

## **Detailed description of the new Nature of Transaction codes introduced in 2022**

### **11 Transactions involving an actual change of ownership with financial compensation consisting of a direct sale/purchase, excluding direct trade to/from private consumers**

#### ***Explanatory notes:***

1. This code covers most direct transactions involving the export of goods where ownership of the goods passes from one person to another and is linked to the making of payment or other compensation for the goods supplied, except for barter trade (goods-for-goods barter), which falls under transaction nature code '34', and transactions covered by code '33', which are instalment sales where the change of ownership of the goods takes place after the instalments have been paid (financial leasing). The transaction nature code '11' is also not used for transactions for which the code '71' and '72' is used (import of goods from a non-EU country or export of goods to a non-EU country unless they are placed under the free circulation or export customs procedure in Malta).

2. For the designation of a transaction with code "11" it is not decisive on what date the payment for the goods is made, this includes both transactions with payment made in advance and with deferred payment.

3. The nature of transaction code '11' also includes transactions where the country of destination is different from the country in which the reporting agent's trading partner (the intermediary of the trade) has been allocated a VAT number marked on the relevant VAT document (e.g. invoice). The transaction nature code '11' therefore refers to an export of goods where the buyer of the goods requests from the domestic supplier that the consignment of goods be transported to a country other than the country whose VAT number the seller has entered on the VAT document. For example, if goods purchased by an Italian company (with a VAT number allocated in Italy) are delivered from Malta to France directly, rather than to Italy, at the request of the Italian company.

4. The transaction nature code '11' is also used to indicate commercial transactions where the country of dispatch is different from the country in which the reporting agent's trading partner (the intermediary of the trade) has been allocated the VAT number indicated on the relevant VAT document (e.g. invoice). The transaction nature code '11' therefore refers to imports of goods in which the seller of the goods includes his VAT number assigned in a different country than the one from which the goods were directly transported to Malta on the VAT invoice. For example, if goods purchased from a German company (with a VAT number assigned in Germany) are delivered to Malta from Spain.

### **12 Transactions involving an actual change of ownership with financial compensation consisting of direct trade to/from private consumers (including distance selling)**

#### ***Explanation:***

1. Code "12" refers to sales to persons who purchase goods in Malta with their proven export from Malta to another Member State, where such purchases are made by persons who are not registered for VAT in Malta or in another Member State, and therefore the goods are sold to them as non-taxpayers of VAT without VAT exemption on delivery to another Member State (**with domestic VAT not included in the invoice value reported to Intrastat**).

2. Code '12' is used to indicate purchases of goods with proven importation from another Member State if they were purchased by the reporting unit from a person who is apparently not registered for VAT in Malta or in another Member State, because the goods in question were purchased without a proper VAT tax document, which probably did not allow the seller to claim VAT exemption on delivery of the goods to Malta.

***Notes to codes 11 and 12 above:***

(a) The codes refer to transactions in goods where ownership of the goods changes between a person established in Malta and a person who is neither established nor registered for VAT in Malta. Payment or other consideration will be or is made for the goods which are the subject of these transactions. This includes supplies of goods which are deemed to be sold or purchased between persons registered for VAT in different EU countries and persons not registered for VAT.

**21 Return of goods whose previous export or import is identified by a transaction nature code beginning with '1' or '3'**

***Explanatory notes:***

1. Code '21' is used to indicate any re-export or import of goods (return) preceded by an export or import reported to Intrastat with transaction nature code 11, 12, 31, 32, 33 or 34, for whatever reason, most often in the context of a claim for defective performance of a sales contract.
2. However, the transaction code '21' cannot be used for the re-export of goods which have undergone some processing or treatment in Malta or whose return is not directly commercially related to their previous importation reported to Intrastat with a transaction nature code starting with '1' or '3'.

**22 Free replacement of returned goods whose previous export or import is identified by a transaction nature code starting with '1' or '3'**

***Explanatory notes:***

1. Expresses the free export or import of goods by way of substitution for goods whose export or import has been reported to Intrastat with transaction nature code 11, 12, 31, 32, 33 or 34 and has been or will be returned in the context of a given commercial operation with transaction nature code '21'.
2. Where transaction nature code '22' is used, it must be the delivery of replacement goods of the same design and quality as the goods being replaced and returned. If goods of a completely different type and design were exported or imported as replacement goods (for example, the seller would send irons as replacement goods for a returned washing machine), they would not be reported to Intrastat with transaction nature code '22' but with a code starting with '1' or '3'.

**23 Free replacement of unreturned goods (e.g. on return) whose previous export or import is identified by a transaction nature code starting with '1' or '3'**

***Explanatory notes:***

1. The conditions for the use of code '23' are similar to those for code '22', the difference being the return of the goods for which the refund is granted.

Code '23' indicates the free export or importation of goods by way of substitution for goods whose export or importation has been reported to Intrastat with transaction nature code 11, 12, 31, 32, 33 or 34 and is not returned under the given commercial operation with transaction nature code '21'.

3. Even if the nature of transaction code '23' is used, it must be a shipment of replacement goods of the same design and quality as the goods being replaced. If goods of a completely different type and design were exported or imported as replacement goods (for example, for a faulty washing machine found to be defective in a complaint but not returned, the seller would send irons as replacement goods), the export or import of irons would not be reported to Intrastat with transaction code '23' but with a code starting with '1' or '3'.

**Note on codes 21 to 23 above:**

For the return or replacement of goods whose previous export or import is not identified by a transaction code beginning with number 1 or 3 and is not a processing under contract (transaction nature codes beginning with '4' and '5') or transaction nature codes '71' and '72', the same code as for the original transaction beginning with either of numbers 8 and 9 shall be used.

**31 Transactions involving movements to/from a warehouse (excluding call-off and consignment stock)**

***Explanatory notes:***

1. Code '31' is used for transactions in which the export or import of goods is not directly linked to a change of ownership and the goods are delivered as a transfer of own property by one and the same person without any compensation. These transactions can also be described as sending goods to oneself from Malta to another Member State or from another Member State to Malta. The reporting agent in such cases is usually a person who has been allocated a VAT number in Malta and in another EU Member State (usually for the purpose of carrying out an economic activity or to secure it).

2. The nature of transaction code '31' includes transfers to/from a logistics warehouse which are considered intra-company transfers for VAT purposes.

**32 Transactions involving supply for sale on approval or after trial (including call-off and consignment stock)**

***Explanatory notes:***

1. This code covers transactions in which the transfer of ownership of the goods from one person to another is also linked to the export or import of the goods and the making of payment or other compensation for them, but the change of ownership of the goods does not take place directly. In these cases, the transfer of ownership of the goods is linked to a condition precedent, the fulfilment of which is only followed by the complete sale of the goods or it is agreed in advance that the actual sale of the goods will take place only after a certain period of time and the fulfilment of certain conditions.

2. The nature of the transaction code '32' therefore refers, for example, to supplies of goods subject to subsequent approval of their quality or the issue of a certificate of use, usually by an independent or governmental authority in the country of destination, for which the change of ownership of the goods and, in most cases, the compensation for such goods by the buyer only takes place after the conditions (approval or issue of the certificate) have been fulfilled.

3. At the same time, the nature of transaction code '32' is also used for deliveries of goods to a consignment warehouse, referred to as 'call-off stock', i.e. a warehouse where the goods placed remain in the ownership of their supplier (original owner) but are intended for subsequent sale to only one customer, who also declares the removal of the goods from the warehouse for VAT in the country of destination or in Malta.

4. The nature of transaction code "32" is also used for deliveries of goods to a consignment warehouse where the goods are imported or exported (moved) from or to another Member State by the owner of the goods himself, who is registered for VAT in Malta, and in the state of export or in the state of import, and in which the owner of the imported goods will subsequently sell them in Malta to a domestic buyer with a VAT document issued with his Maltese VAT number or will sell and deliver the exported goods in another Member State to a buyer from that state with a tax document issued with his VAT number assigned by the competent authorities of the state of destination.

### **33 Financial leasing**

#### ***Explanatory notes:***

1. Code '33' is intended to designate transactions where goods are exported or imported under the terms of an agreed finance lease or are sold or purchased on a pre-agreed instalment basis, usually on an instalment plan. In such transactions, the legal owner of the goods with full ownership rights to them becomes the buyer only after all instalments have been paid.

2. finance lease is a lease of goods in which the risks and rewards of ownership of the goods are transferred to the lessee, who becomes the owner of the goods at the end of the lease.

### **34 Transactions involving transfer of ownership without financial compensation**

#### ***Explanatory notes:***

1. Code '34' refers in particular to exports or imports of spare parts for goods and gifts or promotional items supplied free of charge.

2. Code '34' also covers barter trade where, in connection with the export or import of goods, the ownership of the goods changes, but it is agreed in advance that it is purely an exchange of one type of goods for another.

### **41 Transaction for processing under contract (does not include change of ownership) where the goods are to be returned to the original Member State of export/original country of export**

#### ***Explanatory notes:***

1. Transaction nature code "41" is used for all temporary export of goods from Malta for processing under contract (previously for passive refinement) with the expected return of these goods in the form of a processed product back to Malta.

2. Transaction nature code "41" is used for all temporary importation of goods into Malta for processing under contract (formerly for inward processing) with the assumption that these goods are returned in the form of a processed product to the EU Member State from which they were imported for processing.

## **42 Transactions for processing under contract (not involving change of ownership) where the goods are not to be returned to the original Member State of export/ original country of export**

### ***Explanatory note:***

1. Transaction nature code "42" is used for all temporary importation of goods into Malta for processing under contract (formerly for inward processing) with the assumption that these goods in the form of a processed product are not returned to the EU Member State from which they were imported into Malta for processing, but their export to another Member State is agreed, or export to a non-EU Member State, or their retention in Malta is assumed.
2. Transaction nature code "42" is used for all temporary export of goods from Malta for processing under a contract with the assumption that these goods in the form of a processed product are not returned to Malta, but are sold in another Member State (so-called processing en route).

### **Explanatory notes to codes 41 and 42 above:**

1. When a transaction is identified by the nature of transaction code '41' or '42', the owner of the goods temporarily exported or temporarily imported for processing under the contract cannot change.
2. Transaction nature codes '41' and '42' do not apply to the supply of goods for a processing operation where the processor acquires the goods into his possession in order to sell them after processing in the form of products processed under the contract (to be indicated by a transaction nature code beginning with '1'). For example, the purchase of buttons for use in sewing a dress under contract processing.
3. Transaction nature codes '41' or '42' cannot be used in cases where the reporting agent exports to or imports from its trading partner in another Member State a part of the goods for use in the production of goods which it subsequently buys or sells from or to the partner, where there is no change of ownership of the part of the goods temporarily exported or temporarily imported, nor is there a temporary export or import of that part of the goods for processing under the contract. This temporary exportation or importation of goods without a change of ownership and with the anticipated re-importation or re-exportation in the form of a purchased product in the manufacture of which the temporarily exported or temporarily imported goods were used is identified by transaction code '99'.
4. Returns of goods which have been exported or imported for processing under contract under transaction nature code '41' or '42' (without transfer of ownership to the processor) and have not undergone any processing operation because, for example, they are not suitable for processing or have been abandoned for other reasons, shall be recorded under transaction nature code starting with '5'.

## **51 Transactions following processing under the contract (not including change of ownership) where the goods are returned to the original Member State of export/original country of export**

### ***Explanatory notes:***

1. Transaction nature code "51" is used for all re-imports of goods into Malta after their temporary export from Malta for processing under the contract (previously for passive refinement). Code "51" is thus used to denote goods re-imported into Malta in the form of a processed product.
2. Transaction nature code "51" is also used for re-exports of goods from the domestic territory after their temporary importation into Malta for processing under the contract (formerly for active

refinement), if the goods in the form of a processed product are returned to the Member State from which the goods were temporarily imported for the processing in question. This means that the processed product is exported to the State of destination, which is identical to the State of dispatch entered in Intrastat when the goods were imported for processing. For example, a dress sewn in Malta under contract processing is returned to Slovakia from which the fabric was imported to make it.

3. Transaction nature code "51" is also entered in the Statement when goods are re-imported into Malta after processing under a contract in cases where the goods have been exported to a country other than the one from which they are being returned to Malta. For example, in the case of the return of goods which have been exported to Austria for processing and are returned to Malta from Germany in the form of a processed product because their initial processing took place first in Austria, from where they were exported directly to Germany for the next stage of processing.

**52 Transactions following processing under the contract (does not include change of ownership) where the goods are not returned to the original Member State of export/original country of export**

***Explanatory notes:***

1. Thus, the transaction nature code "52" is used for re-exports of goods from Malta after their temporary importation into Malta for processing under the contract (formerly for active refinement), if the goods in the form of a processed product are not returned to the Member State from which they were temporarily imported for processing, but are exported to another Member State. This means that the processed product is exported to a country of destination which is not the same as the country of dispatch indicated in the Intrastat declaration with the import data of the goods in question for processing. For example, a dress made in Malta under contract from fabric imported from Italy is exported to Germany.

**Explanatory notes to codes 51 and 52 above:**

1. Transaction nature codes '51' and '52' are also used for the export of replacement goods for goods originally exported after processing under the contract (for example, the export of replacement goods for goods which have been processed incorrectly).

2. The transaction nature codes '51' and '52' do not apply to the export of goods after such a processing operation where the processor has acquired the goods in his possession in order to sell them in the form of processed products after processing. These are cases where the processor has not refined the goods sent by the customer for processing under the contract, but has himself purchased the goods for processing and subsequent sale. Such transactions are identified in particular by a code beginning with the number '1'.

3. The transaction nature codes '51' and '52' shall not be used even in the case of the export of parts or components of goods which are supplied by their owner to a person from whom he subsequently purchases the goods in the manufacture of which he requires the use of those parts or components. In such cases, the transaction should be identified in the Statement by the transaction nature code '99'.

4. Residues and waste from processing under contract exported back (returned) to the customer for such processing shall be identified, in the same way as the processed products, by the transaction code '51' or '52'.

5. Returns of goods exported or imported after processing under contract under the transaction nature code '51' or '52' (without transfer of ownership to the processor), for example because of a claim for incorrect processing, shall be recorded under the transaction nature code beginning with '4'.

**Notes to codes 41 to 52:**

Contract processing involves operations (conversion, construction, assembly, improvement, refurbishment) to produce a new or genuinely improved product. This does not necessarily imply a change of the product code in the Combined Nomenclature. It does not include the repair and maintenance of goods or the temporary supply of goods for the purpose of assembly, packaging, sorting, inspection and similar simple operations.

**71 Transactions involving the release of goods for free circulation in a Member State with a subsequent export to another Member State**

***Explanatory notes:***

1. The nature of transaction code "71" is used to report to Intrastat the import of goods into Malta which are imported from a so-called non-EU third country, purchased or otherwise taken directly by the reporting unit, and their release for free circulation is not decided by the customs authorities in Malta because they have already been released by the customs authorities in another Member State after entering the EU territory prior to importation into Malta, when they already had the status of Union goods.

2. If, for whatever reasons, goods imported into Malta from a non-EU country are returned and the import of such goods was reported to Intrastat with the transaction nature code "71" (they were released for free circulation by the customs authorities in another EU Member State before their import into Malta), they shall be reported in the Intrastat statement on re-export of goods from Malta with the transaction nature code "99". However, only if the goods in question have been or will be released for re-export by the customs authorities in another EU Member State after their export from Malta.

3. However, goods imported directly from a third country and released for free circulation by customs authorities in another Member State before importation into Malta shall be reported in the Intrastat returns with a transaction nature code starting with '1' if they are purchased by the reporting agent from a trading partner from another Member State. A person from a third country who has been allocated a VAT number in another Member State and provides it to the reporting agent in the tax document when purchasing goods from another Member State is also considered to be a trading partner from another Member State.

**72 Transportation of goods from one Member State to another Member State to place the goods under the export procedure**

***Explanatory notes:***

1. The nature of transaction code '72' is used to report to Intrastat exports of goods from Malta which are sold to a so-called third country or supplied directly by the reporting unit for other reasons and their release under the export customs procedure or under a special procedure is not decided by the customs authorities in Malta but by the customs authorities of another Member State on the way to exit the EU.

2. Transaction nature code '99' shall be used in case of reporting data on re-imported goods which have been reported to Intrastat with transaction nature code '72' at export, transported outside the EU (crossed the external border of the EU) and upon re-importation have been released for free circulation by the customs authorities in another EU Member State before their re-importation into Malta.

3. The sale of goods to a person from another Member State who is placed under the customs export procedure or under a special customs procedure by the customs authorities in another Member State, even if the goods are directly addressed by the reporting agent outside the EU, shall be reported in the Intrastat returns with a code for the nature of the transaction starting with the number '1'. A person from a third country who has been allocated a VAT number in another Member State, which the reporting agent enters on the tax document when supplying goods to another Member State with VAT exemption, should also be considered as a trading partner from another Member State.

**Notes to codes 71 to 72:**

In Malta these codes should be used very sparingly and in very special cases as described above.

**80 Transactions involving the supply of building materials and technical equipment for civil and structural engineering works under a general supply contract which do not require invoicing for individual items of the contract but for the contract as a whole**

***Explanatory notes:***

1. Code '80' is used for transactions in which whole or parts of capital works, process lines and other parts of general construction or engineering contracts are sold or purchased to another Member State, where they are not invoiced separately by individual consignments of goods but for which a single summary invoice is issued for the total value of the work or even several summary invoices, for example, by individual stages of delivery of goods.

2. Where such goods would not be invoiced in aggregate and the value of the individual consignments and the goods therein would be known to the supplier (seller) or the customer (buyer), they must use a transaction nature code starting with '1' when reporting to Intrastat.

3. When this code is used, zero may be entered in the Statement instead of the invoice value and the aggregate value in relation to the summary invoice issued may be entered for any sub-item of the goods exported in the transaction.

4. Goods which have been imported or exported with transaction nature code 80 and which are returned shall again be entered under transaction nature code 80. Goods which are sent in exchange for goods entered under transaction nature code 80 shall again be entered under transaction nature code 80.

**Note on code 80:**

Includes only goods which are not separately invoiced but for which the full value of the delivery is invoiced on one or more summary invoices only. If this is not the case, transactions must be identified by a code starting with the number '1'.



## **91 Other transactions involving renting, lending and operating leasing with a duration exceeding 24 months**

### ***Explanatory notes:***

1. The nature of the transaction code '91' is used to report to Intrastat, in particular, exports or imports of goods for the purpose of so-called operating (operating) leasing (rental) or storage, but also for other temporary uses where the ownership of the temporarily exported or imported goods does not change and the agreed (expected) period for the return of the goods is longer than two years.
2. Operational (operating) lease means a lease of goods where it is assumed that at the end of the lease the lessee does not become the owner of the leased goods but returns them to the lessor.
3. The nature of transaction code '91' is also used in Intrastat to report cases where the goods are lent free of charge or stored free of charge.

## **99 Other transactions that cannot be identified by one of the above codes**

### ***Explanatory notes:***

1. The transaction nature code "99" shall be used, for example, for the return of goods imported from a non-EU Member State, if these goods were released for free circulation by the customs authorities in Malta on importation and were or are to be released for re-exportation by the customs authorities in a Member State other than Malta after exportation from Malta.
2. Transaction nature code '99' shall also be used for the return of goods exported to a non-EU country where the goods have been released for free circulation by the customs authorities in Malta on exportation and have been released for free circulation on re-importation by the customs authorities in a Member State other than Malta prior to their importation into the country.
3. If, for any reason, goods imported into Malta from a non-EU Member State are returned and the import of such goods was reported to Intrastat with the transaction nature code "71" (they were released for free circulation by the customs authorities in another EU Member State prior to their import into Malta), they shall be reported with the transaction nature code "99" in the Intrastat statement on re-export of goods from Malta. However, only if the goods in question have been or will be released for re-export by the customs authorities in another EU Member State after their export from Malta.
4. Transaction nature code '99' shall be used in case of reporting data on re-imported goods which have been reported to Intrastat with transaction nature code '72' at the time of export, transported outside the EU (crossed the external border of the EU) and upon re-importation have been released for free circulation by the customs authorities in another EU Member State before their re-importation into Malta.
5. The nature of the transaction code "99" is also used to report to Intrastat, for example, the return of goods due to agreed disposal at the end of their useful life or their further use.
6. Transaction nature code '99' is used to report data on exported or imported parts and components of a product which are supplied by their owner to the person from whom he subsequently purchases the goods (product) in the manufacture of which he requires the use of these parts or components. Parts and components exported or imported in this way for use in the manufacture of a product which the owner subsequently purchases from the product processor do not change ownership and are no longer reported to Intrastat when the final product is imported, nor is their value reflected in the invoice

value of this purchased final product, reported with a transaction code starting with '1'. Unlike supplies of goods under contract processing, which are reported with transaction nature codes starting with 4 and 5 and are declared for VAT as supplies or receipt of services, code '99' is used in this case for such transactions where the manufactured product sold is declared for VAT as a supply or acquisition of goods.

**Explanatory notes to codes 91 and 99:**

Where the original export or import of goods has been reported under the nature of transaction codes 91 and 99, the same code shall be used for their re-importation or re-exportation and the provision of substitute goods in their place.