



HANDBOOK
FOR
INTRASTAT DATA PROVIDERS

-Part II-
- Extended handbook -



NATIONAL INSTITUTE OF STATISTICS
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1. The Link with Fiscal System (VAT and VIES)

1.1 General Guidelines

The VAT return and the recapitulative declarations regarding intra-UE deliveries / acquisitions (form 390 - VIES) contain data very important to Intrastat system.

The data of the economic operators that are required to provide statistical information are verified on the basis of the values contained in intra-UE transactions of goods on the VAT returns and the recapitulative declarations regarding intra-UE deliveries/acquisitions (form 390 - VIES) made for Ministry of Finance (MPF).

Public institutions (hospitals, schools, religious institutions etc) which complete special VAT return and buying goods from other EU Member States whose annual value exceeds the statistical threshold are also required to submit Intrastat statistical declaration to the National Institute of Statistics (NIS).

We would point out that the flow of information between the MPF and the NIS goes in one direction; NIS receives data from MPF but, conversely, no statistical information is sent to the MPF.

The Intrastat statistical system is based largely on the fiscal data (the VAT and VIES data).

It is important that the economic operators understand however that this link between the Intrastat system and fiscal system (VAT and VIES data) does not mean that the Intrastat and VAT/VIES data must be identical.

However, the methodology of both types of declaration (Intrastat and VAT/VIES) differs so that the entries in Intrastat and VAT do not always go in parallel.

In this chapter the differences and similarities between Intrastat and fiscal data (VAT and VIES) are explained.

When we refer to the VAT / VIES- Intrastat comparison, and in particular how they relate to each other, we would point out that only boxes regarding the intra-EU trade in goods transactions from the VAT return and from the recapitulative declaration regarding Intra-EU deliveries/acquisitions (form 390 - VIES) are concerned, which are being compared with the Intrastat declaration.

Different VAT rules apply to different types of sales. This chapter shows how these cases and other special cases are handled in Intrastat system.

This manual cannot be used as a source of information for the treatment of transactions for fiscal purposes. NIS is not authorized to apply VAT legislation in Romania.

1.2 The link between Intrastat and fiscal system (VAT/VIES data)

As mentioned above, Intrastat statistical system is linked with the system of Value Added Tax (VAT system). This link is based on the fact that data from VAT and VIES are used in the Intrastat system in order to:

- Identification of economic operators responsible for submitting Intrastat declarations (called providers of statistical information - PSIs);
- To check for the completeness of the data provided in the Intrastat declaration;

- To create the thresholds every year for the Intrastat statistical system;
- Intrastat data quality checks;
- To estimate data for the non-respondent economic operators and below statistical thresholds.

The MPF provides to the NIS a minimum of information in order to monitor the Intra-EU traders and verify the statistical data collected.

Economic operators that are required to submit Intrastat declaration are selected on the basis of the values contained on their VAT returns and the recapitulative declarations regarding intra-EU deliveries/acquisitions (form 390 - VIES). Thus, using the VAT and VIES data compared with data reported in the Intrastat declarations, NIS can identify economic operators with Intra-EU trade, the volume of this trade and, therefore, to check whether economic operators obliged to participate in Intrastat did not fulfill this obligation.

However, the values on the VAT return / the recapitulative declaration regarding intra-EU deliveries/acquisitions of goods (form 390 - VIES) and on the Intrastat declarations may differ depending on the nature of operations.

For example, the intra-EU imports of goods for processing under contract should be reported for Intrastat, but not declared for recapitulative declaration regarding intra-EU deliveries/ acquisitions (form 390 - VIES) neither for VAT return.

Intra-EU exports of goods after processing under contract should be reported for Intrastat at the total value, while for the recapitulative declaration regarding intra-EU deliveries/acquisitions (form 390 - VIES) and VAT return, economic operators must declare only the cost of processing activity (labor) in sections of their “Services” (See for further details *Chapter 5. Processing activity of goods*).

It is also important to note that partner Member State from VIES declaration may differ from partner Member State from Intrastat declaration because VIES partner Member State is defined based on fiscal flow (invoice) and in Intrastat is defined by the physical flow of goods.

1.3 Particular Cases

1.3.1 Goods delivered for installation or assembly

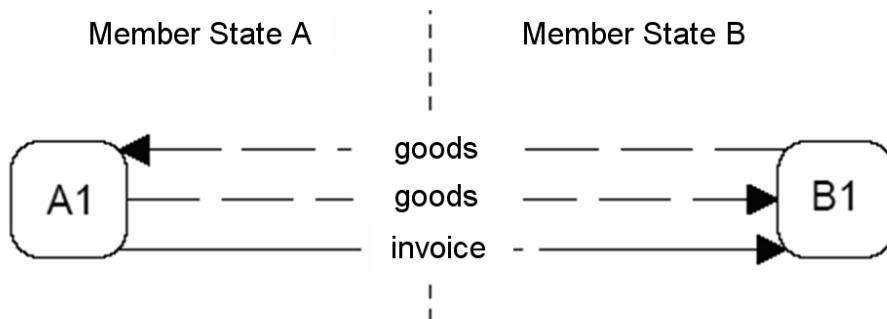
Where goods are delivered as an integral part of a supply of services, no value is declared in the headings for intra-EU acquisitions/deliveries in the VAT / VIES return. However, the value of the goods must be recorded for the Intrastat system. If the invoice contains the cumulative value of the goods and services, the value of the goods must be adjusted by the total value of the invoice.

1.3.2 Processing of goods

Note: More details concerning the processing of goods can be found in *Chapter 5 Processing activity of goods*

Goods are often delivered 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).

This operation is named *bilateral processing goods*; it is a strict “there and back” movement of the goods (before and after processing of goods) between the same economic operators and the same Member States.



As far as VAT is concerned, neither of these is regarded as an Intra-EU delivery or acquisitions. No amount is shown in VAT declaration or in the recapitulative declaration regarding intra-EU deliveries/acquisitions (form 390 - VIES). Therefore, for VAT purposes, processing is regarded as a *service* to be shown in other boxes than used for the completion of the intra-EU deliveries/acquisitions in the VAT return and in the recapitulative declaration (form 390 - VIES).

In *statistical* terms, for *Intrastat*, the intra-EU export or intra-EU import of goods for processing must be declared at the total (estimated) value of the goods. Thus, the intra-EU import or intra-EU export of goods for processing should be declared for *Intrastat* at market value (estimated) of the goods and intra-EU export or intra-EU import of the goods after processing must be declared for *Intrastat* at market value (estimated) of the final product obtained from processing (value of the goods initially introduced / delivered for processing plus processing costs and other material that goes into processed product). For further details concerning processing of goods, please see *Chapter 5 Processing activity of goods* of this Handbook.

There are many particular cases of this bilateral processing of goods, which are treated under section 5.3 “*Multilateral processing of goods*”.

1.3.3 Sales to and purchases from private individuals

Private individuals have not to report their Intra-EU trade because they are not registered for VAT purposes in the reporting Member State and therefore they do not submit any VAT return and the recapitulative declaration (form 390 - VIES).

Acquisitions from private individuals: If an economic operator, liable to report arrivals for *Intrastat* system, purchases goods from a private individual from another Member State, this trade should be reported in the *Intrastat* system. Nature of transaction code 1.2 should be reported in this instance.

Deliveries to private individuals: If an economic operator, liable to report dispatches, supplies goods to a private individual in another Member State, this trade should be reported. Nature of transaction code 1.2 should be reported in this instance.

1.3.4 Financial leasing

In a financial leasing contract, the lessee has the option to buy the goods at the end of the contract. When this option is taken, from fiscal point of view is considered as an Intra-EU delivery and acquisition of goods.

At the end of the contract, *in the VAT return* will be recorded the residual value of the goods only in the case when the transfer of ownership took place and this transfer of ownership imply a dispatch of goods from one Member State to another. The amounts paid as instalments are treated as services and are included in VAT return and in (form 390 - VIES) under headings other than those related to intra-EU acquisitions/deliveries of goods.

For Intrastat system, it should be declared the total value of the goods (the total amount paid, including residual value) at the moment of dispatch/arrival of the goods under a financial leasing contract.

Who has to declare for Intrastat?

Case 1: There are 2 companies involved: the supplier of goods (EU) and the user of goods (RO). In this case, the user of goods should fill in and transmit to NIS the Intrastat declaration, according to legal provisions in force.

These transactions should be included in Intrastat declaration under code of nature of transaction 3.3 - “*Financial leasing*” at total value of the leasing contract.

Case 2: There are 3 companies involved: the supplier of goods (EU), the leasing company (RO) and the user of goods (RO). In this case, the leasing company should fill in and transmit to NIS the Intrastat declaration, according to legal provisions in force. These transactions should be included in Intrastat declaration under code of nature of transaction 1.1 “*Outright sale/purchase except direct trade with/by private consumers*”, at total value of the leasing contract.

Case 3: There are 4 companies involved: the supplier of the goods (EU), the leasing company (RO), the user of goods (RO) and a company which holds a warehouse in Romania which effectively receives the goods from the supplier (EU) before to be delivered to the final user (for example, a dealer, etc.). In this case, the company which effectively receives the goods should fill in and transmit to NIS the Intrastat declaration according to legal provisions in force. These transactions should be included in Intrastat declaration under code of nature of transaction 1.1, at total value of the leasing contract.

1.3.5 Delivery / acquisition with the involvement of an agent

A commission agent (representative) acts in his own name and on behalf of his principal. There are therefore three “parties” involved in this transaction: the supplier of goods, the commissioner and the acquirer of goods. In addition, there is an invoice between the supplier and the commission agent and an invoice between the commission agent and the acquirer of goods. The goods may go directly from the original supplier to the final acquirer of the goods. In this case, we are dealing with 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:

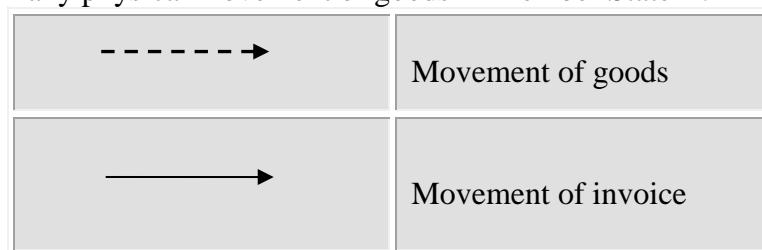
- If the principal is the supplier of goods, the criterion for the charge in the first invoice is the value of goods less commission. *For Intrastat* this commission must be added (since for Intrastat the value of goods must be declared).
- If the principal is the customer of goods, the criterion for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

Conclusion: Depending on who the supplier is and who has to make the declaration for Instrastat in the Member State concerned the result will be Instrastat data < fiscal data, Instrastat data = fiscal data or Instrastat data > fiscal data.

1.3.6 Triangular trade

A trader B1 in Member State B is the intermediary in a triangular trade (or “*chain transaction*”). 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 directly from the original supplier (A1 in Member State A) to the final customer C1 in Member State C.

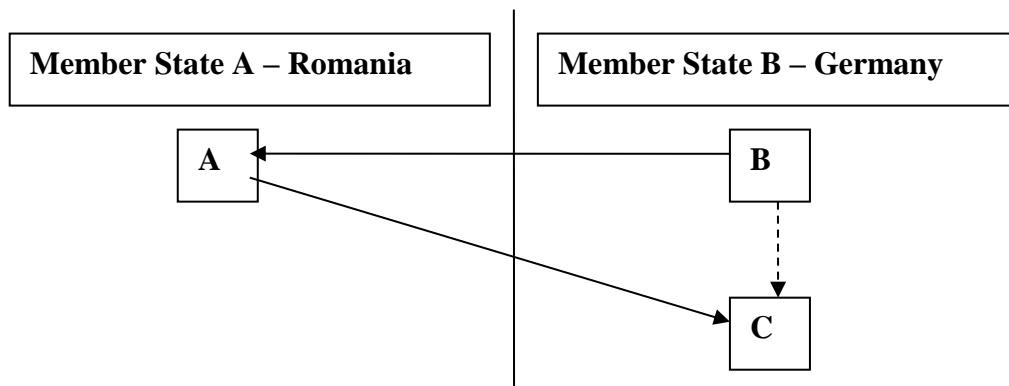
For VAT, the intermediate supplier (B1) records both the Intra-EU acquisition and the intra-EU deliveries. This transaction will be also recorded in the *recapitulative declaration regarding Intra-EU deliveries/aquisitions (form 390 - VIES)* in the box “triangular trade”. The intermediate supplier (B1) does not declare for Instrastat since there has been any physical movement of goods in Member State B.



Case 1 Triangular trade with 2 Member States when the Member State of delivery is the same with the Member State of the seller

The situation when a trader is from Romania and two economic operators in another Member State

Example: An economic operator A in Romania buys goods from a trader B in Germany, but its delivery is the operator C in Germany. The goods do not cross national border of Romania. The invoice is issued by the operator B in Germany to the operator A from Romania and this in turn issue an invoice to the operator C in Germany.



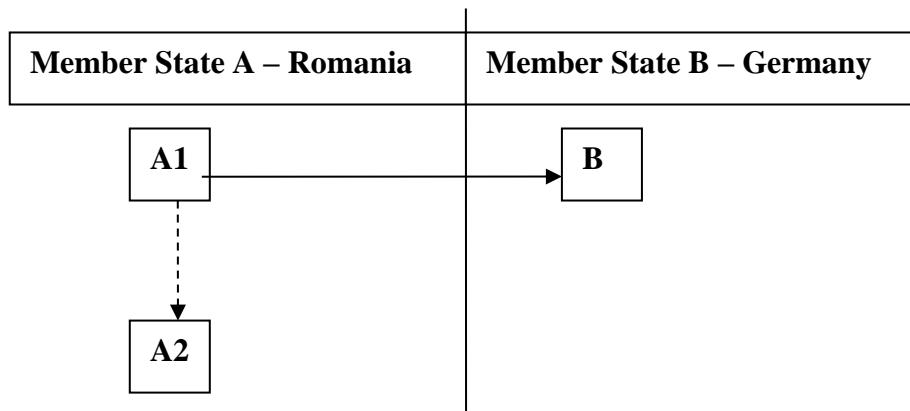
In this case, the economic operator A in Romania should not declare anything for *Intrastat*.

For *fiscal* purposes, the economic operator A should declare this transaction in the recapitulative declarations regarding intra-UE deliveries/acquisitions (form 390 - VIES).

Case 2 Triangular trade with 2 Member States when the Member State of delivery is the same with the Member State of the seller

The situation when two economic operators are from Romania and a trader is in another Member State

Example: An economic operator A1 in Romania sells goods to a trader B in Germany, but its delivery is the operator A2 in Romania. The goods do not cross the national border of Romania. The invoice is issued by the operator A1 in Romania to the operator B in Germany.



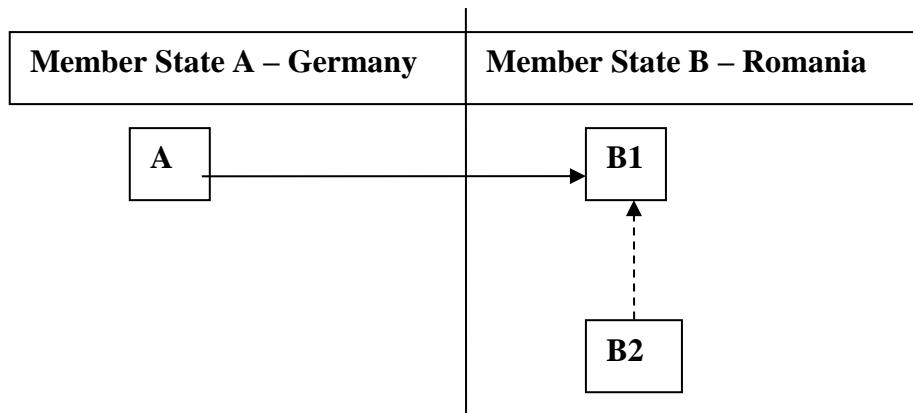
In this case, the economic operator A1 in Romania should not declare anything for *Intrastat*.

For *fiscal* purposes, the economic operator A1 should declare a delivery in the recapitulative declarations regarding intra-UE deliveries/acquisitions (form 390 - VIES).

Case 3 Triangular trade with 2 Member States when the Member State of delivery is the same with the Member State of the buyer

The situation when two economic operators are from Romania and a trader is in another Member State

Example: An economic operator A in Germany sells goods to a trader B1 in Romania, but the delivery is made by the operator B2 in Romania with which firm A in Germany has signed a storage contract, so the goods do not cross the national border of Romania. The invoice is issued by the operator A in Germany to the operator B1 in Romania.



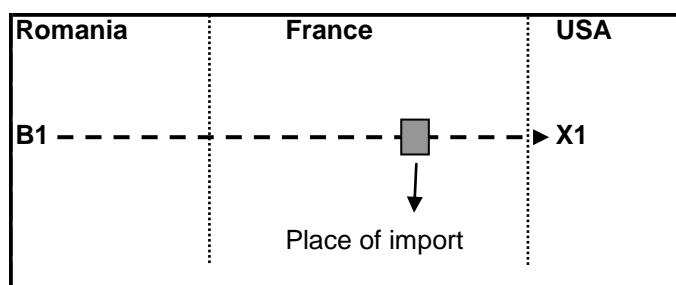
In this case, the economic operator B1 in Romania should not declare anything for *Intrastat*.

For *fiscal* purposes, the economic operator B1 should declare an acquisition in the recapitulative declarations regarding intra-UE deliveries/acquisitions (form 390 - VIES).

1.3.7 Indirect imports and exports

Indirect imports

Customs legislation provides for a possibility to release the goods into free circulation (via a representative) at any customs office in the EU, regardless of whether the goods are then transported to another Member State or not.



Example

A Romanian enterprise imports goods from USA but the goods are imported and released for free circulation in Port of Calais (France).

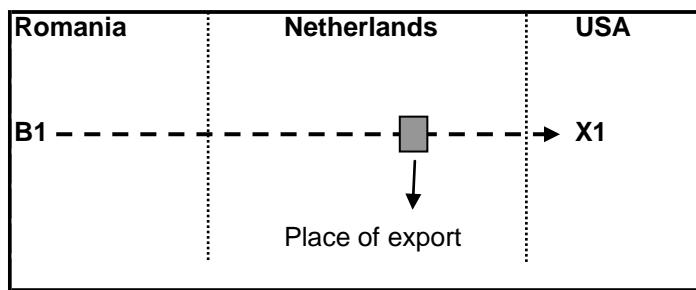
For *Intrastat*, in France will be declared an intra-EU export to Romania and in Romania an intra-EU import of goods from France.

For *Customs*, there is an import into France from USA and not into Romania.

Indirect exports

The exporters are able to carry out customs clearance not in the actual Member State of exports, but in the Member State of exit, i.e. the Member State from which the goods are exported from the statistical territory of the EU.

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



 *Example*

A Romanian enterprise exports goods to USA but routes them (or has them routed) via the port of Rotterdam, where the export documents are made out by Dutch Customs.

Since the export formalities are completed in Netherlands, in Romania does not exist the statistical part of that document, which is actually processed by the Dutch statistical service. As a result, the exporter has to submit an Intrastat declaration for the movement from Romania to Netherlands, even if he is exporting goods to the USA.

This Intrastat declaration does not need to be made out if the Customs documents are prepared in Romania.

1.3.8 Returned goods

Case 1: An economic operator obliged to fill in the Intrastat declaration only for import flow shall not report goods dispatched as returned, as these are Intra-EU exports of goods.

Case 2: An economic operator obliged to fill in the Intrastat declaration only for dexport flow shall not report for Intrastat received goods as returned, as these are Intra-EU imports of goods.

In the cases, 1 and 2 fiscal data are different than Intrastat data.

Case 3: An economic operator obliged to fill in the Intrastat declaration for both flows (intra-EU imports and exports) shall report for Intrastat both goods dispatched/arrived as returned and goods dispatched / arrived for being replaced.

In case 3, if the return is accompanied by a cancellation invoice or credit note then fiscal data are different than Intrastat data. But if the return is not accompanied by a cancellation invoice or a credit note but the goods are re-invoiced then fiscal and Intrastat data can be equal.

1.3.9 Credit notes

A credit note is a document sent by a seller to a buyer, stating that a certain amount has been credited to the buyer's account. Called also "credit memo", this one is issued in different situations to correct a mistake, such as: invoiced value is overstated, discount rate is not correctly applied, and goods are damaged during the warranty period or goods dont meet the quality requirements of the beneficiary and are returned.

In practice, the document "credit note" is issued by the supplier of goods, who after the sale give a commercial discount. This document is similar to a credit and correction invoice of an operation already made. Therefore, the document "credit note" shall also include information on the original document where was recorded the supply of goods or services.

1. The credit / debit notes are reported in the Intrastat statistical declaration if they are in the following situations:

- If a credit note is issued for a returned commodity or a replacement delivery an Intrastat declaration shall be provided. If the return of goods has already been declared for Intrastat, the credit note relating to those goods obviously does not need to be declared again (otherwise the movement of goods would be declared twice).
- If a credit / debit note is issued relating to a discount, a price reduction, defective goods which do not return, or correction of invoice errors, Member States have ask the PSI to send a correction of its trade data only in the following cases:
 - a) the deviation (+/-) between the correct invoiced or statistical value and the reported invoiced or statistical value is equal or more than 3000 LEI;
 - b) the deviation (+/-) between the correct net mass / quantity in supplementary measure unit and the declared net mass / quantity in supplementary measure unit is equal or more than 10%.

For deviations less then (+/-) 3000 lei between the correct invoiced or statistical value and the reported invoiced or statistical value, the PSI has not the obligation to revised Intrastat declaration.

2. The credit / debit notes are not reported in the Intrastat statistical declaration if they are in the following situations:

- represent financial bonuses received for reaching a plan (target) value or quantity for a certain period (several months) or annually by a firm;
- granted because the invoice was paid to the supplier before the due deadline;
- granted by suppliers to promote products;
- reductions/increases granted at a later point in time (e.g. not foreseeable at the time of transaction, granted as total amount for previous transactions) and subsequent;
- discounts granted in cumulative amount which cannot be deducted to which transaction of goods and reporting period refer.

1.3.10 Payments in advance

Payments in advance unaccompanied by a physical movement of goods are not reported in the Intrastat statistical declaration, but are reported in the recapitulative declarations regarding intra-UE deliveries/acquisitions (form 390 – VIES) according to the provisions of Tax Code.

1.3.11 Newspapers and periodicals under subscription

In the Instrastat statistical declaration is reported their value as they are sent and in the recapitulative declarations regarding intra-UE deliveries/acquisitions (form 390 – VIES) it is reported according to the provisions of Tax Code

1.3.12 Customized software on physical support

Is not reported in the Instrastat statistical declaration, but it is reported in the recapitulative declarations regarding intra-UE deliveries/acquisitions (form 390 – VIES) according to the provisions of Tax Code

1.3.13 Distance selling (E-commerce)

E-commerce can be defined generally as the sale or purchase of goods or services, whether between businesses, households, individuals or private organizations, through electronic transactions conducted via the internet or other computer-mediated (online communication) networks. The term covers the ordering of goods and services which are sent over computer networks, but the payment and the ultimate delivery of the goods or service may be conducted either on-line or off-line.

The most important form of e-commerce is distance sales in which the supplier – an online seller, including online marketplaces/platforms – sells and takes care of the transport of the goods to the customers. The goods are directly transported by or on behalf of the supplier to persons who are not registered for VAT purposes. Typical examples are mail-order companies, phone, tele-sales or physical goods ordered over the internet.

A supply to a private individual occurring after a trader has stored the goods in a distribution centre established in the Member State of consumption must not be considered as a distance sale. In this case two distinct operations have to be identified: first, a movement of goods following the standard rules of intra-EU supply/acquisition (transfer of goods), second, an internal sale to private individual in the Member State of consumption. If the business model involves not only the trader and the private individual (customer), but also another intermediary company (for example a subsidiary company established in the Member State of consumption), these transactions do not fall under distance sales fiscal arrangements.

Council Directive (EU) 2017/2455 which took effect as of 1 July 2021 introduced the e-commerce VAT package, which significantly simplified VAT reporting obligations for distance sellers. Some of these simplifications have a direct impact on statistical data collection, in particular:

- Abolishment of national thresholds for distance sales. The previously used threshold system defined whether a trader needed to be registered for VAT in the Member State of destination/consumption, i.e. in the other Member State where the goods were supplied to consumers.
- Abolishment of the VAT registration requirement in the Member States of destination/ consumption, which previously was required when the annual value of goods supplied to customers in other Member States exceeded the distance

sales threshold. Currently, VAT registration in the Member State of consumption remains optional for traders engaged in distance selling. If a trader is not VAT registered in the importing Member State, he is not liable for Intrastat statistical reporting as well.

- Launching one-stop shop (OSS) platforms which allow sellers to record distance sales transactions and conveniently transfer VAT payments to the concerned Member States. The sellers can report all their sales on a single VAT OSS return in their home country instead of having multiple VAT registrations across the European Union. Nevertheless, the use of OSS is not mandatory and the decision on whether or not to use it depends on the seller. In practice, both systems function in parallel: some traders keep VAT registration in the Member States of destination/consumption, whereas others make use of the OSS system. The same trader, however, may only use either one of the two options, i.e. he may keep his VAT registration in the Member State of consumption or he may use OSS. The data available in OSS can be used for statistical purposes.

Distance selling has to be reported for Intrastat system starting with the month when the threshold was exceeded. The declaration is made as follow:

- intra-EU exports shall be reported by the supplier of goods, using nature of transaction codes 1.2;
- intra-EU imports, if the Intrastat threshold is exceeded, will be reported by the company responsible for paying the tax obligations of the supplier of the goods, which is registered for VAT purposes in the Member State of destination. State of destination.

Intra-EU imports of goods following distance sales in the Member State of destination should not be reported for the Intrastat system if the Intrastat threshold set by national law has not been exceeded in the Member State of destination.

Purchases by Romanian individuals in shops located in other Member States and purchases by individuals from other Member States in shops in Romania will not be reported to Intrastat.

At the same time, deliveries to private individuals which take place after the trader has deposited goods in a distribution center located in the Member State of consumption should not be considered as distance selling. In this case, two separate operations take place: firstly, a movement of goods in accordance with the standard rules for the supply and acquisition of goods within the EU (transfer of goods), and secondly, an internal sale in the Member State of consumption. If the transaction involves not only the trader and the private individuals / customer, but also another intermediary company (for example, a subsidiary company established in the Member State of consumption), there is no distance selling.

1.3.14 Call-off and consignment stock transactions

A common business practice for companies who provide regular supplies to customers is to keep inventory in a warehouse that either belongs to the customer, or is located in close proximity of the customer. This reduces transport costs and times and gives the customer easy access to stock when required. For statistical purposes the goods moving under these types of arrangements must be recorded as standard cross-border movement of goods.

A distinction is drawn between *consignment stock transactions* and *call-off stock transactions*. Consignment stocks are created when a business transfers its own goods to another Member State to create a stock over which it has control and from which it makes supplies. Typically, there are multiple potential customers for consignment stock. In contrast, call-off stock is a transfer of goods by a business from one Member State to another to create a stock of goods for a particular customer, who ‘calls-off’ the goods when he requires them. As regards intra-UE trade, goods supplied from one Member State to another under the consignment stock or the call-off stock arrangements must be declared as imports and exports with an open-market value of the goods.

Consignment stock. When a trader transfers his own stocks to another Member State to create a stock which he controls, it is treated as an intra-UE supply of goods. Since, from fiscal point of view, this transfer of goods is an intra-UE acquisition/delivery of the trader's own goods in another Member State, the trader must register for VAT purposes in that Member State. For Intrastat system, the goods will be reported in the calendar month during which the import or export of the goods take place and nature of transaction code ‘32’ will be used.

Call-off stock arrangements. Before the Council Directive (EU) 2018/1910 entered into force, the transfer of goods to another Member State was considered an intra-UE delivery (in the Member State of dispatch of the goods) and an intra-UE acquisition (in the Member State of arrival of the goods) and the supplier of the goods had to be registered for VAT purposes in the Member State of destination.

With the implementation of the Directive, such transactions, where they take place between two taxable persons should be considered to give rise to one exempt supply in the Member State of departure and one intra-Union acquisition in the Member State of arrival. In practice it means that the supplier is not required to be registered for VAT in the EU Member State where the supplier's stock is held.

From fiscal point of view, the event of TVA charge is dissociated from the intra-UE goods movement. With effect of 1 January 2020 the time of supply is the date the goods are called-off by the customer in the Member State of acquisition. The time lag between movement of goods and the fiscal reporting obligation can make up to 12 months.

As a general rule, defining the reference period as the calendar month for which the same transaction is recorded for tax purposes allows the comparison of VAT data with data collected through the Intrastat statistical survey. However, in the case of call-off stock arrangements, the data may not be comparable, as the gap between the movement of goods and the tax reporting obligation can take up to 12 months. The nature of transaction code 3.2 is to be used in call-off stock arrangements.

Example:

In January, the Romanian trader A1 delivered computer parts to its call-off stock facility in Austria. Customer B1 in Austria may take over the goods at will and may use the parts in the context of a production process or may sell the goods to another trading partner, e.g. B2. Customer B1 received the goods from the supplier in June.

For Intrastat, the rule of physical movement of goods applies, respectively:

- A1 will report intra-EU exports from Romania to Austria in January, at the time of the physical movement of the goods. B1 will report intra-EU imports into Austria from Romania in the month in which the goods arrived in storage

(January).

1.3.15 Spare parts

Spare parts are goods that are integrated into a product as part of repair process (for example, a new engine in a car) in the country where repair is performed. These parts/goods are excluded from international trade statistics (even if an invoice is issued separately for spare parts).

IMPORTANT: Transactions in goods for and after repairs and spare parts used in repair process should not be declared in the Intrastat system.

To distinguish repair / processing should consider the following:

Processing goods is defined as covering operations (transformation, construction, assembly, enhancement, renovation, modification, conversion) with the objective of producing a new or really improved item. It should be noted that goods subjected to processing activities must be included in Intrastat and recorded with the nature of transaction code 4 (with a view to processing) or 5 (following processing).

Repair entails the restoration of goods to their original function or condition. The objective of repair operation is simply to maintain the goods in working order; this may involve some rebuilding or improvements but does not change the nature of goods in any way.

The difference between “processing” and “repair” consist in the fact that:

- repair entails the “restoration” of goods to their original function or condition (rebuilding, replacement or improvement), the objective of operation is simply to maintain the goods in working order but does not change the nature of goods in any way.
- processing involves obtaining a new or a really improved item.

Repairs (goods exported / imported from / to Romania a / from an EU Member State for repair and goods imported / exported to / from Romania after repair and spare parts that are incorporated during repair) are excluded from the Intrastat system.

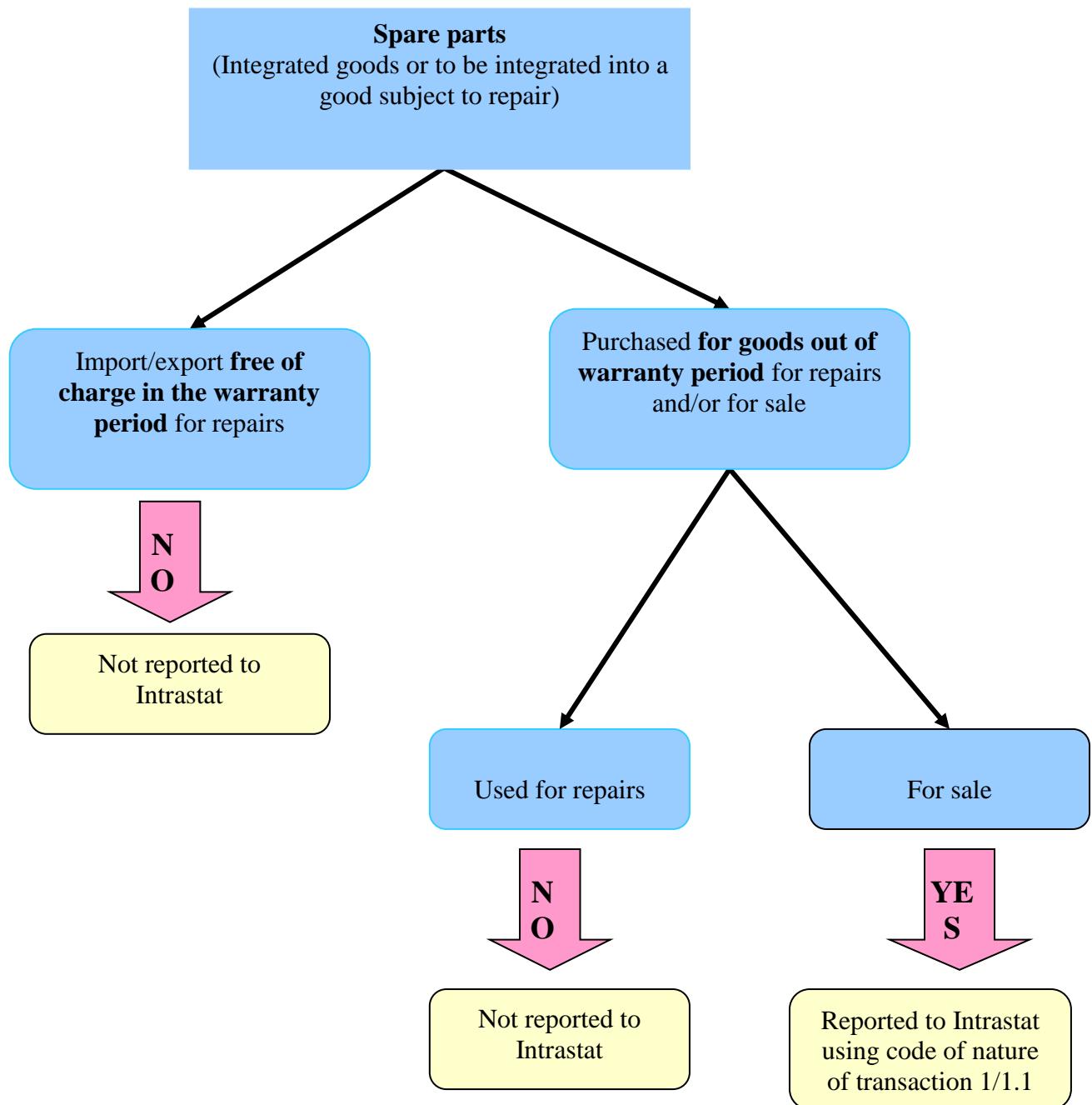
Example: In March 2026, a Romanian company X purchased a machine from a German company Y. In August 2026, after several months of operation, the equipment has failed but is still in warranty period. Thus, in order to repair this equipment, the Romanian company X order a piece at the German company Y where was bought the equipment. Because the machine is still in warranty period, the German company sends the piece free of charge to the company X from Romania.

Case a): Subsequently, the German company Y does not require to the Romanian company to return the defective part;

Case b): Subsequently, the German company Y requires to the Romanian company to return the defective part;

In both cases, the machine being in the warranty period, the spare parts destined for repair and/or replacement should not be reported to Intrastat, because can be considered as an integral part of the initial sales contract.

ATTENTION! Spare parts imported free of charge in Romania in order to constitute a stock of goods, related to goods previously introduced on the Romanian territory and in warranty period should not be reported to Intrastat.



2. Codification of Nature of Transaction

Nature of transaction means all the features that make a difference between one transaction and another, particularly concerning a change in ownership of the exported / imported goods, receiving compensation for it, purpose of its exported / imported (e.g. for processing according to a contract or after such processing) and so on.

Two-digit codes and their explanations are presented in Annex 3 of *Part I of the Basic Handbook*. However, in this section we proceed to a more detailed discussion about these codes and the way they are categorised (based on the first digit of the type of transaction – column A from Annex 3 from *Part I of the Basic Handbook*).

2.1 Transaction Code 1

Transactions involving actual change of ownership with financial compensation

All transactions involving an actual transfer of ownership against financial compensation are reported under transaction code 1. This transaction code includes most exports and imports of goods. The following transactions are covered:

- outright sale/purchase except direct trade with/by private consumers (code 1.1)
- direct trade with/by private consumers, incl. distance sale (code 1.2)

If this transaction does not involve a financial compensation or other, transaction code 3 should be used.

“*Transfer of ownership*” means a transfer of ownership between an economic operator in the EU Member State of Intrastat declaration and an economic operator in another country.

The “*other country*” may be an EU Member State or a third country (extra-EU). Therefore, the transfer of ownership itself is not necessary between an economic operator in the Member State of consignment and an economic operator in the Member State of destination (e.g. on being sold the goods are not sent to the buyer’s Member State).

- ***Transaction Code 1.1 - Outright sale/purchase except direct trade with/by private consumers***

Nature of transaction code 1.1 encompasses all goods movements in connection with transfer of ownership between economic operators. Cross-border movements related to trade between members of an enterprise group are included as well, because the parent company and the affiliated company (or two affiliates of the same group) are considered as separate legal entities being resident in the country where they are established.

In the case of purchase or sale, ownership of the goods is transferred between a resident and a non-resident in exchange for financial compensation (payment) in direct connection with the delivery of the goods. Neither contracting party is private consumer.

When goods move between two Member States in a quasi-import, the transfer of ownership does not involve any operator in the intra-EU exporting Member State, ie the exchange of ownership takes place between an economic operator in the intra-EU importing Member State and third country (extra-EU) from which the goods were

imported. The intra-EU export transaction must be recorded for Intrastat indicating transaction code 7.1 instead of code 1.1.

- **Transaction Code 1.2 - Direct trade with/by private consumers (incl. distance sale)**

Transaction code 1.2 includes sales to and from private consumers. Are included all types of transactions where at least one party is a private consumer; the majority of transactions are sales from internet retailers to private consumers.

Example: A Romanian company sells goods to an individual in Belgium through its online store. The Romanian company sends the goods to Belgium by mail.

Transaction code 1.2 should be used only in the cases where goods move as a direct result of a transaction to or from a private consumer.

In cases where retailers move goods between warehouses code 1.2 should not be used, code 3.1 or 3.2 should be used, even if it is likely that the goods will be sold to a private consumer at a later stage.

If the goods are sold to an economic operator (an affiliate or an independent company) in the consumer's country, before the goods are sold to the private consumer, the cross-border transaction must not be declared with code 1.2, but with code 1.1.

Large internet retailers tend to set up logistic warehouses (hubs) for logistical purposes, which are used to supply goods to private consumers in several Member States. In these cases, reporting units should distinguish between the following three scenarios:

If goods in a hub in Member State A are owned by a company in Member State A and sold directly to a consumer in Member State B, the transaction should be reported with code 1.2 both in state A and in state B (i.e. there is a financial transaction between a company from Member State A and a private consumer from Member State B). If goods in a hub in Member State A are owned by a company in Member State B and sold to a private consumer in country B, the transaction should be reported with code 3.1 or 3.2, in both states, as there is no direct sale to private consumer from a company outside of country B, and the movement of goods from Member State A to Member State B can be seen as movement of goods from a warehouse.

If goods in a hub in Member State A are owned by a company from Member State C and sold to a private consumer in Member State B, export from country A should be reported under code 3.1 or 3.2, because it can be considered movement of goods from the warehouse, without exchange of ownership, and imports to country B should be reported under code 1.2.

If code 1.2 is used to report intra-EU exports to private consumers, the code for unknown partner (QV999999999999) should be indicated in the CUI Partner field.

2.2 Transaction Code 2

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

Transaction codes 2.1, 2.2, 2.3 may only be used where a return concerns goods of which the original transaction was recorded under transaction codes 1.1, 1.2, 3.1, 3.2, 3.3, 3.4, 7.1 or 7.2 (even if the original transaction is not actually reported because the economic operator has not exceeded the threshold for that flow).

A return of goods must be declared to Intrastat using transaction code 2, if the company is obliged to declare for the flow corresponding to the return of goods.

A return of goods or a replacement of the returned goods of which the original transaction was registered under transaction code 8 or 9 have to be registered under the same nature of transaction as the original one for the corresponding flow. For the return of the goods initially reported with code 4, code 5 will be used. A return of goods after an intra-EU import is an intra-EU export and a return after an intra-EU export is an intra-EU import. Therefore, you declare a return of goods only if you are obliged to declare the return flow of goods – import/export.

The replacement of returned goods will be reported on the transaction code 2.2 of nature of transaction, whether or not during the warranty period.

On the nature of transaction code 2.3 will be reported goods for replacement in the warranty period, which have not been returned to the supplier. They will be reported to the Intrastat system at their market value, even if they are delivered free of charge or with a symbolic value.

2.3 Transaction Code 3

Transactions involving intended change of ownership or change of ownership without financial compensation

Transaction code 3 subsumes all kinds of transactions involving a change of ownership that are not to be declared under transaction code 1. These are transactions in the context of which the transfer of ownership is only intended, but has not yet taken place at the time of the cross-border movement of the goods.

These are also all transactions that do not involve a financial compensation (such as barter trade) or any compensation at all, such as gift parcels. Thus, the scope of transaction code 3 includes:

- transactions without any compensation,
- supply for sale on approval or after trial,
- movements to and from a warehouse,
- barter trade, and
- financial leasing.

An important aspect is the distinction between the movements of goods to or from a warehouse, by using transaction codes 3.1 and 3.2. When goods are exported to a warehouse in another Member State, it is often not clear whether ownership of the goods will be transferred to a person established in that Member State.

Important: Transaction code 3.2 must be used for cross-border movements of consignment or call-off stocks or of goods moved with the intermediation of a commission agent. By default, all other movements to or from a warehouse should be reported under code 3.1. In other words, code 3.1 should only be declared if code 3.2 is not applicable.

Transactions involving payment by instalments and possibly reservation of ownership have to be reported using either code 1.1 or code 1.2, depending on the type of customer, even though the change of ownership does not take place at the time of the cross-border movement but is conditional on the eventual full payment of the purchasing price. Moreover, buying goods abroad and subsequently storing them in one's own company in the Member State of import has to be reported as an importation under code 1.1.

- **Transaction code 3.1 - Movements to/from a warehouse (excluding call-off and consignment stock)**

Transaction code 3.1 is to be used when a company is moving goods across the border in order to store them in a warehouse abroad. The movement is primarily motivated by logistical considerations. Typically, the warehouse abroad is run by a logistics service provider. At the time of the cross-border movement there is an *intention* to exchange ownership of the goods to an unknown number of customers. Thus, when moving the goods across the border, the owner of the goods has not found a buyer yet and does not know to which Member State or non-member country the goods will eventually be supplied. The goods moved to a warehouse constitute neither consignment nor call-off stock, nor are they moved with the intermediation of a commission agent (see code 3.2 below).

The movement of previously imported goods from a domestic warehouse to a foreign destination (i.e. the reporting Member State is the country of temporary warehousing) has to be reported with code 31 as well, except for the case that a domestic person has acquired ownership of the goods in the meantime. If this domestic person is selling the goods out of the warehouse on to a foreign customer and if the goods are subsequently exported, code 1.1 or 1.2 has to be reported in the Intrastat statistical declaration. In this case, the transaction represents a regular sales transaction, even though the goods are exported from a warehouse.

If goods stored in a logistics warehouse are sold and are returned to the seller in the course of warranty processing, the return and warranty movements of the goods have to be reported using the codes 2.1 and 2.2, respectively.

Examples:

- Company Y in Member State A uses the network of a global logistics service provider to sell its goods throughout the Union. To this end, it exports its goods to a warehouse managed by the logistics service provider in Member State B. Company Y reports the export in the Intrastat statistical declaration with code 3.1.
- Company X in Member State C uses the network of a global logistics service provider to sell goods in the EU. To that end, it exports the goods to a warehouse operated by the logistics service provider in Member State A. When company X sells the goods to an end customer (company or individual) in another Member State B and exports the goods to that Member State from the deposit in Member State A, code 3.1 must be reported in the Intrastat statistical declaration in Member State A.

- **Codul de tranzacție 3.2 - Supply for sale on approval or after trial (including call-off and consignment stock)**

Transaction code 3.2 serves two purposes. On the one hand, movements of goods for

sale on approval or after trial have to be reported with code 3.2. At the time of the cross-border movement, the goods are intended to be sold on the condition that the prospective customer approves of the goods sent. Thus, it is important to distinguish such movements from the movement of goods supplied free of charge which are themselves not the subject of a commercial transaction (e.g. advertising material or commercial samples) and which are therefore excluded from Intrastat system.

On the other hand, code 3.2 covers movements of goods to a warehouse that constitute consignment or call-off stock. A change of ownership is intended at the time of the cross-border movement, but has not yet taken place. The essential feature of these movements is the limited number of customers to whom the ownership of the goods is to be transferred subsequent to the movement to the warehouse (e.g. ownership is transferred to the company, on the premises of which the consignment or call-off stock is stored). Typically, the prospective owners are located in the Member State or non-member country of destination of the export reported with transaction code 3.2.

Moreover, code 3.2 covers movements of goods to a warehouse in the context of transactions between the producer and a commission agent (acting as seller). The goods are moved across the border to the warehouse of the commission agent. The subsequent transfer of ownership to a third person is intended already at the time of the cross-border movement.

As in the case of code 3.1, the movement of previously imported goods from a domestic warehouse to a foreign destination (i.e. the reporting Member State is the country of temporary warehousing) has to be reported with transaction code 3.2 as well, except for the case that a domestic person has acquired ownership of the goods in the meantime. If this domestic person is selling the goods out of the warehouse on to a foreign customer and if the goods are subsequently exported, code 11 or 12 has to be reported in the Intrastat statistical declaration. In this case, the transaction represents a regular sales transaction, even though the goods are exported from a warehouse.

If goods have been delivered across the border to or from a warehouse and have been reported with code 3.2, and if the goods are subsequently returned to the seller in the course of warranty processing, the return and warranty movements of the goods have to be reported using the codes 2.1 and 2.2, respectively.

Specifications for goods declared under code 3.2 in the intra-EU export declaration:

- In case of goods moved with the intermediation of a commission agent, the commission agent in the Member State of import typically equals the partner operator declared in Intrastat declaration.
- In case of other warehousing movements, for example consignment or call-off stock, the exporting company itself should be the partner operator, with its VAT registration in the Member State of import. It still owns the goods at the time of the warehousing movement and the goods might not immediately be declared for taxation purposes in the Member State of import.

Example:

- *Supply for sale on approval or after trial:* Company X of Member State A intends to purchase woodworking machinery from Company Y of Member State B. In order to ensure that the machinery is fit for its intended purpose, Company X has delivered the machine at its factory in the Member State A

where it is tested. Company X intends to buy the machine after successful attempts. It must report the import in the Intrastat declaration using code 3.2.

- *Consignment stock*: Company X in Member State A moves computer parts as consignment stock to a warehouse in Member State B from where it delivers to a fixed number of customers in Member State B. Export must be reported by Company X using code 3.2.

- *Call-off stock*: Company X in Member State A charges Company Y in Member State B to keep stocks of raw materials for the exclusive supply of Company X. Where necessary, Company X takes over the raw material from the warehouse in its vicinity in Member State A. Company Y reports intra-EU exports to Member State B. Intra-EU imports should be reported by company X in Member State A in statistical declarations using code 3.2.

- *Commission agent*: Company X in Member State A produces door locks and sends them to a warehouse in Member State B. Subsequently, a commission agent in Member State B sells them to door manufacturers. Company X reports intra-EU exports using code 3.2.

• **Transaction code 3.3 - Financial leasing**

Financial leasing represents the movement of goods based on a contract, when the lessee has all the rights, risks, rewards and responsibilities and from economic point of view, can be considered de facto owner.

The goods acquired or sold to other EU Member States under financial leasing contract have to be recorded in the Intrastat declaration submitted for the month when the physical dispatch / arrival of goods took place. The total value according to the contract should be indicated as value of goods and the code for nature of transaction should be 3.3.

Case 1: Direct leasing is a transaction which may involve two parties: the leasing company (the lessor)/supplier of goods and the user of goods (the lessee).

For Intrastat should report the supplier of goods / the lessor and the user of goods/the lessee.

Example 1

There are two companies from 2 EU Member States, Romania and Finland which agree over a financial leasing contract by which the company A from Romania has to pay 5,400 € in 18 months, which means 300 € for each month. The contract is signed on the 25th of April 2026.

According to the contract, company B in Finland should deliver the goods in 15 days after the date of signature. The goods are delivered on the 30th of April 2026 and arrived to company A on the 2nd of May 2026.

- Company A from Romania submits Intrastat declaration for May 2026: arrival of goods from Finland, with value of 5,400 €;
- Company B from Finland submits Intrastat declaration for April 2026: dispatch to Romania, with value of 5,400 €.

⇒ *Example 2*

A leasing company A from Romania (lessor) rents a car (financial leasing contract) to a Hungarian company (lessee). The car is physically dispatched from Romania to Hungary in June 2026. Company A reports the dispatch of the goods, with transaction code 3.3, in the Intrastat declaration for June 2026.

Case 2: Indirect leasing is a transaction which may involve three parties:

- the leasing company (the lessor)
- the supplier of goods
- the user of goods (the lessee)

Leasing company (lessor) buys the goods from the producer or supplier and subsequently leases the goods to the lessee. The goods are delivered from the supplier to the lessee.

For Intrastat, the leasing company should submit Intrastat declaration according to legal provisions in force.

This transaction should be included in Intrastat declaration using nature of transaction code 1.1, at total value of the leasing contract.

⇒ *Example*

A company from Romania agrees on a financial leasing contract with a leasing company from Romania. A leasing company from Romania buys goods from an Italian company. Goods are dispatched from Italian company to Romanian company (the user of goods / lessee).

In this case, Italian company will declare for Intrastat an intra-EU export of goods to Romania and the leasing company from Romania will declare for Intrastat an intra-EU import from Italy.

This intra-EU import of goods has to be recorded in the Intrastat declaration submitted by the leasing company for the month when the goods arrive in Romania. The total cost according to the contract should be indicated as “*value of goods*” and the nature of transaction code should be 1.1.

Case 3: Indirect leasing is a transaction which may involve four parties:

- a company from Romania which holds a warehouse in Romania and receives the goods from an EU supplier and then it will supply the goods to the final user (e.g., a dealer)
- the leasing company (the lessor)
- the supplier of goods
- the user of goods (the lessee)

⇒ *Example*

A representative of a company from EU (a dealer) dispatches goods from an EU Member State to Romania and stores the goods in Romania.

The supplier of the goods invoices the leasing company (the lessor) and the good is dispatched from Romania (the goods are dispatched from dealer to the user of goods (the lessee)).

In this case, the company which receives the goods (the dealer) must submit Intrastat declarations to NIS, according to legal provisions in force.

 *Example*

A representative of an Italian company in Romania (a dealer) dispatches goods from Italia to Romania with a view to sale in Romania.

A company from Romania agrees on a financial leasing contract with a leasing company from Romania. The leasing company from Romania buys the good from the representative of the Italian company in Romania.

The good dispatched from Italia to Romania was accepted by the representative of the Italian company in Romania and later will be dispatched to the Romanian company (the user of goods (the lessee)).

In this case, the representative of the Italian company in Romania must declare to Intrastat the good as the financial leasing contract is referred. The leasing company and the user of goods (the lessee) have not declare to Intrastat the good as the financial leasing contract is referred, because they accept or dispatch goods from / to a place inside Romania. This arrival of goods has to be recorded in the Intrastat declaration submitted by the representative of the Italian company in Romania for the month when the goods arrive in Romania; the total cost according to the contract should be indicated as value of goods and the code of nature of transaction should be 1.1.

In some cases, the duration and intention of the leasing or renting could represent an indication for the code of nature of transaction. As a rule, *the financial leasing is defined as transfer of goods to the user for more than 2 years, with the intention of transfer of ownership at the end of the contract.*

Note: code of transaction 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 Romanian market (domestic transactions).

• **Transaction code 3.4 - Transactions involving transfer of ownership without financial compensation**

Movements of goods in the context of which an exchange of ownership takes place without financial compensation must be reported in the transaction nature code 3.4. The following types of transactions are reported in the Intrastat statement with code 3.4:

- barter trade (compensation in kind): transactions involving transfer of ownership, where both involved parties receive material compensation. These transactions involve a direct exchange in form of goods instead of a complete financial (i.e. monetary) compensation. The value of the goods exchanged must be declared by the traders.
- transactions involving transfer of ownership free of charge (i.e. without financial or any other compensation). Even though the goods are free of charge and no invoice is issued, a value must be declared by the reporting units.

Under this code should also be declared goods received with a discount of 100%; the

value indicated in the declaration should be the value of goods before applying the discount.

In such cases, the value must always be declared even if there is no invoice (use an estimate).

Donations and gifts are also included in the transaction nature code 3.4.

Please note that goods delivered as trade samples, materials and advertising items, etc., free of charge are exchanges of goods excluded from the Intrastat system.

2.4 Transaction code 4 and 5

The goods exported and/or imported for processing under contract ("lohn" - without exchange of ownership) will be declared with transaction codes 4.1 or 4.2.

Goods exported and/or imported after the processing operation ("lohn" - without change of ownership) will be declared with transaction codes 5.1 or 5.2.

Under transaction nature code 5 will be included the returns of goods that were not subjected to the processing process and which are returned to the owner (goods that were initially entered on transaction nature code 4).

The transaction codes 4 and 5 are used in the cases presented below:

- in the Member State where the processing take place: if the goods introduced "with a view to" processing represent an Intra-EU import and compensatory goods following processing represent an Intra-EU export (no matter to the Member State the compensatory goods are dispatched).
- in the Member State of dispatcher: if the goods introduced "with a view to" processing represent an Intra-EU dispatch and compensatory goods following processing represent an Intra-EU arrival.

Conditions which have to be met for using 4 and 5 transaction codes:

Note: Not all the transaction of goods "with a view to" processing or "following" processing must be declared with transaction codes 4 and 5.

Two conditions have to be met for using 4 and 5 transaction codes:

1. There is no transfer of ownership (now or in the future)

"Transfer of ownership" means transfer of ownership between an economic operator from the Member State where the Intrastat declaration is submitted and an economic operator from another Member State.

Transaction codes 4 and 5 are used if only operations don't involve a transfer of ownership - between a company from the Member State where the Intrastat declaration is submitted and a company from other Member State. If operations involve a transfer of ownership: transaction nature code 1.1 or 1.2 will be used.

2. There must always be an intra-EU of goods movement which is followed by a later outward goods movement in the Member State of declaration or vice versa (declaration

of these movements of goods should not be made necessarily by the same Intrastat declarant), nature of transaction code 4.1, respectively 5.1.

However, for nature of transaction 4.2 is accepted, after processing both a dispatch of goods to another country (nature of transaction 5.2) and also a sale in the processing country (no Intrastat reporting, national trade).

Values to be declared:

- with transaction code 4, the value is the intrinsic value of goods received or sent (raw materials, subassemblies etc.) 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 goods received or sent for processing, this means the value of raw materials plus the cost of service provided (manufacturing price) and the price of additional parts, which is the value to be considered to see whether or not exceeded the statistical threshold for intra-EU import/intra-EU export. (The invoice price only includes the cost of processing (if the processing is not free of charge) and the price of additional parts or materials; i.e. not the value of goods, since the owner has not changed the goods).

 *Example*

Say fabrics are sent to make suits. The value of the suits to be declared is determined as follows: value of fabrics + service provided (cost of processing) + 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 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 goods received (the value of goods in the received state). If this is unknown, you must inquire from the owner or give your own estimate (market price).

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 goods (= the value of the received goods for processing+ manufacturing price + any additional materials).

– *in the Member State of 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 goods sent.

ATTENTION: If the goods come back after processing, this arrival must be declared with transaction code 5 and, as value, the value of goods received for processing, the manufacturing price plus any additional materials.

Note: The intra-EU imports and exports of goods does 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 (the cases are discussed under

multilateral goods processing) 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*

A1 from Member State A sends steel plates to be galvanized abroad by B1 from Member State B.

If A1 stays the owner of the plates and they are reimported after being galvanized into the country of consignment, we are dealing with a processing of goods (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*

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. In this case the company which processing the goods 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 in Member State B are forwarded in another Member State (Member State C), other than the Member State of the original consignment (Member State A). In this case the service provider in Member State B declares the goods movements as follow:

- the intra-EU import of goods for processing from Member State A, on nature of transaction code 4;
- the intra-EU export of goods after processing to Member State C, on nature of transaction code 5.

In Member State A, as well as in Member State C, the intra-EU export of the goods for processing and the intra-UE import of goods after processing, shall be reported under nature of transaction code 1, instead of transaction codes 4 and 5 (i.e. no inward goods movement which is followed by a later outward goods movement and vice versa).

c. The processed goods stay in the country where they are processed. In this case the company which processing the goods declares the *intra-UE import* of goods for processing with transaction code 1 instead of transaction code 4. The *intra-EU export* of 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).

If a part of the goods arrived for processing (code 4) are bought before being processed by the company which processing the goods in the same reference period, that part will be reported under code 1.

Example: from 100 kg of goods received for being processed (code 4) the company which processing the goods buys 80 kg before processing; those 80 kg receive code 1 and the rest of 20 kg receive code 4.

It should be kept in mind the following:

- Transaction code 4 does not concern the goods for such a processing operation where the processor acquires the goods in his ownership so that he sells it after processing as improved products. These are cases when the processor does not process the goods that the customer sent for processing but himself purchases goods for processing and subsequent sale. Such transactions are denoted with code 1.

For return of goods which has been arrived/dispatched for processing according to a contract (transaction code 4), but has not passed such processing, e.g. are not suitable for processing, processing has been cancelled for another reason and the like, the code 4 shall be used. The subsequent import/export of goods for processing shall be reported for Instrastat under nature of transaction 4.

Scrap and wastes from processing sent back according to a contract to the customer for this processing shall be denoted as well as processed products with transaction code 5.

Transaction code 5 does not concern movement of goods after such a processing operation when the processor has acquired the goods in his ownership to sell them as improved products after processing. These are cases when the processor has not processed improved the goods which a customer sent for processing pursuant to a contract, but he himself has purchased the goods for processing and subsequent sale. Such transactions are denoted with code 1.

- The transaction code 5 also shall be used in the next cases:

- the export / import scrap and waste from processing pursuant to a contract;
- the export/import of substitute goods for goods originally dispatched/arrived after processing according to a contract (e.g. when sending / receiving substitute goods for goods that has been processed wrongly);
- export / import of goods that have been arrived/sent after processing according to a contract in another Member State (after passive / active processing) and are returned back (e.g. because of objections against wrong processing).
- It might be difficult to report codes 4.1 and 4.2 correctly, as at the time of import the exact destination of goods after processing might not be known. Also, the final products might have several different destinations (for example distribution from the processing country). Part of goods might return to the dispatching country, moved to other countries, or sold in the processing country. Similar problems might arise at the time of export after processing (codes 5.1 and 5.2), whenever the final product consist of materials coming from several countries. Therefore, PSI should make suitable estimations in order to determine the proper nature of transaction codes according to the share of the different country sources and destinations. If in exceptional cases such estimation is not possible, the application of code 4.2 and 5.2 is preferred.

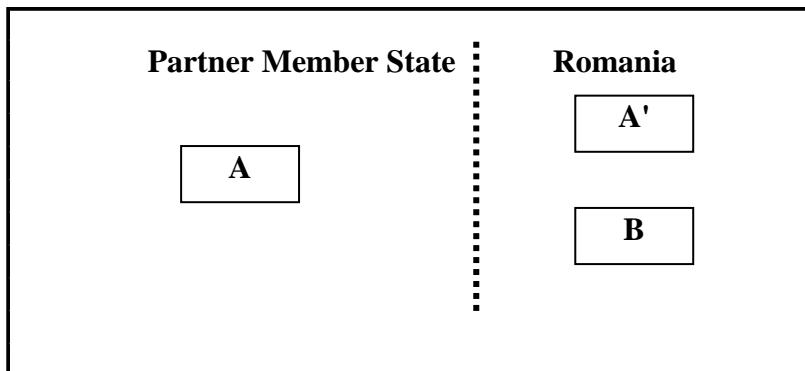
Transaction codes 4.3 and 5.3

- Transaction code 4.3 Goods for processing, treated as assimilated intra-community acquisitions / deliveries from fiscal point of view

- Transaction code 5.3 Goods obtained after processing of goods previously declared under code 4.3

These codes are used for goods for processing, entered / sent from / in another Member State, respectively goods obtained after processing, be treated for tax purposes as intra-UE acquisitions / deliveries and declared in form 390 - VIES like intra-UE acquisitions / deliveries of goods.

Example:



Where:

A = company from partner Member State

A' = fiscal representative in Romania of company A

B = company from Romania which processing goods

A company from a partner Member State dispatches to Romania goods for processing. A company's fiscal representative in Romania (A') will declare for Intrastat the goods under nature of transaction code 4.3. Subsequently, these goods are processed by one or more Romanian companies with which A has a processing contract. Goods after processing shall also be declared for Intrastat by the fiscal representative under nature of transaction code 5.3. These goods will be declared in the form 390 – VIES like intra-UE acquisitions/deliveries by fiscal representative A'.

Note: After processing the goods can be delivered in the initiating Member State or in other Member States according to the orders of company A.

The value of goods exported / imported after processing will include the value of goods initially entered / dispatched for processing plus processing costs - labor and other materials used in the product processed.

2.5 Transaction Code 6

Particular transactions coded for national purposes

In Romania, this code shall not be used in Intrastat statistical system.

2.6 Transaction Code 7

Transactions with a view to/following customs clearance (not involving change of ownership, related to goods in quasi-import or export)

Transaction code 7 covers movements of goods in the context of which the goods are exported to/imported from one Member State while customs clearance takes place in another Member State

- **Transaction code 7.1 Release of goods for free circulation in a Member State with a subsequent export to another Member State**

This code is used for reporting transactions of quasi-imports. These are imports of goods from a third country (extra-UE) which are released for free circulation in one Member State and which are subsequently exported to another Member State, while the importer is not established in the Member State in which the goods are released for free circulation. Thus:

- Transaction code 7.1 is reported in non-EU import customs declarations in combination with customs procedure codes 42 and 63;
- Transaction code 7.1 has to be used in Intrastat statistical declarations related to intra-EU export flow if these goods have been previously declared to customs in accordance with customs procedure codes 42 and 63.
- Transaction code 7.1 cannot be used in Intrastat statistical declarations related to intra-EU import.

Quasi import: Dispatches from Romania to other EU Member States of goods imported from non-EU countries (clearance procedure takes place in Romania).

Example: A non-resident imports goods from third countries through customs in a Member State, for example Romania, and sends them to another Member State.

The movement of these goods will consist, in statistical terms, in two flows:

1. *import of goods from non-EU (customs declaration, under the customs procedure code 42 / 63 and Not 7.1). Clearance procedure takes place, usually in a Member State located at the European Union border*
2. *subsequent intra-EU export of goods (Intrastat declaration, using nature of transaction code 7.1).*

In order to clear the goods for Customs, the owner of the goods (trader / importer) does not need to be established in the Member State where the customs declaration is lodged. It is enough to be VAT registered in that Member State or to appoint a tax representative, who will be in charge of clearing the goods in Customs and will fulfil VAT obligations. The entity, which handles customs procedures and pays import duties, does not become the owner of the goods. It may be a local tax/customs representative or accountant dealing with Customs and providing services to non-residents.

Therefore, quasi imports can be identified via customs procedures codes 42 and 63, because the goods are destined for another Member State. All goods declared for these procedures should be declared in parallel as intra-EU export on the Intrastat declaration using transaction code 7.1.

- **Transaction code 7.2 Transportation of goods from one Member State to another Member State to place the goods under the export procedure**

Quasi-exports are goods that arrive in Romania from other EU Member States in order to be exported to third countries. The 7.2 is used in export customs declarations. Under

this transaction type code, exports of goods to a third country are recorded, which are brought into Romania from another EU Member State for the purpose of preparing export customs declarations to non-EU countries.

The movement from another Member State to Romania (i.e., the Member State of exit from the customs territory of the Union) does not constitute an intra-EU acquisition of goods, and the exporter does not need to be established in Romania. Data on quasi-exports are not included in international trade in goods statistics.

2.7 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 construction materials based on a general building contract This transaction code can be used only for transactions for which no separate invoicing of 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.

The intra-EU export/import of building material and equipment that are part of a supply of a complete building and they are not invoiced independently shall be marked with code on the transaction code 8. These are items for which a summary invoice has been issued containing the total value of goods classified in various codes of the combined nomenclature and transported mostly in more shipments, even within several monitored periods.

2.8 Transaction Code 9

Other transactions which cannot be classified under other codes

Under this transaction code are reported movements of goods where there is no actual, anticipated or intended future transfer of ownership and the movements cannot be classed under the other transaction codes.

The following transactions must be declared with transaction code 9:

- goods which come under a hire contract or operational leasing must be declared under transaction code 9.1 if the contract term exceeds 24 months. These goods shall be reported to Intrastat in the month when the goods arrive or are dispatched, at total value of good.
- goods which come under a hire contract or operational leasing for which the contract term is less than 24 months are exempted from declaration. If the goods do not return within the period of 24 months, then they must be declared under transaction code 9.1 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, at present value (amortized) estimated (considering the attrition due to use or any other factor that may affect the value).
- waste treatment processing and disposal of, these transactions are not excluded from intra-EU trade statistics, so these will be reported to Intrastat statistical declarations using code 9.9.

- provision of insignificant parts; in the context of processing operations the ordering customer often provides parts that are insignificant in terms of either value or function (e.g. labels, screws, etc.). In such cases, the insignificant parts have to be reported in statistical declarations with transaction code 9.9.

Example:

A company in Member State A (the ordering customer) commissions a company in Member State B (the processor) to build a car in Member State B. For that purpose, the company emblem is provided free of charge by the ordering customer who sends it to the plant of the processor in Member State B. After production, the complete car is exported to Member State A. The processor charges the value of the car without the value of the company emblem on the invoice. These transactions do not represent processing under contract in an ITGS sense, because the ordering customer provides a part free of charge that is insignificant in terms of both value and function (the company emblem). Instead, the import of the car to Member State A has to be reported for the statistical survey on intra-Union trade as an outright purchase using code of transaction 1.1. The previous export of the company emblem to Member State B has to be reported using code of transaction 9.9.

3. Specific Movements and Goods

3.1 Good Movements Not to Be Declared to Intrastat

Particularly, the Intra-EU good movements **not** to be declared to Intrastat are:

- Monetary gold (CN code 71082000)- is gold owned by national governments and authorities (or by others who are subject to the effective control of the national government/authorities, such as authorised banks) and held as a reserve asset. Gold bullion held as reserve assets by non-monetary institutions is included in ITGS as non-monetary gold if physically crossing the border.
- Means of payment which are legal tender (e.g. banknotes in any currency - CN 4907 00 30) and securities that represent evidence of financial claims, including means which are payments for services such as postage, taxes and user fees (e.g., highway vignettes, road tax discs, motorway toll prepayment stickers download codes - CN 4907 00 10), which constitute evidence of acquired rights of use or licences; On the other hand, in the case of means of payment which are not in circulation, such as banknotes, securities and unissued coins, postage stamps, highway vignettes, repayment stickers, should be included in Intrastat system as products of the printing or manufacturing industry, provided that they are the subject of a commercial transaction.
- Goods for and following temporary use, provided all the following conditions are met:
 - no processing is planned or made;
 - the expected duration of the temporary use is not longer than 24 months;
 - the export/import does not have to be declared as supply/acquisition for VAT purposes.

For example,

- goods intended for fairs, exhibitions and similar events,
- theatrical scenery,
- merry-go-rounds and other fairgrounds attractions,
- professional equipment,
- cinematographic films, (not covered by a contract of sale / purchase, for example, documentary films, promotion, etc.)
- apparatus and equipment for experimental purposes,
- animals for show, breeding, racing, etc.,
- containers, pallets, packing and equipment connected with transport, moving in connection with a commercial operation, which themselves are not a subject of commercial operation,
- goods for the repair of means of transport, containers and related transport equipment and parts replaced during the repairs,
- goods on hire (free-of-charge movement of goods), hiring and operational leasing for a period of time exceeding 2 years,
- plant and equipment for civil engineering works,

- goods moving for sports purposes.
- Goods moving between:
 - a Member State and its territorial enclaves in other Member States, and
 - the host Member State and territorial enclaves of other Member States or international organizations (such as NATO, United Nations).

Territorial enclaves include embassies and national armed forces stationed outside the territory of the mother country;

- Goods used as carriers of information such as floppy disks, computer tapes, films, plans, audio and videotapes, CD-ROMs with stored computer software, where developed to order for a particular client or where they are not subject of a commercial transaction, as well as complements for a previous delivery e.g. updates for which the consignee is not invoiced.
- Goods supplied free of charge which 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 without commercial value.
- Goods for repair and after repair or maintenance and replacement parts that are incorporated in the framework of repair or maintenance and replaced defective parts. A repair entails the restoration of goods to their original function or condition. The objective of operation is simply to maintain the goods in working order; this may involve some rebuilding or enhancements but does not change the nature of goods in any way.
- Means of transport travelling in the course of their work, including spacecraft launchers at the time of launching. Means of transport including fuels used for their operation (seagoing ships, barges, aircraft, road vehicles, rail etc.) travelling between Member States or between Member States and non-member countries during the course of their activities are excluded from intra-EU and extra-EU trade statistics. 'Course of activities' refers to means of transport engaged in the transport of goods and / or persons from one destination to another, including any stop offs in between. Spacecraft launchers are treated as a means of transport at the time they are launched into space and therefore also excluded.

Examples:

- a) A vehicle transports goods from Romania to Italy. In this case, the goods are subject to Intrastat reporting, but the vehicle carrying them is excluded from reporting.
- b) A transport company picks up goods from Germany and delivers them to the buyer in Romania, refueling the vehicle during the journey. In this case, the fuel used to refuel the vehicle is excluded from Intrastat reporting.
- c) A transport company purchases fuel during the journey using a special fuel card issued by a company registered in Romania. The movement between the country where the refueling occurs and the country where the company that issued the card is registered (in this case, Romania) will not be recorded for Intrastat purposes.

- The newspapers and periodicals sent under direct subscription are excluded from the general merchandise statistics. These goods are treated as part of trade in services.
- Other goods excluded from the Intrastat system:
 - personal property belonging to private persons transferring their normal place of residence;
 - trousseaux and household effects belonging to a person transferring his/her normal place of residence on the occasion of his/her marriage;
 - personal property acquired by inheritance;
 - coffins containing bodies, funerary urns containing the ashes of deceased persons, and ornamental funerary articles transported with the coffins and urns;
 - goods for charitable or philanthropic organisations and goods for the benefit of disaster victims (example: foodstuffs, clothing, medicines, etc. provided by governments, international organizations or non-governmental organizations or persons from other countries).

3.2 Particular Cases

For Intrastat purposes, the intra-EU import and export of goods that are considering their special features important for reporting the data, either because of the goods movement itself or its nature, are deemed special goods and their movements. Showing data on the intra-EU import and export of special goods or their special movements is performed or can be performed with certain exceptions against generally applicable rules.

Specific goods and movements are:

- Offshore installations;
- Vessels and aircrafts;
- Sea products;
- Delivery and supplies of goods to vessels and aircrafts;
- Spacecraft;
- Electricity and gas.

3.2.1 Offshore installations

This part presents the procedure for entering data in the Intrastat declaration on arrival goods from offshore installations on sea, or on dispatch of goods to offshore installations.

“Offshore installations” means equipment and devices installed and stationary in the sea outside the statistical territory (which includes the territorial waters) of any Member State (i.e. oil platforms, research platform and/or devices installed on high sea).

For statistical purposes, offshore installations are considered to be owned by the Member State which has exclusive rights to exploit the seabed or subsoil where they

are located. This ownership should determine the partner country to be recorded in the statistics.

“Goods delivered to offshore installations” – refers to the delivery of products for the consumption of the crew and for the operation of engines, machines and other equipment of the offshore installation;

“Goods obtained from or produced by offshore installations” – refers to products extracted from the seabed or subsoil or produced by the installation.

As intra-EU import in Romania have to be declared:

- Deliveries of goods to another Member State to an offshore installation established in an area where Romania has exclusive rights to exploit that seabed or subsoil;
- Deliveries of goods from an installation established in an area where another EU Member State has the exclusive rights to exploit that seabed or subsoil to Romania;
- Deliveries of goods from an offshore installation established in an area where another EU Member State has the exclusive right to exploit that seabed or subsoil to an offshore installation in an area in which Romania has exclusive rights to exploit that seabed or subsoil.

Example

Consumables sent from Romania to a French offshore installation would be treated in France as an arrival from Romania, and in Romania as a dispatch to the France.

Spare parts sent from a Romanian offshore installation to a French offshore installation would be treated in France as an arrival from Romania, and in Romania as a dispatch to France.

As intra-EU export from Romania have to be declared:

- Deliveries of goods from an installation established in an area where Romania has the exclusive right to exploit that seabed or subsoil to another EU Member State or
- Deliveries of goods from Romania to an installation established in an area where another EU Member State has the exclusive right to exploit that seabed or subsoil.
- Deliveries of goods from an installation established in an area where Romania has the exclusive right to exploit that seabed or subsoil to an installation established in an area where another EU Member State has the exclusive right to exploit that seabed or subsoil;

Example:

Food sent from a French offshore installation to a Romanian offshore installation would be treated in France as a dispatch to Romania, and in Romania as an arrival from France.

Member States shall use the following commodity codes for goods delivered to the offshore installations:

- 9931 24 00: goods from the CN chapters 1 to 24,
- 9931 27 00: goods from CN Chapter 27,

— 9931 99 00: goods classified elsewhere.

The investment goods for the construction or technical improvement of the offshore installation or goods acquired or produced by offshore installation shall be recorded with an appropriate CN code.

3.2.2 Vessels and aircraft

Imports and exports intra-EU of vessels and aircraft should be reported to Intrastat at the time when the transfer of economic ownership takes place. Economic ownership of a vessel or aircraft is the right of a taxable person to claim benefits associated with use of a vessel or aircraft during an economic activity under accepted risks.

The definition of 'vessel', for the purposes of this chapter, refers to those vessels considered as seagoing according to CN Chapter 89, tugs, warships and floating structures. Possible CN codes are: 8901 10 10, 8901 20 10, 8901 30 10, 8901 9010, 8902 00 10, 8903 22 10, 8903 23 10, 8903 32 10, 8903 33 10, 8904 00 10, 8904 00 91, 8905 10 10, 8905 20 00, 8905 90 10, 8906 10 00, 8906 90 10. For trade in non-seagoing vessels summarized above codes, apply the standard rules for their statistical reporting, ie the principle of national cross-border.

The definition of 'aircraft' refers to the aeroplanes included within CN code 8802 30 and 8802 40; the other vehicles of CN Chapter 88 are subject to standard rules.

Imports and exports intra-EU of vessels or aircraft for or after processing under contract should be reported for the Intrastat system but imports and exports intra-EU of vessels or aircraft for their repairs shouldn't be reported for the Intrastat system.

The partner country in case of transactions with vessels and aircrafts is:

- In case of the intra-EU import, an EU Member State which manufactured a vessel or aircraft if a vessel or aircraft, is new and manufactured in the EU. In other cases, the partner country is the country / EU Member State where is established the taxable person who transfers the economic ownership. When placing a vessel or aircraft for processing, the partner is the EU member state where the taxable person is established exercising economic ownership of the vessel / aircraft.
- In case of the intra-UE export, the EU Member State where the taxable person is established which transfer economic ownership. If sending a vessel or aircraft after processing, the partner is the EU member state that carries out processing.

The data on the following transactions are to be submitted:

- The devolution of economic property right to a vessel or aircraft from another EU Member State taxable person to a Romanian taxable person. The mentioned transaction is treated as intra-EU import
- The devolution of economic property right to a vessel or aircraft from Romanian taxable person to another EU Member State taxable person. The mentioned transaction is treated as intra-UE export. If a vessel or aircraft is new, dispatches are registered in this EU Member State which produced a vessel or aircraft;

- the intra-EU export/import of a vessel or aircraft to processing or intra-EU import/export after processing.

3.2.3 Sea products

Sea products refer to fishery products, minerals, salvage and all other products that a sea-faring vessel has not yet landed. Sea products which have been caught in the open sea and sold in the EU harbors or to the EU ships are to be reported to Intrastat as *intra-EU export*. Sea products which were bought in the EU harbors or from the EU ships are to be reported to Intrastat as *intra-EU import*. Sea products are considered to belong to the member state where the taxable person which exercises the economic ownership of the vessel is established.

The principles for reporting on sea products are the following:

- Definition of partner country: Fish catch shall be assigned to the country where the taxable person which exercises the economic ownership of the vessel is established. Note that the country is not determined by the place of capture of the fishery product. No matter where it is caught (in the territorial waters or economic zone of the flag country, in international waters or in the waters of a foreign country) it is the nationality of the taxable person which exercises the economic ownership of the vessel is established that determines the nationality of the catch.
- Trade flow: For Intrastat system, both outgoing and ingoing flows shall be recorded.
 - intra-EU import should be reported when a vessel from another Member State lands fishery product in Romania or when they are acquired by vessels registered in Romania from vessels registered in another Member State.
 - intra-EU export should be reported when a national vessel lands fishery product in the port of another Member State or when they are acquired by vessels registered in another Member State from vessels registered in Romania.

3.2.4 Delivery of goods to vessels and aircraft

Deliveries to vessels and aircraft refers to deliveries of goods (e.g. foods etc.) for the crew and passengers as well as goods required for the operation of engines, machinery or other equipment on the vessel or aircraft (e.g. fuel, oil and lubricants). The vessel or aircraft is considered to belong to this Member State where the natural or legal person which exercises the economic ownership of the vessel is established.

Statistics relating to the trading of goods between Member States shall cover only dispatches of provisions, fuel, oil and other goods delivered on the territory of the reporting Member State to vessels and aircraft belonging to another Member State. Member State of destination is the Member State where the natural or legal person which exercises the economic ownership of the vessel supplied is established.

Delivery of durable goods and equipment which remain on the vessel or aircraft should be reported according to the normal detailed Intrastat (for Intra-EU trade) declaration using the appropriate CN commodity code. This might include for instance the delivery of bed linen or of musical instruments for the musicians of the ship, or TV sets for the cabins or other durable goods. Goods which will be sold to private individuals and

which are not necessarily consumed on board (tax free shops) should not be reported as deliveries to vessels and aircraft. This might include perfumes, watches, toys, etc. which have to be declared with their respective commodity code as they are not goods covered by the definition of goods delivered to vessels and aircraft.

Simplified provisions for the delivery of goods fully apply for Intrastat only. Moreover, the reporting obligation relates only for dispatches, i.e. the vessels and aircraft whose economic owner is established in the reporting Member State and which were supplied with goods for consumption in foreign harbours / airports do not need to provide intra-EU import declarations.

Member States shall use the following commodity codes for goods delivered to vessels and aircraft:

- 9930 24 00: goods from CN chapters 1 to 24,
- 9930 27 00: goods from CN chapter 27,
- 9930 99 00: goods classified elsewhere.

In the case of goods delivered for consumption on board, the partner shall be the Member State or third country where the economic owner of the vessel or aircraft is established. However, the company responsible for providing the information may not always be able to identify the country where the economic owner of the vessel or aircraft is established, or even if the economic owner is established within or outside of the EU. A simplified partner code should be used - QR for Intra-EU deliveries and QS may be used for Extra-EU deliveries.

3.2.5 Spacecraft

The spacecrafts are the space devices (e.g. satellites) which are moving in the space beyond the globe atmosphere.

The ownership of a spacecraft belongs to natural or legal person exercising their economic ownership of a spacecraft.

The data on the following activities should be submitted to Intrastat:

- Exports and imports intra-EU of spacecraft before or after processing under contract.
- The launching into space of a spacecraft which was the subject of a transfer of ownership from a natural or legal entity established in member state **A** to a natural or legal entity established in another member state **B** can be considered as:
 - Intra-EU export in the Member State **A** where the spacecraft was built;
 - Intra-EU import in the Member State **B** in which the new owner is established.

3.2.6 Electricity

According to the statistics on international trade in goods (ITGS) regulations electricity is included in the category of specific goods for which special legal provisions apply. “Electrical energy” means electrical energy transferred in border-crossing electricity grids. Electricity is classified under CN code 2716 00 00.

Recording requirements for electrical energy in Intrastat declarations.

It is required to be recorded only the physical flows of electrical energy. The partner country is defined as the neighbouring Member State. In practice it means that for imports intra-EU country of origin and country of consignment will be the same with neighbouring country of connection. The quantity must be compiled only in supplementary units laid down in the Combined Nomenclature.

The transaction value of trade in electricity and gas may not always be available. Therefore, the legislation allows for the statistical value to be *estimated*. PSIs may choose any data source available for the estimations, e.g. weekly or monthly market prices.

3.2.7 Natural gas

“Natural gas” means natural gas in gaseous state supplied through natural gas distribution systems under CN code 2711 21 00. Natural gas is included in the category of specific goods.

Gas in liquid state or in gaseous state which is not transported via pipelines must be statistically treated as all other goods.

Recording requirements for natural gas in Intrastat declarations.

It is required to be recorded only the physical flows of natural gas. As partner country for imports, country of consignment should be recorded for intra-Union trade.

The transaction value of trade in gas may not always be available. Therefore, the legislation allows for the statistical value to be estimated. PSIs may choose any data source available for the estimation, e.g. weekly or monthly market prices.

The following are considered special transactions:

- Industrial plants;
- Staggered consignments;
- Military equipment;
- Waste products;
- Partial deliveries;
- Software and Licences.

3.2.8 Industrial plants

“Industrial plant” is a combination of machines, apparatus, appliances, equipment, instruments and materials which together make up large-scale, stationary units producing goods or providing services;

“Component part” means a delivery for an industrial plant which is made up of goods which all belong to the same chapter of the CN.

Statistics on trade between Member States may cover only exports and imports intra-EU of component parts used for the construction of industrial plants or the re-use of industrial plants.

The reference period is the month when the transaction actually takes place for delivery the components (and other goods). If some components are dispatched, as staggered consignments, they have to be reported only once in the month when the last staggered consignment takes place. This is because the components of an industrial plant could be delivered assembled or unassembled along more than one month, due to transport or commercial reasons.

3.2.9 Staggered consignments

By “*staggered consignments*” means imports and exports intra-EU of goods (machinery, equipment, vehicles) which for commercial or transport reasons have been disassembled into part components to be delivered in several consignments during several reporting periods.

The data on imports and exports intra-EU of staggered consignments should be reported only once, i.e. only for the month of the last arrival or dispatch of consignment. The good must be declared using CN at 8 digits level specific for the whole machinery at the total value. If the value of the good is collected in a currency other than LEI, the amount should be converted into LEI. The transformation is based on the exchange rate set by National Bank of Romania on the day that last component of the good arrived. That provision applies even if payments in stages as deposit, progress payment or final payment occur. The objective of the provisions on staggered consignments is to make declaration simpler for the PSI. A PSI has the possibility to aggregate multiple movements to one record in the month of the last consignment. However, the following conditions have to be met:

- The dispatch is between a single dispatcher and a single consignee;
- The delay between the first and last shipment is only for logistical reasons;
- All components shall when assembled form a single, complete and classifiable commodity under a single CN8 code.

Therefore, the following transactions cannot be reported as staggered consignments:

- Movements of stock
- Components diverted to another use
- The supply of spare parts.

3.2.10 Military equipment

Military goods are all goods intended for military use, e.g. arms, trucks, cars, aircraft, fuel, or any supplies for armed forces.

Transactions with military goods between EU Member States is subject to the Intrastat reporting under the common rules.

3.2.11 Waste products

Standard rules apply for recording this trade in waste (including recoverable materials). Waste products are in the scope of the ITGS and should be recorded as border-crossing goods transactions. Cross-border trade of waste can be grouped into the following

categories:

- Buying/selling of valuable waste: This is a trade transaction between two entities which is considered as a purchase/selling transaction for tax purposes. In ITGS this has to be declared as a normal purchase (transaction code 1.1). Example: Purchase/sale of iron scrap (CN 7204 10 00).
- Processing of valuable waste. In this case the owner of the valuable waste commissions a processor to extract valuable materials from waste and to subsequently return these recovered materials. For Intrastat this has to be reported as processing (NoT 4.1/5.1). Example: processing of defective catalysts (CN 8421 39 35).
- Disposal of waste. A company exports waste for disposal against payment, i.e. the company pays for the disposal services of the exported waste. In this case, it makes no difference whether the waste contains valuable materials that can potentially be recovered. In ITGS this should be reported with transaction code 9.9, the actual weight and 1 unit of value. Example: Disposal of liquid chemical waste (CN 3825 69 00).

Waste and scrap should be recorded and classified under the appropriate commodity heading, whenever a special CN code for waste goods is allocated (e.g. CN 760200 - Aluminium waste and scrap, CN 5103 - Waste of animal hair, CN 38251000 - Municipal waste, etc.). However, if there are no specific CN codes allocated to certain waste products, general rules for the interpretation of the CN must be used. If the waste has no market value and its shipment is seen only as a service, and the exporter pays for waste disposal (the value of waste might be negative), then for practical reasons the negative value must be adjusted close to zero or to 1 (one) unit of value.

3.2.12 Partial deliveries

Partial deliveries refer to consignments of goods to be allocated one commodity code, mostly comprehensive machine and appliances deliveries delivered and possibly also invoiced in several stages, for example due to reasons connected to transportation technology.

Partial deliveries are declared in the month when the goods were arrived / dispatched in / from Romania regardless of when they are invoiced.

The all-in price of the goods shall be indicated as the value in the reference month and the transaction code is 1.1.

3.2.13 Software and Licences

Software and licences are recorded under the CN code of the carrier of information.

The following should be reported to Intrastat:

- Media containing mass-produced software, games or music for general use

The term “*general or commercial use*” refers to products (such as CD-ROMs) with stored computer software (such as operating system) and / or data publicly available to any user which can buy ‘off-the-shelf’ from the supplier. These items are usually produced in a standard form to carry out the same applications or functions and may be

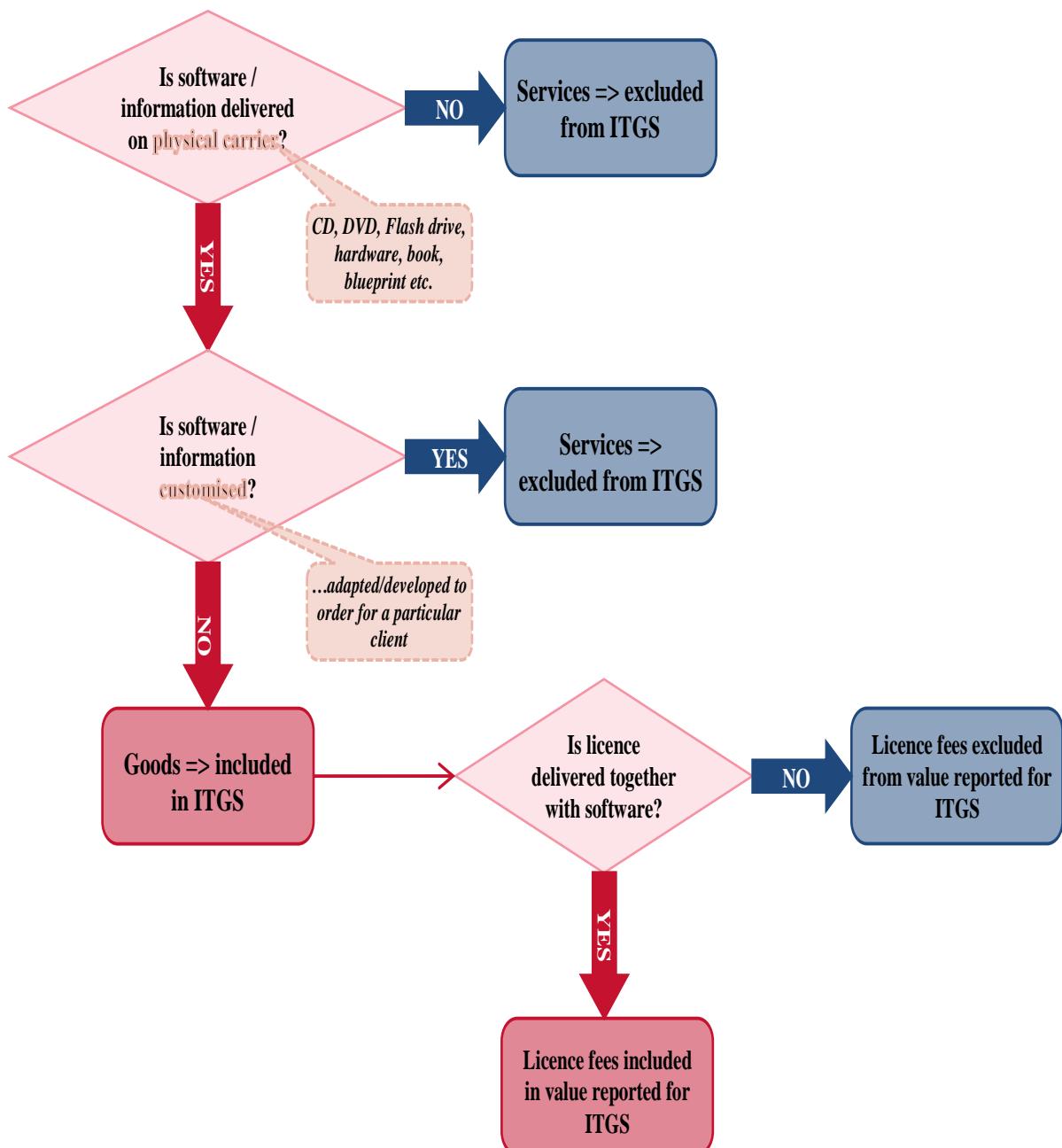
supplied with a manual and software licence. Such are goods to be recorded under the CN code of the carrier of the information.

- Hardware sold together with support, software and software licences: Example: purchase of a PC equipped with software & licences. The total value of the goods (Hardware + support/software / software licences) should be reported under the CN code of the hardware.
- Goods supplementing mass-produced software: Example: updates for software in cases where the price for the supply wasn't included when the software was initially purchased / sold and a separate invoice is not produced, it will be reported for Instrastat only a physical movement takes place (delivery of a CD).

The following types of software and information media which *are not to be reported* to Instrastat:

- Carrier devices (such as CDs, DVDs, USB) with stored computer software and / or data developed to order;
- Goods supplementing mass-produced software: Example: updates for a software in cases where the price for the supply was already included when the software was initially purchased/sold and a separate invoice is produced.
- Audio and video devices containing original recordings master type, for multiplication.
- Exports/imports intra-EU of software not involving a physical movement of goods: for example: purchase / supply of additional licences or rights invoiced for the use of previously purchased / supplied software and are not accompanied by a physical movement of goods, delivery of software by Internet, will not be reported to Instrastat.
- Exports/imports intra-EU of software together with a maintenance contract: Maintenance services of software should not be reported when they are the subject of a proper contract and listed individually on the invoice.
- Customized software etc. Carriers of customised information (such as carrier devices) containing software or other customised information developed to order for a particular client are excluded from ITGS, but recorded under services. Customised software refers to software that is developed to order for a particular client and made to special requirements, either as unique programs or adaptations from standard programs. Other customised information includes customised blueprints, audio and videotapes containing original recordings ('master tapes'), authors' drafts of books and inter-company data and accounts.
- Software applications downloaded from Internet or received by e-mail against payment are considered as services and shall not be reported for Instrastat (e-commerce, e-market).

This exclusion applies to both mass-produced software and custom software developed specifically for a particular customer. The same goes for e-books downloaded by a customer or received by email.



4. Triangular trade and chain transactions

In triangular trade there are 3 parties: the consignor / original seller, the intermediary / intermediate trader and the consignee / final buyer. The goods go directly from the original seller to the final buyer. In triangular trade there are various situations in which a transaction is made involving three enterprises in two or even three countries, one of which can be Non-Member State of the Community. There are therefore many variants, which are a combination of the cases set out below.

Whatever the financial and invoicing arrangements in such cases, if in the transaction are involved economic operators from three or more countries, the *Intrastat declaration must exclusively be made in accordance with the physical movement of the goods*. If goods do not physically enter or leave Romania, no declaration is appropriate here, but declarations will be required in the EU Member State of intra-EU export and import. Consequently, notwithstanding how the submission and payment of invoices is organised, only an actual flow of a commodity should be noted in the Intrastat report. If a commodity has not actually entered or left an EU Member State, this should not be reported for the Intrastat system.

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

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

X: country not belonging to the EU (e.g. United States)

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

X1, X2: enterprises from the country X

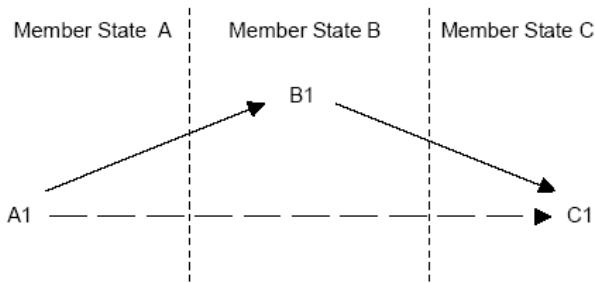


4.1 Triangular Trade within EU Member States

Triangular trade with 3 EU Member States is also known as a “*real*” triangular trade.

Example – Current triangular trade (3 EU Member States)

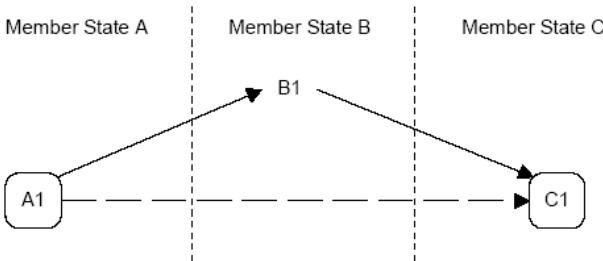
An enterprise in Member State B (B1) buys goods from A1 in Member State A and sells them to C1 in Member State C. An invoice goes from A1 to B1 and from B1 to C1. However, the goods go directly from A1 to C1. The enterprise A1 in Member State A submits an Intrastat declaration for this delivery. The country of destination is the Member State C. Enterprise A1 has to submit an Intrastat Declaration for the intra-EU exports in Member State A and enterprise C1 an Intrastat Declaration for the intra-EU imports in Member State C. The B1 enterprise does not have to report this commodity transaction to Intrastat in Member State B, since these commodities have never passed through B.



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

Example

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 directly from A1 to C1.



In this case there is *an Intrastat declaration* for the movement A1-C1: A1 in Member State A has to declare intra-EU export with Member State of destination C, B1 in Member State B has nothing to declare (no goods movement) and C1 in Member State C has to declare intra-EU import with Member State of origin A.

For fiscal purposes, B1 will include this triangular trade in recapitulative declarations regarding intra-EU deliveries/acquisitions (form 390 – VIES). 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.

Situation with identification for VAT purposes in the Member State of intra-EU export/import

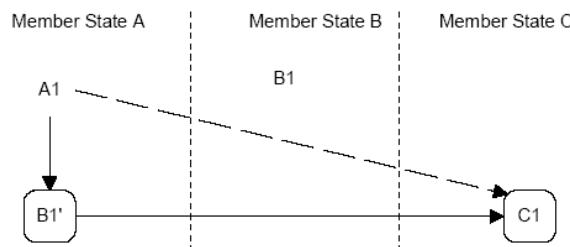
Registration for VAT purposes can be by direct VAT registration or by appointing a tax representative. Enterprises not based in the EU cannot opt for direct VAT registration.

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

Example

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 directly from A1 to C1.

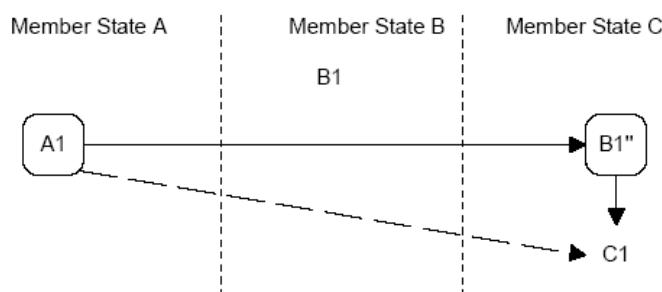


In this case, there is an Intrastat declaration for the movement A1-C1: A1 in Member State A and B1 in Member State B have nothing to declare, B1' in Member State A has to declare intra-EU export with Member State of destination C and C1 in Member State C has to declare intra-EU import with Member State of origin A.

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

 *Example*

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 directly from A1 to C1.



In this case, there is an Intrastat declaration for the movement A1-C1: **A1** in Member State A has to declare intra-EU export with Member State of destination C, **B1** in Member State B has nothing to declare, **B1''** in Member State C has to declare intra-EU import with Member State of origin A and **C1** in Member State C has nothing to declare.

4.2 Triangular Trade where third states are involved

Triangular trade can affect comparisons of both Intra-EU and Extra-EU trade. An example illustrating a problem linked to indirect movements where third states are involved is given below. The phenomenon described is known as the “*Rotterdam*” effect.

 *Example*

Japanese goods are imported into Europe; they are released for free circulation in Netherlands, and then dispatched to Romania (Member State of consumption). For such an operation, the various recordings will be as follows:

For Community statistics, three operations are recorded:

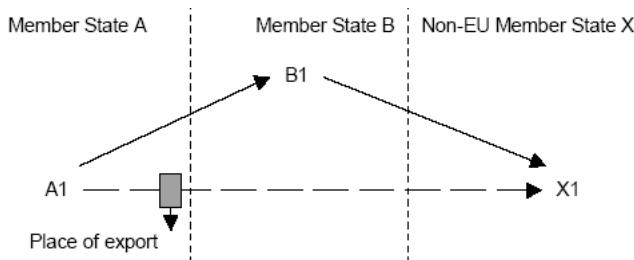
- import of goods originating in Japan (with Netherlands as the declaring Member State, since the customs declaration is made there);
- Export (Intra-EU) from Netherlands to Romania;
- Import (Intra-EU) in Romania.

For Romanian national statistics, will be recorded Japan as country of origin and Netherlands as Member State of dispatch.

Country of destination is not an EU Member State

 *Example*

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 directly from A1 to X1.



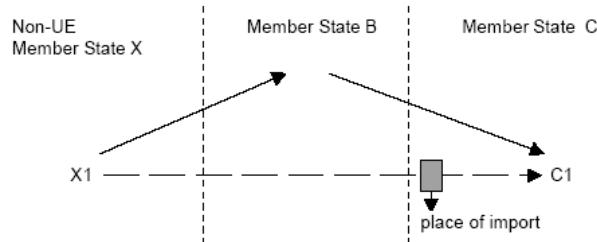
In this case A1 acts as the exporter. A1 has to submit a conventional export document (Single Administrative Document). It is enough for B1 to receive a copy. Neither B1 nor A1 have to declare this goods movement for Intrastat even if there is an invoice from A1 to B1.

In this case there is no Intrastat declaration to be submitted.

Country of departure is not an EU Member State

 *Example*

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 directly from X1 to C1.



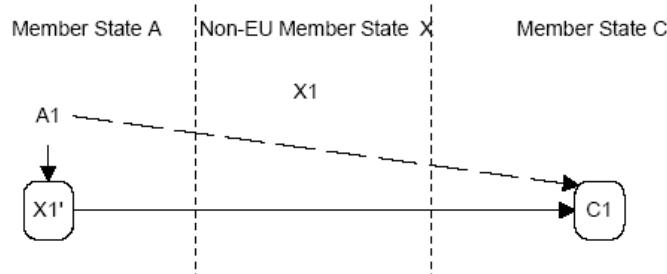
C1 is reported as the consignee at the time of import and he has to submit a conventional import document (only the Single Administrative Customs). In this case it is enough for B1 to receive a copy. Neither B1 nor C1 have to declare this goods movement for Intrastat if there is an invoice from B1 to C1. There is no Intrastat declaration to be submitted.

Country of the intermediary is a third state

 *Example*

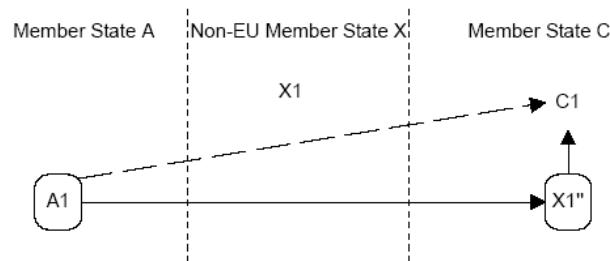
The country of the intermediary (X) is a third state. The intermediary (X1) is obliged to have a tax representative in the Member State of departure of the goods (if the transport is a condition of the contractual relationship X1-C1) or in the Member State of destination of the goods (if the transport 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: A1 has nothing to declare, X1' has to declare intra-EU export with Member State of Destination C and C1 has to declare an intra-EU import from Member State of origin A.

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



In this case there is an Intrastat declaration for the movement A1-C1: A1 in Member State A has to declare intra-EU export with Member State of destination C, X1'' in

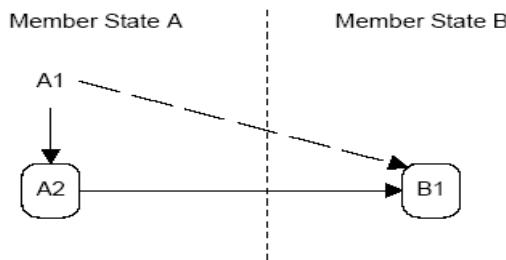
Member State C has to declare intra-EU import with Member State of origin A, while C1 in Member State C has nothing to declare.

4.3 Chain transactions between EU member states

With goods movement between two Member States

Case 1:

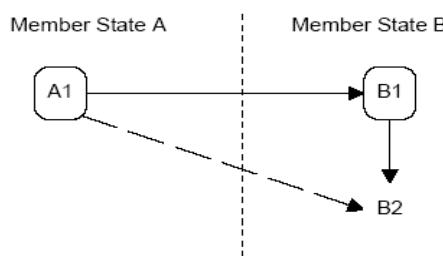
In Member State A, A2 buys goods from A1. In Member State B, A2 sells these goods to B1. The goods go directly from A1 to B1.



In this case there is an Intrastat declaration for the movement A1-B1: A1 in Member State A has nothing to declare for Intrastat, A2 in Member State A has to declare intra-EU export with Member State of destination B, while B1 in Member State B has to declare intra-EU import with Member State of origin A.

Case 2:

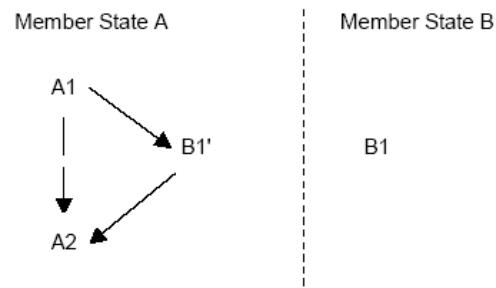
In Member State A, B1 buys goods from A1. In Member State B, B1 sells these goods to B2. The goods go directly from A1 to B2.



In this case there is an Intrastat declaration for the movement A1-B2: A1 in Member State A has to declare intra-EU export with Member State of destination B, B1 in Member State B has to declare intra-EU import with Member State of origin A, while B2 in Member State B has nothing to declare.

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 directly from A1 to A2. The intermediary (B1) has to register for VAT in Member State A. 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.



In this case there is nothing to declare for Intrastat purposes.

5. Processing activity of goods

5.1 General aspects

Processing goods covers operations (transformation, construction, assembly enhancement, renovation, modification, conversion) with the objective of producing a new or a really improved item. These transactions are included in international trade statistics.

The processing activity does not inherently imply recoding according to the CN for the goods undergoing processing; however, if changing the code is necessary following an operation performed on a product, that operation is considered processing.

The difference between “**processing**” and “**repair**” consist in the fact that a repair entails the “*restoration*” of the goods to their original function or condition. The objective of operation is simply to maintain the goods in working order; this may involve some rebuilding, replacement or enhancements but does not change the nature of goods in any way.

Examples:

Processing

- Industrial assembly of products (the components are used for the production of a new product);
- Conservation, e.g. by adding preservatives;
- Treatment e.g. against parasites or rust;
- Mixing goods of different qualities to produce goods of a new quality;
- Bottling of liquid, e.g. wine from barrels;
- Making up of textiles into products, e.g. clothing, handbags, curtains;
- Dilution or concentration of liquids e.g. orange juice;
- Chemical processing of pharmaceutical, industrial products etc.;
- Assembling of components parts of ships and aircrafts.

Repair

- Pure replacement of part of a good indicates that a repair transaction has been carried out. On the other hand, if it results in an improved good, it is a processing activity.
- Repair of damage to goods incurred during transport;
- Repainting should be considered as repair / maintenance. But, the painting of an unpainted good should be treated as processing.
- Charging of batteries.

Services

- For aircraft, technical maintenance activities which are carried out due to legal requirements (e.g. controls, mandatory periodic replacements);
- Sharpening, simple grinding or cutting;

- Simple ironing, washing, cleaning, drying operation;
- Simple packaging operations;
- Simple sorting, sifting, weighing, dividing and filtering of goods;
- Testing, adjusting, regulating or certification of goods (e.g. aircraft, machines, apparatus, vehicles).

For Intrastat system shall be reported only processing activities; reparations and services shall be excluded from the system.

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

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 considered:

If the principal works with a tax representative or a direct VAT registration in the Member State of processor (who will be invoiced for processing) the tax representative or the person registered direct for VAT purposes reports all cross-border goods movements relating to this goods processing in the Intrastat declaration in the Member State of processor (*i.e. instead of the processor who in fact receives and/or sends the goods*). Please keep in mind that goods for processing entered / sent from / in another Member State and the goods resulted after processing entered / sent from / in another Member State, considered in terms of the Tax Code as assimilated intra-EU acquisitions /deliveries, will be declared for Intrastat with the nature of transaction 4.3 or 5.3.

A processor only has to declare the goods movements for Intrastat for which he invoices the processing to another EU Member State (i.e. to a VAT number in another EU Member State).

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 4.1, 4.2, 5.1 and 5.2:

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).

In case the materials to be processed partly come without and partly with change of ownership the following principle to distinguish "processing under contract" and "processing activities on a processor's own account" for the purpose of ITGS shall be applied:

- when the value of material provided by the ordering party without transfer of ownership is *significant*, then the transaction should be treated as processing under contract and should use nature of transaction code 4.1 or 4.2 for the goods for processing and transaction code 5.1 or 5.2 for the goods after processing.

- when the value of material provided by the ordering party without transfer of ownership is *negligible*, then the transaction should be treated as processing activities on a processor's own account and should use for goods for processing (negligible quantity) transaction code 9.9 and for goods after processing, transaction code 1.1 (the value of the good after processing will contain the value of goods processed, including also the value of goods delivered by the beneficiary).

Cases of processing under contract

Below there are several cases that may arise in the processing operations:

Legend of the graphics

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

A, B, C, D: 4 different Member States of the EU

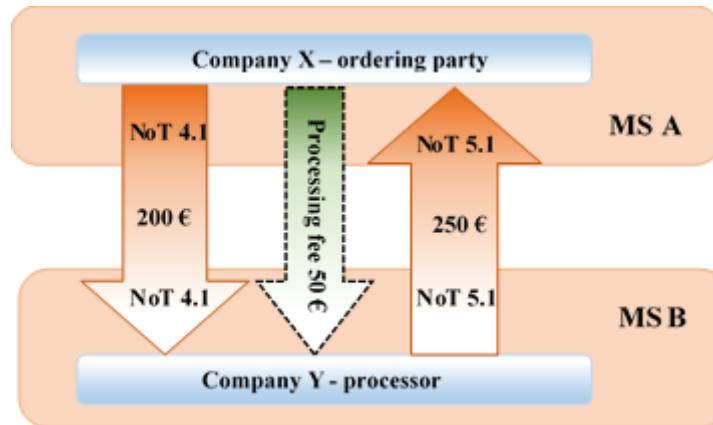
X, Y, Z, Z₁, Z₂, Z₃ – enterprises from **A, B, C, D**

NoT – nature of transaction

	Financial flow
	Physical flow of goods
	Internal flow of goods

5.2 Case 1: Standard case of processing under contract

Example: A company X (ordering party from Member State A) sends goods of value of 200 € to a company Y in Member State B for processing. Company X is the owner of the goods. Company Y is receiving 50 € for work carried out. The processed goods are delivered back to company X.

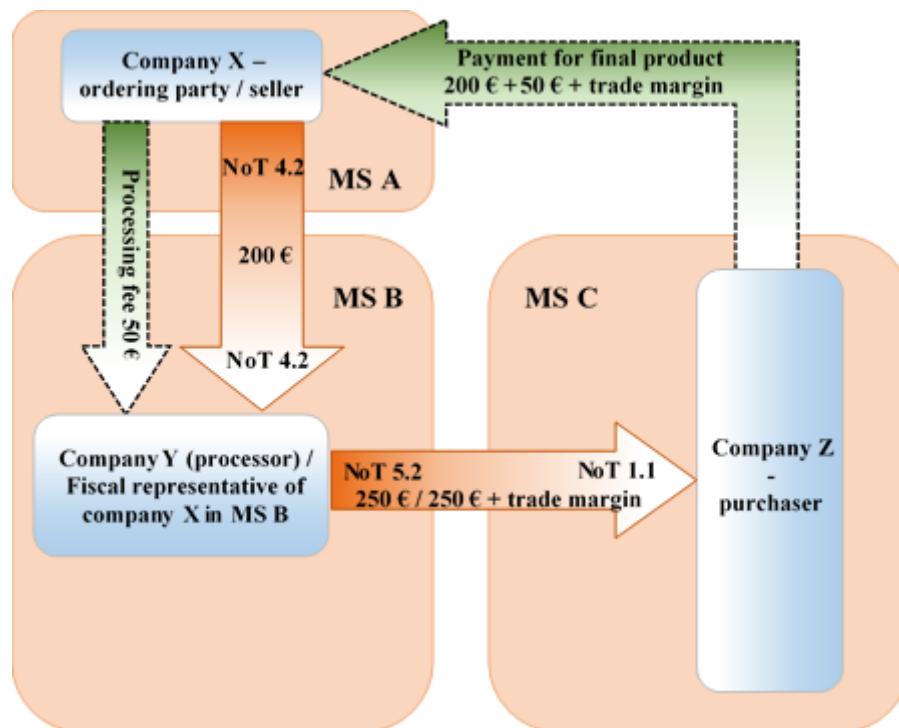


5.3 Case 2: Processing with subsequent sale to another Member State

Example: A company X from Member State A sends goods of value 200 € to a company Y in Member State B for processing. Company X is the owner of the goods. Company Y is receiving 50 € for work carried out. The final products are sold by company X to a company Z in Member State C for 300 €. The processed goods are delivered from company Y directly to company Z.

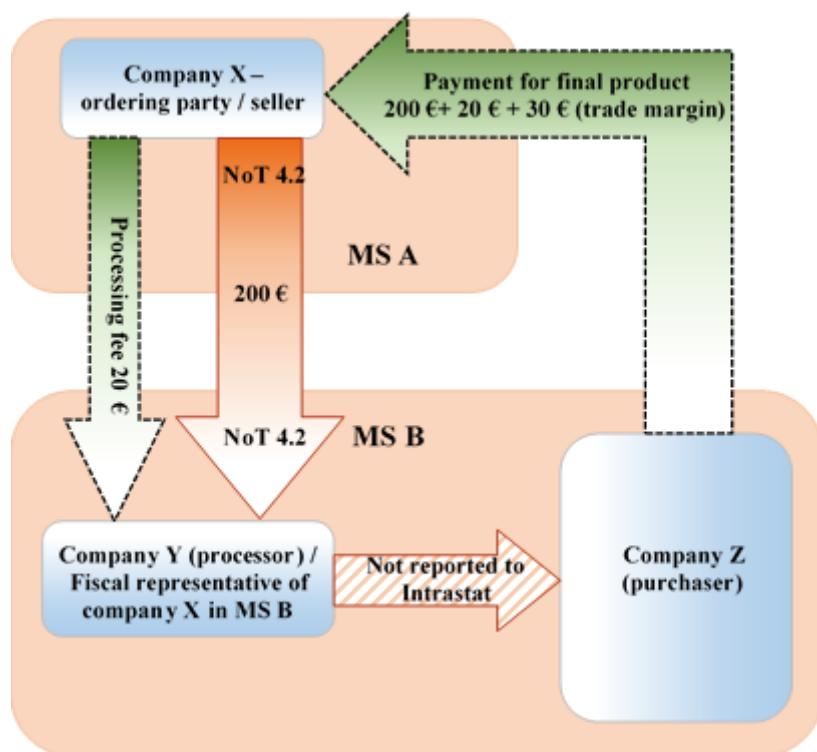
Goods undergo processing in Member State B. The processor, resident in Member State B, is not owner of the goods because neither Company X nor its VAT registration in Member State B transfers ownership. The processed goods do not return to the initial Member State of export.

Company X is obliged to register for VAT in Member State B and thus to report within the survey on intra-EU trade. Company Y would report only if company X omitted to register for VAT in Member State B. The transaction is considered transfer of goods in the meaning of Article 17(1) of Council Directive 2006/112/EC and thus as intra-EU supply from Member State A to Member State B and the subsequent sale as intra-EU supply from Member State B to Member State C. If company Y has an obligation in the Instrastat system in Member State B, on the dispatch flow, it will report the total value as the sum of the value of the goods received for processing (200 €) and the processing fee (50 €). If the obligated reporting entity on the dispatch flow is the fiscal representative of company X in Member State B, the reported value for Instrastat will be the sum of the value of the goods received for processing (200 €), the processing fee (50 €), and the trade margin of company X.



5.4 Case 3: Processing with subsequent sale in Member State of processing

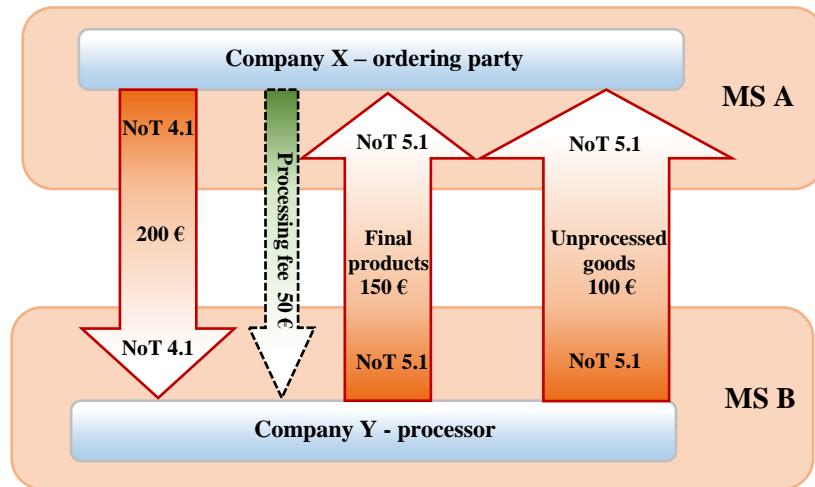
Example: A company X from Member State A sends goods of value of 200 € to a company Y in Member State B for processing. Company Y receives 20 € for work carried out. The final products are sold by company X to a company Z in Member State B for 250 €. The processed goods are delivered from company Y directly to company Z, i.e. goods are sold in Member State B – the Member State of processing.



In this case, company X is obliged to register for VAT in Member State B and thus to report within the survey on intra-EU trade; company Y would report only if company X omitted to register for VAT in Member State B. The transaction is considered transfer of goods and thus as intra-EU supply from Member State A to Member State B and the subsequent sale as „domestic” supply of goods in Member State B. Company X does not transfer ownership of goods to the processor in Member State B; the processed goods do not return to the initial Member State of export.

5.5 Case 4:Return of unprocessed goods

Example: Company X sends goods of value of 200 € to a company Y in Member State B for processing. Company X owns the goods. Company Y receives 50 € for the work carried out. Half of the goods undergo processing while the other half return to company X unprocessed.

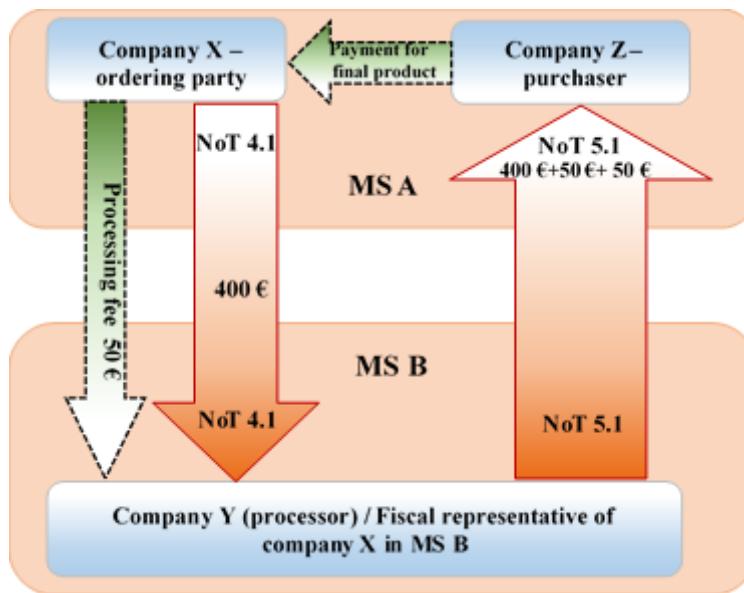


5.6 Case 5: Processing with subsequent sale in the Member State of export

Example: A company X from Member State A sends goods of value of 400 € to a company Y in Member State B for processing. Company Y receives 50 € for the work carried out. The final products are sold to a company Z in Member State A for 500 €. The processed goods are delivered from company Y directly to company Z, i.e. the goods return after the processing to the initial Member State of export.

Even in this case, company X is obliged to register for VAT in Member State B as the goods do not return to that company. Company Y would report only if company X omitted to register for VAT in Member State B. The transaction is considered transfer of goods and thus as intra-EU supply from Member State B.

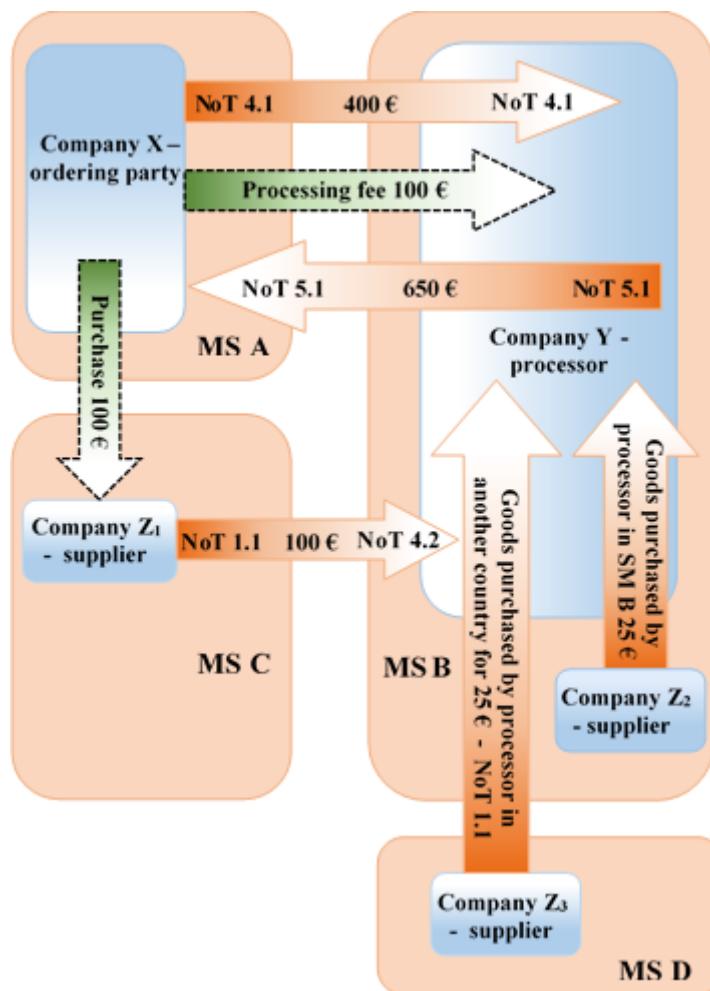
Delivery of goods to company Z is considered intra-EU acquisition in Member State A from Member State B. Therefore, company Z is obliged to report the transaction for the survey on intra-EU trade. Company Z receives a foreign invoice with the VAT ID number of company X issued in Member State B.



It may be difficult to report codes 4.1 and 4.2 correctly, as at the time the exact destination of the goods after processing might not be known. Also, the final products might have several different destinations. Part of the goods might return to the initial country of export, be moved to other countries, or be sold in the processing country. Similar problems might arise at the time of export after processing (code 5.1 and 5.2), whenever the final product consists of materials coming from several countries. Therefore, reporting units in the survey on intra-EU trade should make suitable estimations to determine the proper NoT codes according to the share of the different country sources and destinations. If in exceptional cases such estimation is not possible, the application of code 4.2 and 5.2 is preferred.

5.7 Case 6: Processing under contract with several suppliers

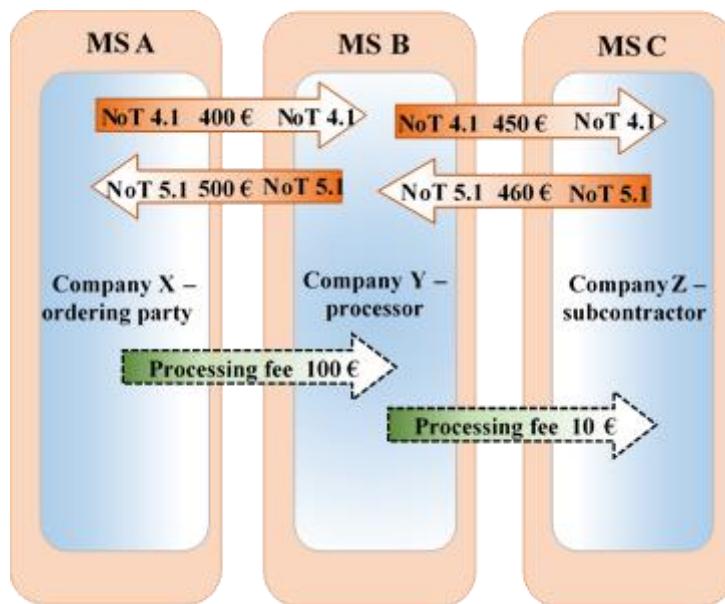
Example: Company X from Member State A sends goods of value of 400 € to company Y in Member State B for processing. There are additional goods of value of 100 € purchased by company X from a company Z₁ and delivered directly to company Y to be used during the processing. Company Y purchases goods of value of 25 € in the domestic market and of value of 25 € in another country (Member State D). The processed goods are delivered back to company X directly from company Y. Therefore, goods return after the processing to the initial country of export.



5.8 Case 7: Processing under contract with subsequent sub-contracting

Example: Company X from Member State A sends goods of value of 400 € to company Y in Member State B for processing. Company X is the owner of the goods. Company Y receives 100 € for the work carried out. Company Y subcontracts company Z for an intermediate processing in Member State C. The fee for the subcontracted processing is 10 € which is paid by company Y to company Z. When the goods leave Member State B, their value has increased by 50 €, i.e. it includes the value of processing already carried out by company Y. When the goods return to Member State B after intermediate processing in Member State C, the processing continues. Subsequently, company Y delivers the final products to company X.

Company X does not transfer ownership of goods to processing company Y in Member State B. As company Y is not the owner of the semi-processed goods, it cannot transfer their ownership to company Z – the subcontractor in Member State C. Both processors Y and Z process the goods under contract. Intermediate processing in Member State C do not finalise the initial processing started in Member State B.



5.9 Case 8: Processing under contract in several countries arranged by ordering party

Example: Company X from Member State A sends goods of value of 400 € to company Y in Member State B for processing. Company X is the owner of the goods. Company Y receives 100 € for the work carried out. Company X also subcontracts an intermediate processing in Member State C. The fee for the intermediate processing is 10 € paid by company X to company Z. When the goods leave Member State B, their value has increased, i.e. it includes the value of processing carried out by the company Y. When the goods return to Member State B after the intermediate processing in Member State C, the processing continues in Member State B. Subsequently, company Y delivers the final products to company X. Company X does not transfer ownership of goods to company Y and Z.

