

INTRASTAT GUIDE FOR GRAIN DISPATCHES

Updated April 2016

This guide has been produced by AHDB Cereals & Oilseeds, with the guidance and support of HM Revenue and Customs, to assist companies in completing the statutory requirements for Intrastat grain dispatches.

All UK VAT registered companies are required by law to complete Intrastat declarations if their trade with other EU Member States exceeds an annual value threshold. This document outlines your responsibility

UK Intrastat Declarations for Grain Dispatches

This guidance only refers to dispatches (sales) of grain from UK VAT registered companies to companies registered for VAT in other Member States of the European Union which involve a 'string' sale.

Intrastat reporting of grain sales between EU Member States has often presented problems to those involved, particularly in deciding who is responsible for reporting the final movement from the UK and which is the destination country of the grain. AHDB Cereals & Oilseeds, HM Revenue and Customs (HMRC) and the trade have produced this guide to aid those involved in the sale of grain to other EU member states. This guide is also available to download at cereals.ahdb.org.uk.

N.B. Although Intrastat is a common system throughout the EU, this guidance is only applicable in the UK.

If you require guidance on the reporting of Intrastat arrivals (purchases) of grain, please refer to our guide 'Intrastat Guide for Grain Arrivals'.



Why do I have to do Intrastat returns?

All UK VAT registered businesses must complete boxes 8 and/or 9 on their VAT returns showing the total value of any goods supplied to other EU countries (dispatches) and the total value of any goods acquired from other EU countries (arrivals). This information has to be supplied each month on a supplementary declaration (SD) when the value of a business's EU trade in dispatches and/or arrivals exceeds the legal threshold. The current thresholds can be found in the Intrastat General Guide (Notice 60) which is available at www.gov.uk. The requirement to report Intrastat data is compulsory and is detailed in EU regulations 638/2004 and 1982/2004. The main details of these regulations and other advice are published in Notice 60.

Note: Intrastat is only applicable to trade between the 28 EU Member States, not goods traded to or from non-EU countries. Details of EU Member States and their associated territories are shown in the Intrastat General Guide (Notice 60).



When should Intrastat declarations be filled in?

EU legislation allows the Intrastat reference period (that is the month during which the transaction is deemed to have occurred) to be either the date on which the goods actually arrive in or leave the UK or the VAT tax point. Businesses may decide which method will best enable them to meet the accuracy and timeliness requirements of the Intrastat system. Whichever method is used, the data must be reported to HMRC by the end of the month following the reference period (it is recommended that only one method is used, for consistency) and it is mandatory to declare arrivals on a monthly basis, irrespective of when the goods may be sold on or used for processing.

Although 'nil returns' are not a legal requirement, unnecessary contact from HMRC can be avoided by submitting them for any month in which you do not have intra-EU trade.



Who is responsible for completing the Intrastat return?

This has been the principal area of confusion in grain sales and the intention of this guidance is to clarify where the responsibility for reporting intra-EU sales lies. The explanations and examples below are intended to make your Intrastat responsibilities clearer but you should **never** assume that reporting Intrastat data is **not** your responsibility; it is your legal obligation to check. The party responsible for completing the SD is **the last UK VAT registered seller of the goods before physical shipment to an EU Member State**. This may or may not be a UK company, since non-UK companies may be registered for VAT in the UK.

To discover whether or not you are liable for completing the SD, you need the following information (all of which should appear on a commercial invoice):


- 1) **Confirmation that the goods have been shipped and Bill of Lading tonnage.**
- 2) **Destination of goods. (Note: For statistical purposes, the UK includes Northern Ireland, the Channel Islands and the Isle of Man and no report is therefore needed for goods dispatched to these areas).**
- 3) **The VAT number of your buyer in another EU Member State.**

Using this information, you can then make the decision as to your responsibility, illustrated in the following examples. In all cases it is assumed that the grain has been shipped and the bill of lading tonnage is known and that payment is Cash Against Documents. If any change is made to payment clauses, then it is the responsibility of the companies in the string to gain all the information as above.



Practical Examples

Key for the following examples:

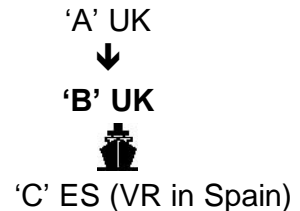
VR = VAT registered	UK = United Kingdom	ES = Spain
B/L = Bill of Lading	PT = Portugal	IE = Ireland
ESL = EC Sales List	DE = Germany	NI = Northern Ireland
↓ = Sells to	FR = France	
 = Shipped to		

All traders in these examples are considered to be registered for VAT.

For simplicity, companies involved in the 'string' are designated 'A', 'B', 'C' etc. Thus 'B' FR (VR in France) indicates a French company registered for VAT in France, 'C' ES (VR in Spain) a company registered for VAT in Spain etc. Whereas 'B' FR (VR in the UK) indicates a French company registered for VAT in the United Kingdom.

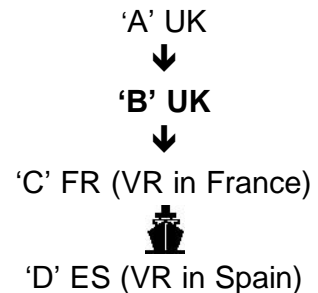
Example 1

Company 'B' is responsible for reporting the dispatch using B/L tonnage; partner country ES, (trader 'C'). UK fiscal transaction (invoice/ESL) is also between companies 'B' and 'C'.



Example 2

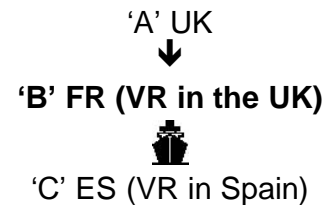
Company 'B' is responsible for reporting the dispatch using B/L tonnage; partner country ES (trader 'D'). UK fiscal transaction (invoice/ESL) is between companies 'B' and 'C'.



Company 'B' is responsible for the Intrastat report as they are the last UK VAT registered company involved in the 'string'.

Example 3

Company 'B' is responsible for reporting the dispatch using B/L tonnage; partner country ES (trader 'C') and also the UK fiscal transaction

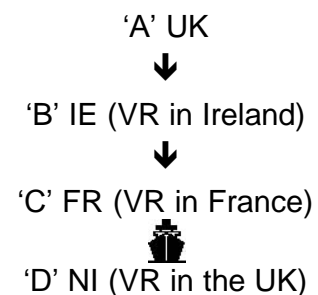


Because the French company is registered for VAT in the UK, it is responsible for both the Intrastat and fiscal requirements.

This is an example of where 'double counting' may occur if both company 'A' and 'B' report the dispatch and illustrates the importance of checking the VAT number of the business buying the grain. **Never assume that an apparently non-UK company is not registered for VAT in the UK. It is the seller's responsibility to check for each transaction.** (Companies can be registered for VAT in several EU Member States and choose to use different VAT numbers at their discretion.)

Example 4

There is **no** Intrastat liability in this transaction as the goods have not left the UK.

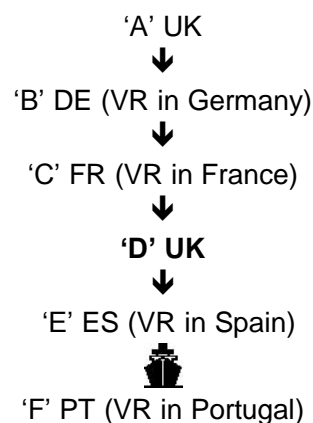


The last UK VAT registered company must again establish the destination of the grain. In this transaction, the Northern Ireland company (a UK VAT registered company) would assume responsibility for any further sale/shipment outside the UK which might occur in this string.

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Example 5

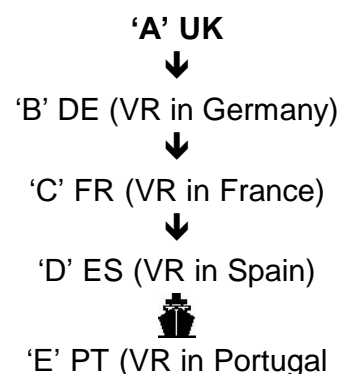
Company 'D' is responsible for reporting the dispatch using B/L tonnage; partner country PT (trader 'F'). UK fiscal transaction (invoice/ESL) is between companies 'D' and 'E'.



This example illustrates the difficulty of keeping track of a string sale. The first UK company may have thought that it was their liability to report the Intrastat movement but the German buyer did not ship the goods out of the UK and a second UK company joined the string, assuming responsibility for the Intrastat at that stage. **The need to keep track of a string sale is imperative if non-report or double counting are to be avoided.**

Example 6

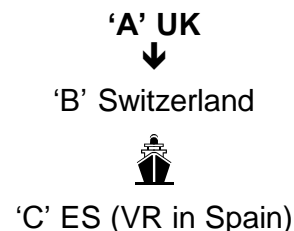
Company 'A' is responsible for reporting the dispatch using B/L tonnage; partner country PT (trader 'E'). UK fiscal transaction (invoice/ESL) is between companies 'A' and 'B'.



The solution here is similar to that illustrated in Example 5 but in this case the **first** seller (Company 'A') is responsible. This example also illustrates the difficulty and importance of keeping track of a string sale.

Example 7

Company 'A' is responsible for reporting the dispatch using B/L tonnage; partner country ES (trader 'C'). UK fiscal transaction (invoice) is between companies 'A' and 'B'.



Company 'A' is responsible for the Intrastat report as the 'physical' movement of the goods is between the UK and Spain. The fiscal transaction is between the UK company ('A') and a non-EU company ('B') so not reported on an ESL. For VAT purposes, the transaction is counted as a direct export from the UK to a non-EU country (Switzerland), thus, the appropriate boxes for such a transaction need to be filled in (ie, NOT a sale to another EU country but a direct export). For more information on your VAT return in this scenario we recommend that you contact HMRC (VAT Helpline: 0300 200 3700) to ensure you report the fiscal transaction correctly for VAT declaration purposes. HMRC Notices 700 and 703, available on the HMRC website (www.hmrc.gov.uk) also give information on VAT returns, including for zero-rated products such as grain.



In Conclusion - always check the shipping documents on all onward sales you are involved with, noting final destination on the bill of lading and the tonnage. You will need to know your buyer's VAT details (for EC Sales List) and the final shipper's company details of the cargo AND FILE THESE DETAILS ON RECORD for Intrastat. Your VAT/Intrastat audit will expect to see them as evidence that the goods have left the UK and which EU Member State was the partner country. Intrastat SDs must be submitted every month for which you have intra-EU trade. Failure to submit SDs or to submit SDs with incorrect information may result in your company being given a financial penalty or even being prosecuted in court.

Never assume that the liability to make an Intrastat declaration rests elsewhere. Always check to see if you are the last UK VAT registered company in the sale string before the grain leaves the UK for another EU Member State. If you are, the responsibility for making the Intrastat declaration is yours. By ensuring that you meet your Intrastat obligations, you contribute to the accuracy of the published trade figures for grain.



Finally... remember:-

- 1) Enter the Bill of lading tonnage correctly – check your figures and enter the requested information in net kilograms to the nearest whole kilogram above. Do not enter any decimal places.
- 2) Never assume the destination of the grain. Always ensure you have the appropriate partner country information from the bill of lading. Do not assume that the nationality of the company to which the goods are sold is the same as the final destination of the goods.
- 3) Any changes to the Bill of Lading (eg quantity, value or destination) must be agreed with all parties in the ‘string’.
- 4) Always check the VAT registration your buyer has chosen to use for each transaction, it may be a registration from a Member State outside the UK.

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Contact Details

For general enquiries, please email uktradeinfo@hmrc.gsi.gov.uk putting ‘Grain Sales’ in the subject box.

Alternatively contact:

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