



Department of
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and Investment**
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Facts & Figures from the Inter Departmental Business Register (IDBR) – Edition Eight

16 May 2006

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Executive Summary

1

INTRODUCTION

The Inter Departmental Business Register (IDBR) contains information on all businesses in the United Kingdom which are VAT registered or operating a PAYE scheme. The register is comprised of approximately 2.1 million UK businesses, Northern Ireland accounts for just over 3% of the UK total.

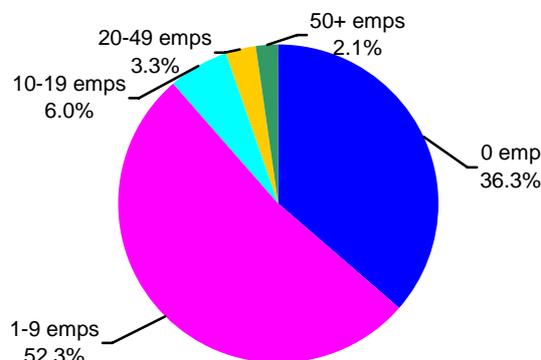
VAT AND PAYE BUSINESSES IN NORTHERN IRELAND

- At January 2006, the IDBR estimated there to be 69,495 businesses in Northern Ireland which were either VAT registered or operating a PAYE scheme.
- There has been an increase of 3.1% in the number of VAT and PAYE businesses over the year and a 7.0% increase over the 5 year period 2001-2006.
- Figures from the IDBR show Northern Ireland to be a small business economy with micro businesses (those businesses with less than 10 employees) accounting for approximately 88.5% of the Northern Ireland total.
- Of the 61,530 businesses classified as micro businesses, 36,300 (59.0%) such businesses employ at least 1 person.

Figure 1 shows a breakdown of VAT & PAYE Businesses by Employee Sizeband, January 2006.

Figure 1

VAT & PAYE Businesses by Employee Sizeband, January 2006



Private and Public Sector Businesses

All businesses registered on the IDBR can be grouped into either Public or Private sector. The Private sector is a combination of registered businesses whose legal status falls under the category of "Company", "Sole Proprietor", "Partnership" or "Non-profit making organisation" while the public sector is comprised of those registered as "Public Corporation", "Central Government" or "Local Authority".

- 69,235 (99.6%) of the 69,495 NI businesses on the register in January 2006 were within the private sector.
- Although the public sector accounts for a very small proportion (0.4%) of the total number of businesses in Northern Ireland, estimates from the 2003 Census of Employment show that public sector businesses account for approximately a third (31.7%) of employee jobs in Northern Ireland.
- Micro businesses dominate the private sector, accounting for 88.8% of all private sector businesses; in contrast, the public sector is dominated by large businesses employing 250 or more persons, with 36.5% of public sector businesses within this category.
- Medium sized enterprises (those employing between 50 and 249 persons) are mostly found within the private sector which accounts for 94.6% of all Northern Ireland medium sized businesses.

Legal Status of Businesses

- The majority (51.9%) of businesses in Northern Ireland are registered as “Sole Proprietor”.
- NI has a much higher proportion of “Sole Proprietor” than England (25.8%), Scotland (31.3%) or Wales (32.5%).
- NI has a higher proportion of public sector enterprises (0.37%) than any of the other regions in the UK, that is, England (0.22%), Scotland (0.15%) or Wales (0.33%).
- England reports the highest proportion legally registered as “Company” at 55.8% whilst Scotland is 42.3% and Wales is 38.9%
- NI has considerably less enterprises registered as “Company” (24.1%), however, this status of business reports the largest annual percentage increase with the number rising from 15,350 in 2005 to 16,760 in 2006 an increase of 9.2%.
- The percentage point (pp) change over the year is also greatest in those registered as “Company” (1.3 pp increase), this increase in “Company” registrations has been offset by a percentage point decline in “Sole Proprietor” (-1.0 pp) and “Partnerships” (-0.3 pp).
- The number of businesses in the majority of legal status’ has increased with only “Central Government” and “Public Corporation” remaining static.

[VAT & PAYE Data Tables](#)

VAT REGISTERED ENTERPRISES

- In 2005 businesses were legally obliged to register for VAT once their turnover reached a threshold of £60,000.
- The IDBR estimated there to be 55,265 businesses which were registered for VAT in 2005.

The number of VAT registered businesses in NI has increased by a higher rate (2.7%) over the year, compared to the UK as a whole (1.2%).

- The largest increase over the year in the number of VAT registered

businesses, has occurred within the Property and Business Services sector which has increased by 7.4% or 505 VAT registered businesses.

- Over half of the businesses registered for VAT in Northern Ireland have a turnover which is less than £100,000. This is quite a bit higher than the UK average which is 43.7%.
- In Northern Ireland, 9.2% of VAT registered businesses have a turnover which exceeds £1 million. This percentage is higher than that of Scotland (9.0%) and Wales (7.1%) but lower than England (10.2%).

District Council Information

For every business held on the IDBR, a District Council (DC) is allocated based on the address where the business is registered for VAT (normally the head office). Thus a business with a head office in Belfast is included in figures for Belfast, even though it may have work sites in other DC areas. Similarly, businesses that have their United Kingdom headquarters in Great Britain will be included only in the region where their head office is based. Therefore many multi-national businesses are excluded from such analyses.

- Belfast District Council accounts for the largest proportion (11.3%) of VAT registered businesses in Northern Ireland.
- Four District Councils in NI (Dungannon, Fermanagh, Newry & Mourne and Omagh) each report more than a thousand VAT registered businesses with a turnover below £50,000 with Fermanagh District Council being the largest of these (1,865).
- As expected Belfast has the greatest number (270) of VAT registered businesses reporting a turnover of greater than £5million, with Lisburn accounting for the second highest (85) number of businesses within this turnover sizeband.

[VAT Data Tables](#)

VAT REGISTRATION AND DE-REGISTRATION: RATES AND SURVIVAL

The Department of Trade and Industry's Small Business Service (SBS) annually publish statistics on VAT registrations and de-registrations for the UK regions, having taken information from the IDBR. The statistics are the best official guide to the pattern of business start-ups and closures. Coverage includes both companies and self employed run businesses but excludes those businesses that operate below the VAT threshold – for example, most of the very small one-person businesses. Registration rates provide an indicator of the level of entrepreneurship and of the health of the business population. Many factors influence the pattern of business start-ups. Among the most important are economic growth (encouraging new ventures and demand for business and personal services), the level of industrial restructuring and contracting out, and the stock of people with management or small business experience.

It should be noted that VAT registrations are not synonymous with business start-ups; some registrations are the result of changes in ownership or legal status of a business. Businesses de-registering for VAT do so due to closure, or (in a minority of cases) because turnover has fallen below the registration threshold. Closure does not necessarily involve bankruptcy or insolvency proceedings, which make up only around one in four closures throughout the UK.

- Statistics from DTI's Small Business Service show that, during 2004, there were 31 registrations for every 10,000 people aged 16 or over in Northern Ireland. This represents an increase on 2003 when the rate of registration was 29. On the downside, VAT de-registrations increased from 30 in 2003 to 35 in 2004.
- Northern Ireland has a much higher rate of survival than the rest of the UK. On average, 74.7% of NI businesses survive for at least three years, this compares to a UK average of 68.9%.

[VAT Reg and De-Reg Data Tables](#)

FOREIGN OWNED BUSINESSES OPERATING IN NORTHERN IRELAND IN 2004

The market information company Dun and Bradstreet, annually supply the Office for National Statistics (ONS) with information on foreign owned businesses operating in the United Kingdom. This information is then loaded onto the IDBR. Statistics Research Branch, DETI, supplement this with information from two sources: Invest Northern Ireland's list of client companies and a list of publicly traded US companies with subsidiaries, affiliates or branch offices employing more than 10 people in Northern Ireland, published by the Investor Responsibility Research Centre, Washington DC (The IRRIC is an independent, non-profit making research firm founded in 1972). The following analyses are based on these combined sources.

In 2005, there were approximately 724 Foreign owned businesses operating in Northern Ireland. The Republic of Ireland owned the majority (36.9%) of such businesses and the Wholesale and Retail industry accounted for the highest proportion (29.7%) of foreign owned businesses.

[Foreign Ownership Data Tables](#)

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Information regarding the UK IDBR is also available via the following link.

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=933>