

Based on feedback from traders (providers of statistical information and agents), the most uncertainties regarding the modernised Intrastat System for 2022 refer to determining the correct country of origin for the **trade flow DISPATCHES**. Therefore, the following text provides detailed explanations.

## **1. Country of origin for DISPATCHES**

**The country of origin** is the country in which the goods are wholly produced (**country of origin = country of production**) OR **the country in which the last substantial, economically justified processing or transformation took place**, which resulted in the production of a new product or is considered to be a substantial production stage.

In general, the origin of the goods can be changed only by processing or transformation. Any other procedure (e.g. sale/purchase, return of goods, etc.) will not change the origin of goods. Moreover, the duration of use of the commodity does not change its origin, even when its tariff number has changed (e.g., used cars). This is the reason why it is possible for a non-EU country Geonomenclature code to appear in the Intrastat report and it is also allowed to use the codes QW/QV prescribed by the Geonomenclature.

For **processing**, the country of origin is the one in which the last substantial transformation of goods took place. The goods in the production of which several countries participated are considered to originate from the country in which it was subjected to the last substantial, economically justified processing/transformation, which resulted in the production of a new product or is considered to be a substantial production stage. In this context, the information on **the change of the tariff number** will help you the most – if the goods/raw materials/semi-finished products are processed in the Republic of Croatia and a new product is created, which is classified in the new Combined Nomenclature code (there is a change in the tariff number), the code “HR” can be entered as the country of origin.

For the purposes of the Intrastat statistical survey, the field "Country of origin" requires only **information on the origin of goods, regardless of the exercise of the right to apply the preferential customs duty**. The right to apply the preferential customs duty is exercised at the moment of “releasing” the goods in free circulation or subsequently. The legal basis for such actions is the following:

- protocols of origin between EU and certain countries or territories outside the customs territory of the EU or groups of such countries or territories (table of contracts)
- autonomous measures adopted unilaterally by the EU in respect of certain countries or territories outside the customs territory of the EU, or groups of such countries or territories
- customs union agreements concluded by the EU with certain countries.

**The preferential customs duty is important for customs procedure, but not for Intrastat.**

**“EU” code is not allowed in the Intrastat form!** Since Intrastat monitors the movement of EU goods between EU Member States, when the "EU" code is entered in the "Country of origin" field, the field in question loses its purpose. The "EU" code is entered in customs declarations and is allowed in trade in goods with third countries. However, as Intrastat covers trade in goods within the EU, it is therefore necessary to enter the precise country of production in the Intrastat form, that is, the country in which the last substantial transformation of goods took place.