

## Turnover indices

### Objectives

Turnover indices calculation answer to a national and a European imperative. They are used to measure the monthly changes in sales of companies in the sectors concerned. As such, they are a primary information to monitor the business cycle in France. Turnover indices fall under the European regulation on short-terms statistics – the Council Regulation “STS” No 1165/98 of 19 May 1998, modified by subsequent amendments.

### Scope

The turnover indices are calculated according to the nomenclature NAF rev. 2. They cover the following sectors:

- in trade: divisions 45, 46 et 47 ;
- in the services sectors: sections H, I, J, L, M, N, R et S ;
- in industry and construction: sections B, C, D, E et F, for overall sales and export sales. Turnover indexes for export are based on the total amount of turnover declared by companies on export outside the European Union and deliveries supplied within the European Community.

The indexes are calculated over all monthly VAT companies returns. These indexes cover “whole France” including overseas departments (excepted French Guyana and Mayotte, which are not liable for VAT).

### Dissemination

Turnover indices are monthly disseminated 60 days after the month under review. Indices are available at different levels the NAF rev. 2 – divisions, groups and classes in the NAF rev. 2 – and the associated French aggregate classification – NA. Both unadjusted and seasonally and working-days adjusted (SA-WDA) indices are available. The sub-class level is available only for unadjusted data.

Turnover indices are transmitted to Eurostat and available on its website along with those of all European countries.

### Sources

Turnover indexes are calculated using a tax source, form CA3, which companies fill in for the payment of value added tax (VAT). The forms provides turnover excluding VAT of the declaring companies, all activities combined, classified according to their principal activity.

### Methodology

Indices are calculated at the most detailed level of the French classification of activities: sub-classes of NAF rev. 2. At the finest level, the index of the month M is calculated by linking the index of the month M-12 to the variation of the turnover between M-12 and M. Calculations take into account the business demography (births, business failures, corporate restructuring, changes of sector) in order to reflect more accurately the economic reality. Structural modifications (or restructuring) likely to affect the sectoral outline of the VAT declarations are processed specifically.

Turnover indices are rebased every 5 years. From now on, turnover indices have reference year 2015, which means that they have for average 100 in 2015. Previously, indices had reference year 2010.

The 2015 rebasing implements an innovation, with the introduction of a two-weighting system (instead of a constant-weight system) in order to better take into account the structural evolutions. Until now, aggregation of elementary indices was done on the basis of constant weights representing the reference year – i.e. 2010 previously. From now on, 2010 weights are used for the aggregation of elementary indices

between 1999 and 2012, whereas 2015 weights are used for the period after. The calculation on the whole period is then achieved by chaining both series (computation of a link coefficient on the year 2013). This change responds to a recommendation of Eurostat in order to increase the robustness of indices over a long period.

The estimation of annual weights is based primarily on output by industry at basic prices per branch calculated by the annual national accounts. By definition, output by industry at basic prices excludes taxes on products but includes subsidies on products. It does not include transport services. At the lower levels of the classification, weights are also based on INSEE's Esane device (structural business statistics).

## Seasonal variations and working days adjustments

Series are seasonally adjusted – SA – and working-days adjusted – WDA. The computation is performed with the X13-Arima program available in JDemetra+ - supplied by Eurostat – at the NAF rev. 2 class level. Upper SWDA levels are obtained by class level series aggregation (indirect SWDA correction).

The annual mean of SWDA indices may slightly differ from that of the unadjusted indices, mainly because it takes into account the variations from one year to the next of the annual composition in working days – presence of leap year, position in the week of the various bank holidays, etc.

## Revisions

VAT declarations of some companies may not be available when the indices are first published. This leads to revise raw data and SWDA indices when these declarations are finally available.

Models used to correct seasonal and calendar effects are updated annually. Between two model updates, SWDA coefficients are updated monthly in order to take into account the most recent data – this includes raw data rectifications related to the previous months. At each publication, all SWDA indices disseminated on the INSEE website are updated from 1999.

## The different VAT assessment systems

Type of activity and amount of turnover are the two main criteria which determine a company's VAT assessment system. However, if they prefer, companies have the possibility of opting for a higher assessment system.

Companies are covered by:

- either the basic exemption system;
- or the simplified real assessment system;
- or the normal real assessment system.

Companies subject to the normal real tax system have to declare their turnover on form CA3 every month except if the annual VAT payable is less than €4,000 or if the company generates a pre-tax turnover higher than €238,000 for services or €789,000 for trade of goods and accommodation.