

Business Register – What, how and why?

Presentation to UNWTO – capacity building
project

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1. Business Register

Why?

How?

Classifications

Administrative sources

Units model & Statistical Unit structure

Who?

2. Business Sampling Frame

Update & Maintenance

VAT legislation Challenges

Some numbers

Output of the BR

The **first** and **main** objective of the Business Register or the Business Sampling Frame (BSF) is to serve as a common sampling frame for all survey areas involved in the production of economic statistics.

(The contents of the BSF map common and relevant characteristics of all the units of the standardised statistical unit types that together constitute the populations of these surveys.)

Secondly the BSF can serve as a source for (register-based) statistics.

How should a Business Register look?

- Comprehensive in coverage,
- Good in classification, and
- Good contact details.

In addition, such a register must be regularly maintained so that new units are detected and added, while dead units are removed from the register.

The accuracy of a business register, as a foundation of economic statistics, allows results of surveys to mirror economic reality on the ground as much as possible.

Relevant characteristics

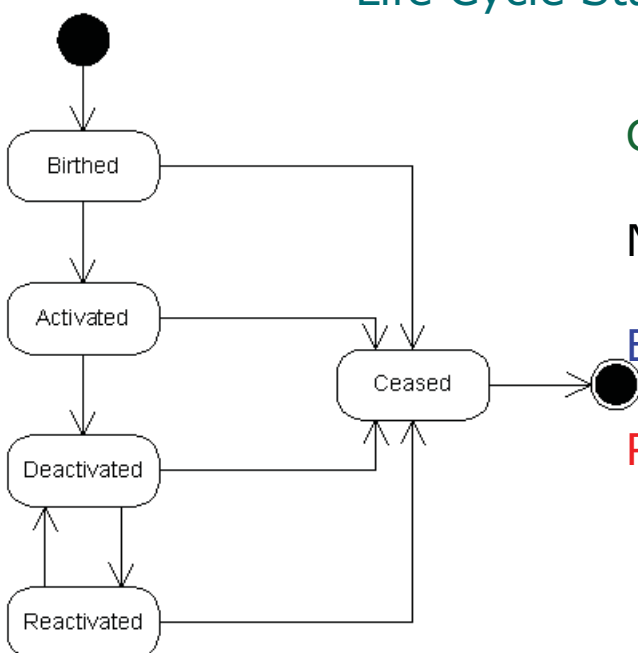
Size measures - required for stratification during sampling

- Enterprise turnover
- Number of employees
- Hectares of land - agriculture
- Salary/wages
- Number of rooms - hotels

Classifications – requirements for sampling

- Industry – economic activity
- Ownership type
- Institutional

Life Cycle Status



Green cross – birthed

No cross – activated/reactivated

Blue cross – deactivated

Red cross – ceased

Standard Industrial Classification of all Economic Activities (SIC)

SIC	Description of the SIC
1	Agriculture, Hunting, Forestry and Fishing
2	Mining and Quarrying
3	Manufacturing
4	Electricity, gas and water supply
5	Construction
6	Trade Industries (61-Wholesale ,62 – Retail, 63 – Motor, 64 - Hotels and restaurants)
7	Transport, Storage and Communication
8	Financial intermediation
9	Community, social and personal services

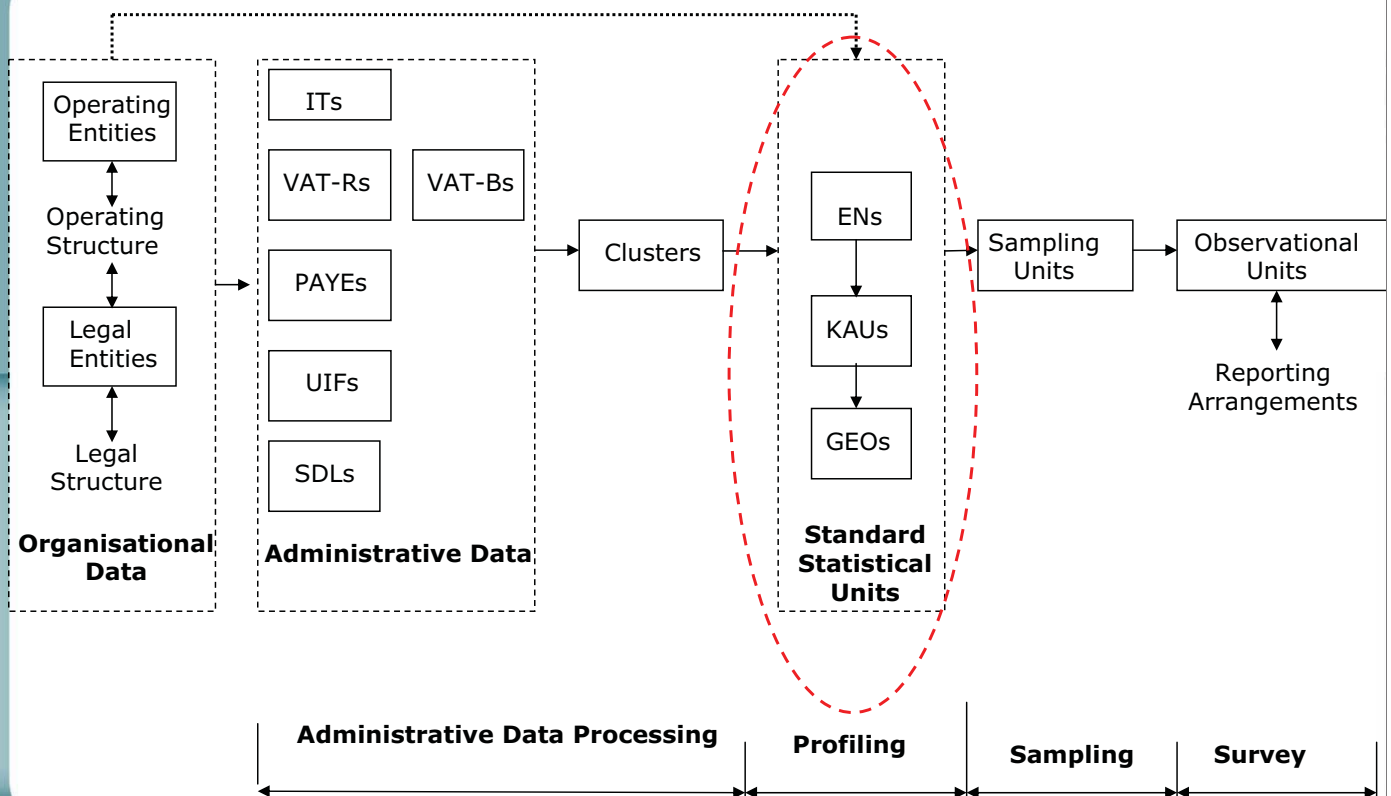
Classification of institutional sectors

Code	Description
S.1	Total economy
S.11	Non-financial corporations
S.12	Financial corporations
S.13	General government
S.14	Households
S.15	Non-profit institutions serving households
S.2	Rest of the world

Source	Information
South African Revenue Services (SARS)	Income Tax (IT), Value Added Tax (VAT), Payroll taxes: Pay-as-you-earn (PAYE); Skills development level (SDL); Unemployment insurance fund (UIF)
Department of Trade and Industry (DTI)	Companies and intellectual property registration office (CIPRO) Register of companies
Department of Labour (DoL)	Unemployment Insurance Fund (UIF)

Registration data; Transaction data

Units model Structure



1. **Enterprise (EN) unit** - a legal unit or combination of legal units that carry out production activities.
2. **Kind-of-Activity (KAU) unit** - is an enterprise unit or a part of an enterprise unit involved in one or predominantly one kind of activity on a 5-digit SIC level. Kind-of-activity unit is dependant on **activity for its survival**.
3. **Geographical (GEO) unit** - is an enterprise unit or part of an enterprise unit involved in one or predominantly one kind of activity on a 5-digit SIC level at or from one location. At least one person must be permanently employed at that location. A geographic unit is dependent on activity, location and employment for its survival

Who uses it?

Monthly	Quarterly	Annual/periodic
Manufacturing (production & sales)	Quarterly Financial Statistics (QFS)	Economy wide survey
Electricity generated		Large sample surveys
Various trade sales (wholesale, retail & motor trade)	Quarterly Employment Statistics (QES)	
Food & beverages		
Tourism & accommodation		
Land transport		

Process at Stats SA

Integrated Business Register (IBR) - VAT with other administrative data

The IBR is a database - on behalf of the contributing administrative agencies

VAT data are extracted on a monthly basis from the IBR to update the *Business Sampling Frame (BSF)*

Snapshots of the BSF are taken from which the Common Sampling Frame is derived

Sampling frames are constructed for each survey and samples are loaded into the *Survey Management System (SMS)*

Who registers for VAT ?

The vendor registering for VAT may be a:

- legal person (corporation, non-profit organisation) or;
- natural person with a business (individual entrepreneur, or partner in an unincorporated partnership), or;
- other type of organisation with legal status.

Summary:

a vendor is any form of *legal entity* and may register for VAT without being registered with DTI as a legal person, or with SARS as an income tax payer.

Source

- Value Added Tax (VAT)

Automatic updates	Manual updates (investigation list) Measures of size
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- Other

<ul style="list-style-type: none"> Profiling Survey area feedback Annual improvement survey 	<ul style="list-style-type: none"> Complex business All economic surveys Business Register
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Source

VAT

Business rules

Frequency

4 weeks - schedule

Snapshots and frames

quarterly created

Annual sample selection

Frames supplied to methodologists

Issue	Why or reason
Keep track of the Large businesses	Large role players, profiling (expensive)
Correct classification (economic activity) of the business	<u>Own</u> classification at registration; Over- or under estimation

Issue	Causing
No single business number	Linking and matching of various records (no common identifier)
Limitations w.r.t. the various administrative source sources	Each tax source has it's <u>own</u> threshold and registration requirements; legislation changes

Issue	Why or reason
Various external lists e.g. tour operators	<ul style="list-style-type: none"> • Match • number vs. text • Duplicates
Maintenance <u>rules</u> , <u>principles</u> and <u>practices</u>	Rules are based on <u>cost-benefit</u> relationships, the units' relative <u>importance</u> to statistics and other practical factors.

Source	Total EN's
Snapshot (All EN's on BSF)	3.4 million EN's
Common main frame (snapshot without ceased, deactivated)	2.6 million EN's
Financials common sampling Frame (IT+VAT or VAT only)	575 637 EN's

Activity description	Number of enterprises
Hotel and similar (SIC 641)	10 411
Restaurants and similar (SIC 642)	15 178
Railway passenger transport services (SIC 711)	182
Road passenger transport services (SIC 712)	11 090
Transport supporting services (SIC 7413)	5 467
Travel agencies (SIC 7414)	1 619

Thank you.