ADMINISTRATIVE DATA AND REGIONAL STATISTICS ON ENTERPRISES

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1. Abstract

As a result of a programme set up by the Portuguese government with the purpose of simplifying and modernizing the public administration, a number of public entities, including Statistics Portugal took part in the creation of a system – Simplified Business Information (IES), that made possible for Portuguese companies fulfil their legal obligations.

In this system, all companies that operate in Portugal submit by electronic format a wide range of economic and financial information that is shared by all the partners. This administrative data source includes specific information, requested by Statistics Portugal, on local units and on activities. This kind of information is used to produce statistics at a regional level, in the context of official business statistics in Portugal.

With the access to this administrative data source, Statistics Portugal reengineered the Integrated Business Accounts System (SCIE). This integrated system has access to the information at the company level and includes information on activities (principal and secondary). These activities can be developed in local units located both inside and outside the country.

Besides promoting the full integration of several business statistics domains, this integrated system is a powerful tool in order to increase quality, namely improving the production of statistics by local unit.

The constitution of the local units' universe is based on three main sources of information: The Simplified Business Information (IES), namely the specific annexes for local units; the Business Register (FUE) that integrates information at local units' level and is updated by a wide range of sources, including IES; and finally, the information from Ministry of Solidarity, Employment and Social Security (MTSSS), which also includes information at a local units' level.

The development of Regional Business Statistics was done in collaboration with the Unit for Coordination of Territorial Statistics, and it provides users with information about the structure, performance and development at a regional level, namely information on the number of local units, persons employed, wages and salaries, and investments. Furthermore, derived variables, such as turnover, intermediate consumption, production value and gross value added at a regional level, play an important role in monitoring the results of the Portugal 2020 programme.

2. Introduction

One of the main purposes of this article is to discuss the importance of the Simplified Business Information (IES), not only for the Integrated Business Accounts System (SCIE), but also for the regional statistics on enterprises. It is also presented the main advantages and changes in the SCIE and in the work developed by Statistics Portugal.

3. Simplified Business Information (IES)

The Simplified Business Information, also known as IES, consists in the delivery of the declarative obligations from the companies, by electronic means and in a totally dematerialised form. It integrates a set of forms (annexes) and it has not only information at the company level, but also at the local unit.

This system started in April 2007 with the Decree Law 8/2007, as a result of a programme set up by the Portuguese government, called Simplex Program, with the purpose of simplifying and modernizing the public administration.

The IES was only made possible with the involvement from the beginning of four public institutions: the Ministry of Finance, Statistics Portugal, the Ministry of Justice and the Bank of Portugal. In 2015, the Ministry of Economy joined this group of entities. The involvement of Statistics Portugal since the beginning of the creation of IES, allowed the integration of specific economic information, namely at local unit level – the annex R. This annex is explained in more detail in chapter 5.

IES meant for companies the simultaneous fulfilment of 4 legal obligations, by electronic format, reducing costs and statistical burden. For Statistics Portugal, the main advantages were the amount of information available and its accuracy. Moreover, the electronic collection of the data resulted in a lower time for accessing the information, from 12 months to 6.5 months.

The IES system uses a platform developed by the Ministry of Finance in 2000. The enterprise submits a form in order to fulfil its legal obligations. This electronic declaration has incorporated more than 2,000 validation rules and the form is considered submitted only when the rules are all validated. This process guarantees the quality of the information received by the institutions.

After the information is submitted through the Ministry of Finance platform, is then sent to the Ministry of Justice, who is considered the owner of this information. Finally, it is received by the other institutions, including Statistics Portugal, within a 48-hours delay.

Fig.1: Information route

The information is received on a daily basis and enterprises have to deliver information in 6.5 months after the closure of their fiscal year.

With the introduction of IES, Statistics Portugal has almost total coverage of the companies that operate in Portugal, since all of them have to deliver their fiscal, accounting and statistical information.

In table 1 we can see the number of forms submitted electronically up to June 2016.

Table 1: Number of forms submitted by year

Year	No. of forms submitted
2012	431,653
2013	421,460
2014	431,878
2015	449,096
2016*	147,281

Source: Ministry of Finance (updated in 08/07/2016)
*The deadline for submission is still ongoing

4. Integrated Business Accounts System (SCIE)

With open access to this administrative data source, Statistics Portugal reengineered the Integrated Business Accounts System (SCIE). The SCIE started to be the basis of all statistical production for Structural Business Statistics (SBS), and other related projects: Foreign Affiliates, Business Services, and others.

The SCIE is an integrated system that compares and analyses data from all sources related with business statistics, being the Simplified Business Information (IES) the most important one.

Comparisons are done with other sources of information in order to calculate the population of active enterprises that should be considered each year. The other sources are:

- Business Register (FUE): this source is a combination of several external and internal sources, including IES;
- Ministry of Finance: there is a protocol between Statistical Portugal to receive fiscal information about sole proprietors and independent workers;
- Ministry of Employment, Solidarity and Social Security (MTSSS): which also includes information on local units' level.

This system consists of a full integration of almost all business domains: Structural Business Statistics (SBS), Statistics of Inward Foreign Affiliates (IFATS), Business Demography (BD) and others. It also comprehends the compilation of financial activities.

Fig.2: Full integration of business statistics' domains
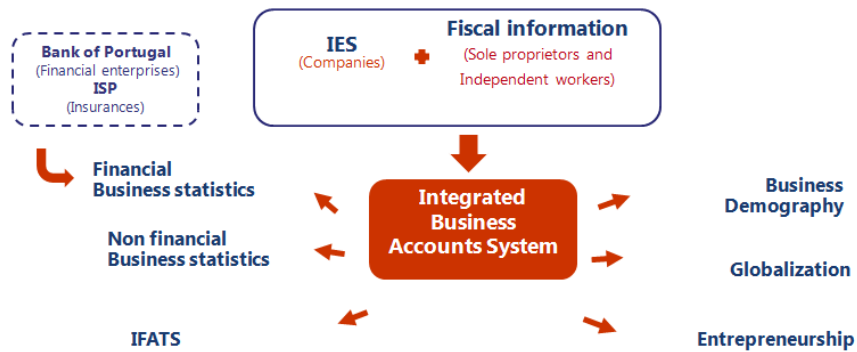
The introduction of IES in the SCIE resulted in several advantages. Apart from the main advantages presented in the previous chapter, in table 2 the main changes for SCIE after the introduction of the IES are stated.

Table 2: Sources of information, before and after IES

	Before IES (Surveys)	After IES
Units covered	50,000 (≈100%)	350,000 (≈100%)
Data collection	Paper format/ web surveys / manual / semi-automatized	Electronic means Fully automatized
Data availability	12 months	6.5 months
Number of variables	≈800	≈5000

Besides promoting the full integration of several business statistics domains, this integrated system is a powerful tool for increasing quality and the coverage of statistics, namely the ones produced at a local unit level.

5. Regional Business Statistics

The development of Regional Business Statistics was done in collaboration with the Unit for Coordination of Territorial Statistics. It provides users with information about the structure, performance and development at a regional level, for example: persons employed, wages and salaries, and investments.

Based on the universe of active enterprises from SCIE, it is necessary to identify the local units in each enterprise. For this purpose, we use information about local units, from the Simplified Business Information, namely from annex R.

We also use other sources, such as:

- the Business Register (FUE);
- the information from the Ministry of Solidarity, Employment and Social Security (MTSSS).

The Annex R from IES is mandatory for companies to deliver. It comprehends detailed information about local units, namely characterization and economic information. The goal of this annex is to obtain an annual accounting and economic information for each local unit that the company owns.

In table 3, we can see the values for the main economic variables by source of information.

In 2014, Portugal had around 1.13 million enterprises, in which 98% with one local unit. The remaining 2% had more than one local unit. This last group corresponds to about 73 thousand local units.

In total, 71 variables are available, in which 52 are characterization variables and the remaining 19 are economic ones. On this last group of variables, it is included derived variables such as: turnover, intermediate consumption, production value, and gross value added.

In terms of turnover, the 2% of enterprises with more than one local unit represents 46%.

As table 3 shows, in the regional business statistics, the group of enterprises with more than one local unit comes mainly from the IES.

Table 3: Some economic variables by source (2014)

	Source	Enterprises		Local Units		Persons Employed		Turnover	
		No.	%	No.	%	No.	%	10³ EUROS	%
One local unit	SCIE	1,105,830	100	1,105,830	100	2,501,923	100	171,331,228	100
	Subtotal	**1,105,830**	**98**	**1,105,830**	**94**	**2,501,923**	**73**	**171,331,228**	**54**
More than one local unit	IES	10,344	48	42,553	58	577,050	62	98,830,620	67
	Business Register (FUE)	3,363	16	8,272	11	98,541	11	14,370,792	10
	MTSSS	7,780	36	22,729	31	252,923	27	33,692,161	23
	Subtotal	**21,487**	**2**	**73,554**	**6**	**928,514**	**27**	**151,305,902**	**46**
	Total	**1,127,317**	**100**	**1,179,384**	**100**	**3,430,437**	**100**	**322,637,129**	**100**

Source: Statistics Portugal

If there is an enterprise with only one local unit the variables of the enterprise are the same variables of this local unit (the head office) of the enterprise. In the case the enterprise has more than one local unit; it is guaranteed that the sum of the values presented by the local units corresponds to the value of the enterprise.

Regional statistics responds to the Regulation no. 295/2008 of the European Parliament and of the Council of 11 March 2008. This regulation covers the information related to local units and a level of the regional breakdown of NUTS 2.

Additionally, Statistics Portugal produces regional business statistics at NUTS 3 level and more detailed, in order to meet other type of requests. This information is included in:

- − Regional Statistical Yearbook;
- − Regional Development Composite Index;
- − Study of Purchasing Power by Municipality.

In figure 3, it is presented the turnover by NUTS 3 in 2014. The difference between the two maps is the statistical unit – in the first it is considered the enterprise unit and in the second the local unit.

The production of both maps by NUTS 3 is different. While in the first one the breakdown is based on the company's headquarters location, in the second one the values are distributed by region considering the location of each local unit of the enterprise.

There are cases in which some enterprises have local units located outside Portugal. In these cases the values of turnover of these local units are not considered in the map where the unit is the establishment. This is also true for the other variables.

In both pictures, the metropolitan areas of Porto and Lisboa concentrate the higher values of turnover. However, there are some changes when it is considered the local unit, namely in the center region of Portugal (Aveiro, Coimbra and Serra da Estrela regions) and the south of Portugal (Alentejo Litoral, Alentejo Baixo and Algarve).

Fig.3: Turnover, NUTS 3, 2014
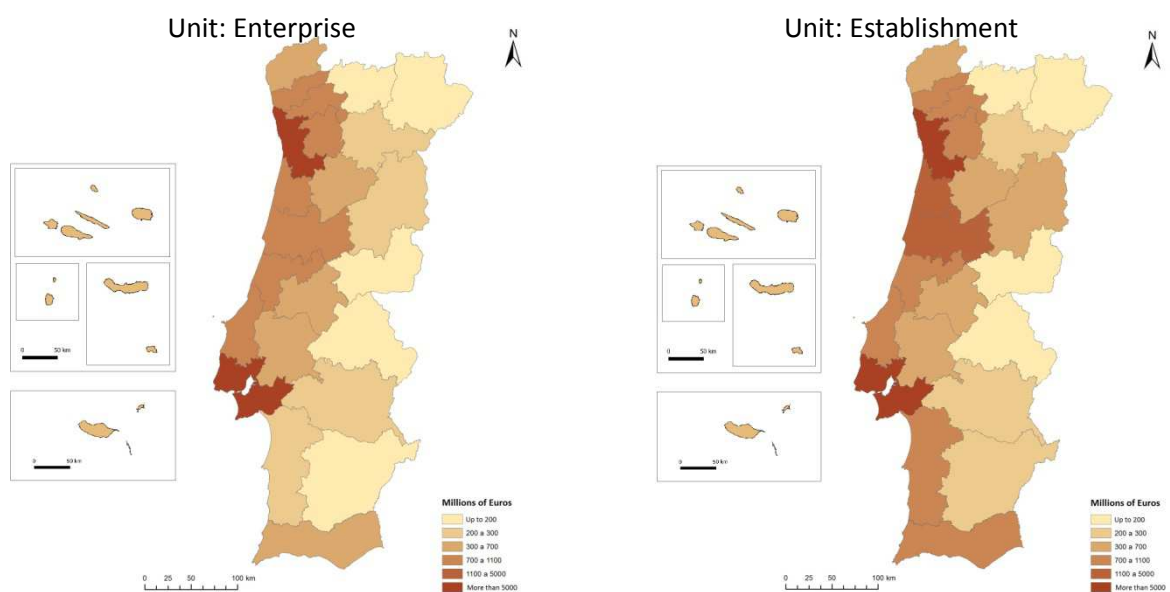
Source: Statistics Portugal

Another important aspect of regional business statistics is the evaluation of public policies, namely the Portugal 2020 (PT2020) program. This program is an agreement adopted between Portugal and European Commission (EC decision from 30.7.2014), which bring together five structural European funds and investment:

- European Regional Development Fund (ERDF);
- Cohesion Fund (CF);
- European Social Fund (ESF);
- European Agricultural Fund for Rural Development (EAFRD);
- European Maritime and Fisheries Fund (EMFF).

This agreement defines the planning of the economic development, social and territorial cohesion policies between 2014 and 2020.

6. Conclusions

With the growing focus on reducing compliance costs and increasing interest in local area information and policy analysis that requires a huge amount of data, the need for using administrative data is increasing.

It is a challenge and a responsibility for Statistics Portugal to produce regional statistics on enterprises using administrative data, since the data is used by governments not only to determine the access to funds and investments, but also to evaluate public policies.

7. Bibliography

Diário da República (2007). Simplified Business Information (IES). 17th January. Law no. 8/2007. Available here.

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