE BUYER AND NOT IN THE MEMBER STATE OF THE SELLER (THREE MEMBER STATES)

A1 sells goods to C1. A1 first sends the goods to B1 for processing (the processing is done on behalf of A1). After processing the goods are sent to Member State C.

In this case A1 can use the simplification rule<sup>1</sup> and therefore gives his VAT number of Member State A to B1.

<sup>1</sup> After processing, the goods leave the country where the service is provided.

B1 invoices the service to A1 and the service is taxable in Member State A. Here, the goods movements for A1 and C1 follow the rules of intra-Community goods movements.



In this case there is an Intrastat declaration for the movements A1-B1 and B1-C1:

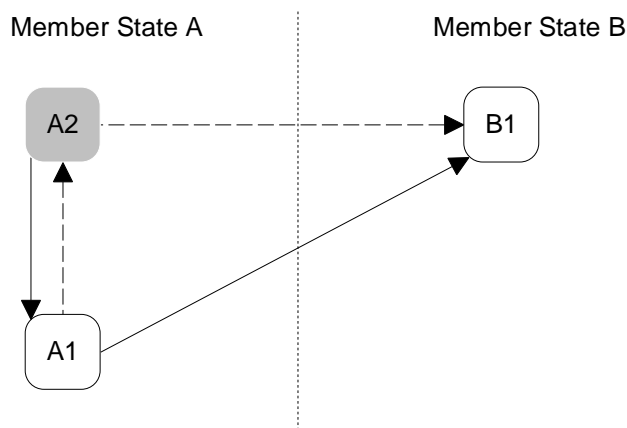
	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	consignment with Member State of destination B (TC 1, value of the goods before processing)	box 46 (ICS) (Value of the goods after processing) (box 88: service: processing)
B1 in Member State B	<ul style="list-style-type: none"> <li>– arrival with Member State of origin A (TC 4, value of the goods before processing)</li> <li>– dispatch with Member State of destination C (TC 5, value of the goods after processing)</li> </ul>	(box 44: service: processing)
C1 in Member State C	arrival with Member State of origin B (TC 1, value of the goods after processing)	box 86 (ICA) (value of the goods after processing)

NB: The declaration is made by A1 and C1 with transaction code 1, not with codes 4 and 5, which are meant for goods processing, because there is a transfer of ownership (C1 becomes owner of the goods and A1 is no longer owner of the goods).<sup>1</sup>

#### 5.3.2.1.2 GOODS PROCESSING: IN THE MEMBER STATE OF THE SELLER (TWO MEMBER STATES)

A1 sells goods to B1. A1 first sends the goods to A2 in Member State A for processing (the processing is done on behalf of A1). After processing the goods are sent to B1 in Member State B. The finished product is delivered to B1. A2 invoices A1 for the cost of processing. The consignment of the goods from A1 to A2 is a national transaction between A1 and A2 in Member State A.

<sup>1</sup> For further information, see conditions for use of TC 4 and 5 p. 2-9.



In this case there is an Intrastat declaration for the movements A2-B1:

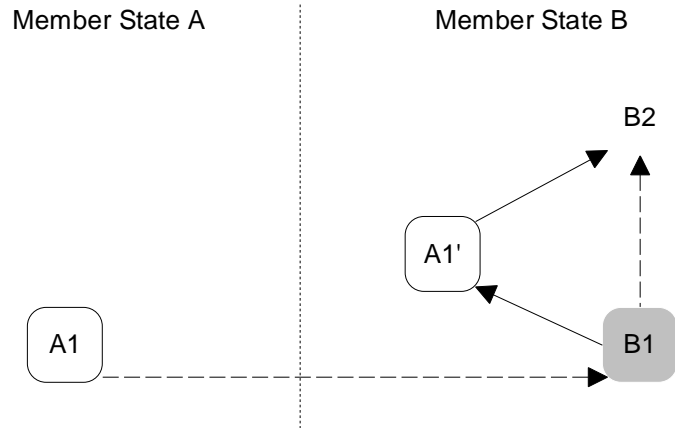
	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	consignment with Member State of destination B (TC 1, value of the goods after processing)	box 46 (ICS) (value of the goods after processing) (national transaction)
A2 in Member State A	nothing	nothing in boxes 46 and 86 (national transaction)
B1 in Member State B	arrival with Member State of origin A (TC 1, value of the goods after processing)	box 86 (ICA) (value of the goods after processing)

NB: The declaration is made by A1 and B1 with transaction code 1, not with codes 4 and 5 which are meant for goods processing, because there is a transfer of ownership (B1 becomes owner of the goods and A1 is no longer owner of the goods).<sup>1</sup>

#### 5.3.2.1.3 GOODS PROCESSING: IN THE MEMBER STATE OF THE BUYER (TWO MEMBER STATES)

A1 sells goods to B2 in Member State B. A1 first sends the goods to B1 in Member State B for processing (the processing is done on behalf of A1). After processing the goods are sent to B2 in Member State B. In this case A1 cannot use the simplification rule.<sup>2</sup> The principal A1 must be registered for VAT purposes in the Member State where the service is actually provided (Member State B).<sup>3</sup> We call the tax representative or the person registered direct for VAT purposes in Member State B A1'. The finished product is delivered to B2. B1 invoices A1' for the processing cost. The transactions between B1, A1' and B2 are national transactions.

<sup>1</sup> For further information, see conditions for use of TC 4 and 5 p. 2-9.  
<sup>2</sup> After processing, the goods do not leave the country where the service is provided.  
<sup>3</sup> This can be done by direct VAT registration or by appointing a tax representative.



In this case there is an Intrastat declaration for the movements A1-B1:

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	consignment with Member State of destination B (TC 1, value of the goods before processing)	box 46 (transfer) (value of the goods before processing)
A1' in Member State B	arrival with Member State of origin A (TC 1, value of the goods before processing)	box 86 (transfer) (value of the goods before processing) (national transaction)
B1 in Member State B	nothing	nothing in boxes 46 and 86 (national transaction)
B2 in Member State B	nothing	nothing in boxes 46 and 86 (national transaction)

**NB:** The declaration is made by A1 and A1' with transaction code 1, not with codes 4 and 5, which are meant for goods processing, because there is a transfer of ownership (B2 becomes owner of the goods and A1 is no longer owner of the goods).<sup>1</sup>

#### 5.3.2.2 Goods processing is done on behalf of the buyer

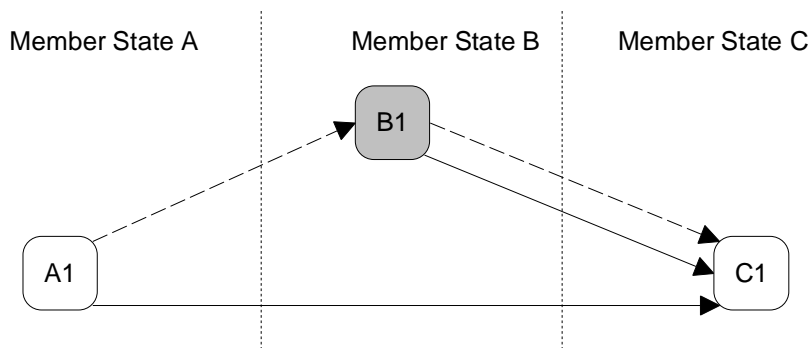
The customer asks the foreign supplier to send the goods to a processor; the goods processing is done on behalf of the buyer.

##### 5.3.2.2.1 GOODS PROCESSING: NOT IN THE MEMBER STATE OF THE BUYER AND NOT IN THE MEMBER STATE OF THE SELLER (THREE MEMBER STATES)

C1 buys goods from A1. C1 asks A1 to send these goods to B1 in Member State B for processing (the processing is done on behalf of C1). After processing the goods are sent to Member State C.

<sup>1</sup> For more information, see conditions for use of TC 4 and 5 p. 2-9.

In this case C1 can use the simplification rule<sup>1</sup> and therefore gives his VAT number of Member State C to B1. B1 invoices the service to C1. The service is taxable in Member State C. Here, the goods movements for A1 and C1 follow the rules of intra-Community goods movements.



In this case there is an Intrastat declaration for the movements A1-B1 and B1-C1.

	to declare for Intrastat	to declare for Intrastat
A1 in Member State A	consignment with Member State of destination B (TC 1, value of the goods before processing)	box 46 (ICS) (value of the goods before processing)
B1 in Member State B	<ul style="list-style-type: none"> <li>— arrival with Member State of origin A (TC 4, value of the goods before processing)</li> <li>— consignment with Member State of destination C (TC 5, value of the goods after processing)</li> </ul>	(box 44: service: processing)
C1 in Member State C	arrival with Member State of origin B (TC 1, value of the goods after processing)	box 86 (ICA) (value of the goods before processing) (box 88: service: processing)

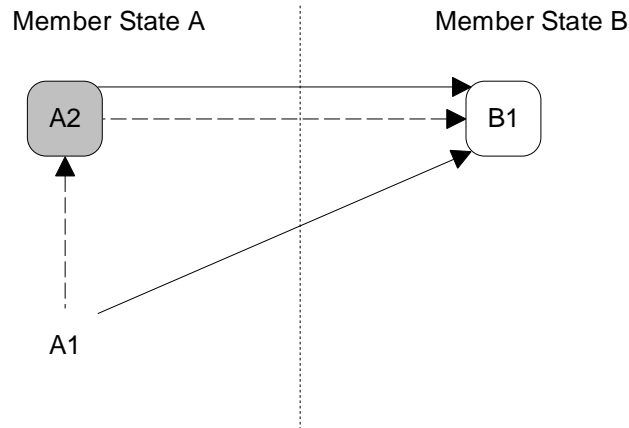
NB: The declaration is made by A1 and C1 with transaction code 1, not with codes 4 and 5, which are meant for goods processing, because there is a transfer of ownership (C1 becomes owner of the goods and A1 is no longer owner of the goods).<sup>2</sup>

#### 5.3.2.2.2 GOODS PROCESSING: IN THE MEMBER STATE OF THE SELLER (TWO MEMBER STATES)

B1 buys goods from A1. B1 asks A1 to send these goods to A2 in Member State A for processing (the processing is done on behalf of B1). After processing the goods are sent to Member State B.

<sup>1</sup> After processing, the goods leave the country where the service is provided.  
<sup>2</sup> For further information, see conditions for use of TC 4 and 5 p. 2-9.

In this case B1 can use the simplification rule<sup>1</sup> and therefore gives his VAT number of Member State B to A2. A2 invoices the service to B1. The service is taxable in Member State B. The consignment of the goods from A1 to A2 is included in the record of non-transfers from B1.



In this case there is an Intrastat declaration for the movements A2-B1.

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	nothing	in box 46 (ICS) (value of the goods before processing)
A2 in Member State A	consignment with Member State of destination B (TC 1, value of the goods after processing)	(box 44: service: processing)
B1 in Member State B	arrival with Member State of origin A (TC 1, value of the goods after processing)	box 86 (ICA) (value of the goods before processing) (box 88: service: processing)

**NB:** The declaration is made by A2 and B1 with transaction code 1, not with codes 4 and 5, which are meant for goods processing, because there is a transfer of ownership (B1 becomes owner of the goods and A1 is no longer owner of the goods).<sup>2</sup>

#### 5.3.2.2.3 GOODS PROCESSING: IN THE MEMBER STATE OF THE BUYER (TWO MEMBER STATES)

B2 buys goods from A1 in Member State A. B2 asks A1 to send these goods to B1 in Member State B for processing (the processing is done on behalf of B2). After processing the goods are sent to B2. B1 invoices the service to B2.

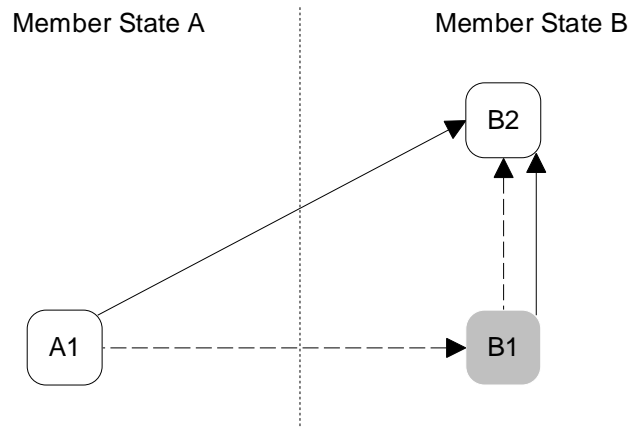
The consignment of the goods from A1 to B1 is an ICS for A1 and an ICA for

<sup>1</sup> After processing, the goods leave the country where the service is provided.

<sup>2</sup> For further information, see conditions for use of TC 4 and 5 p. 2-9.



B2. The transaction between B2 and B1 is a national transaction. B1 invoices the service to B2.



In this case there is an Intrastat declaration for the movements A1-B1.

	to declare for Intrastat	a.o. to declare for VAT
A1 in Member State A	consignment with Member State of destination B (TC 1, value of the goods before processing)	box 46 (ICS) (value of the goods before processing)
B1 in Member State B	nothing	(national transaction)
B2 in Member State B	arrival with Member State of origin A (TC 1, value of the goods before processing)	box 86 (ICA) (value of the goods before processing) (national transaction)

NB: The declaration is made by A1 and B2 with transaction code 1, not with codes 4 and 5, which are meant for goods processing, because there is a transfer of ownership (B2 becomes owner of the goods and A1 is no longer owner of the goods).<sup>1</sup>

<sup>1</sup> For further information, see conditions for use of TC 4 and 5 p. 2-9.



## 6. Annexes

### 6.1 Calculation of the threshold to define the obligation

#### Dispatches

To check whether either of the thresholds for intra-Community **dispatches** has been exceeded, the **total** of the following must be calculated:

- + **value** of dispatches (= **supplies**). An indication of the amount of dispatches can be found by adding the amount in box 46 of the VAT declaration (triangular trade, marked with a 'T' may not be counted in Intrastat because there is no physical frontier traffic)
- + the **value** of the goods that are dispatched as part of distance selling
- + the **value** of the goods for deliveries with assembly or installation (the latter are counted in box 47 of the VAT declaration)
- + the **value** of the goods returned to your suppliers
- + the **value** of hire purchase as part of financial leasing
- + the **value** of indirect exports
- + the **value** of the goods dispatched for processing
- + the **value** of the goods dispatched after processing increased by the value of the processing
- + the **value** of the repair or maintenance of the goods dispatched after repair or maintenance
- the **value** of the outgoing credit notes with regard to price corrections

#### Arrivals

To check whether either of the thresholds for intra-Community **arrivals** has been exceeded, the **total** of the following must be calculated:

- + **value** of the arrivals (= **acquisitions**). An indication of the amount of arrivals can be found by adding the amount in box 86 of the VAT declaration (triangular trade, marked with a 'T' may not be counted in Intrastat because there is no physical frontier traffic)
- + the **value** of the goods that have arrived as part of distance selling (the latter is counted in box 87 of the VAT declaration)
- + the **value** of the goods returned to your customers

- + the **value** of hire purchase as part of financial leasing
- + the **value** of the goods coming from another EU-country in order to make out the export documents to third countries (indirect export)
- + the **value** of the incoming credit notes with regard to returned goods
- + the **value** of the received goods for processing
- + the **value** of the received goods after processing increased by the value of the processing
- + the **value** of the repair or maintenance of the received goods after repair or maintenance

## 6.2 Telephone, FAX and e-mail

National Accounts Institute  
National Bank of Belgium  
External Statistics Unit  
boulevard de Berlaimont/de Berlaimontlaan 14  
1000 Brussels

### **Secretariat**

TEL + 32 2 221 43 74

e-mail address: [sxinfo@nbb.be](mailto:sxinfo@nbb.be)

FAX + 32 2 221 31 46

### **Division ITGS Collect**

#### **Section Select and Collect**

– Information INTRASTAT

Website: <https://www.nbb.be/en/statistics/foreign-trade>

e-mail address: [sxselect@nbb.be](mailto:sxselect@nbb.be)

TEL.

- General Informations: + 32 2 221 40 99

- Nomenclature:

- FR + 32 2 221 40 95

- NL + 32 2 221 40 96

- Documentation: + 32 2 221 40 99

- Info OneGate: + 32 2 221 44 11

e-mail adres: [sxcollect@nbb.be](mailto:sxcollect@nbb.be)

### **Division Process & Disseminate**

TEL. + 32 2 221 44 79

e-mail address: [sxpublication@nbb.be](mailto:sxpublication@nbb.be)

### **Division ITGS Validation**

TEL + 32 2 221 43 77

e-mail adres: [sxvalidation@nbb.be](mailto:sxvalidation@nbb.be)

FAX + 32 800 23 319



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## 8. List of abbreviations

VAT	Value Added Tax
EU	European Union
EUR (€)	Euro
CN8	8-digit goods nomenclature (Combined Nomenclature)
ICA	Intra-Community Acquisitions
ICS	Intra-Community Supplies
INTRASTAT	Intra-Community statistics
NAI	National Accounts Institute
NBB	National Bank of Belgium
VIIES-listing	VAT (Value Added Tax) Intracommunity Exchange System (intra-Community list)



More information ?

We suggest people wanting more information on the contents, the methodology, the methods of calculation and the sources to get in touch with the External Statistics service of the National Bank of Belgium

Tel. +32 2 221 40 99 – Fax +32 2 221 30 30  
sxselect@nbb.be

Editor

**Rudi Acx**

Head of the General statistics Departement

National Bank of Belgium  
boulevard de Berlaimont 14 – BE-1000 Brussels

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