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Unit G-1: Business statistics - coordination and registers

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Room BECH B2/404

Chairperson: Martina Hahn

Item 3 of the agenda

Operational rules for local units as agreed by TF

F. Local unit

CR696/93

The local unit is an enterprise or part thereof (e. g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which - save for certain exceptions - one or more persons work (even if only part-time) for one and the same enterprise.

Explanatory notes

1. If a person works in more than one place (maintenance or surveillance) or at home, the local unit is taken to be place from which instructions emanate or from where the work is organized. It must be possible to specify the employment attached to any local unit. However, all legal units that serve as the legal basis for an enterprise or a part thereof must have a local unit which is the registered office, even if nobody works there. Moreover, a local unit can comprise only ancillary activities.

2. A geographically identified place must be interpreted on a strict basis: two units belonging to the same enterprise at different locations (even within the smallest administrative unit of the Member State) must be regarded as two local units. However, a single local unit may be spread over several adjacent administrative areas, in which case, by convention, the postal address is the determining factor.

3. The boundaries of the unit are determined by the boundaries of the site, which means for example that a public highway running through does not interrupt the continuity of the boundaries. The definition is similar to the one in paragraph 101 of the introduction to ISIC Rev. 3 in that it concerns localization in the strict sense of the term, but differs from the definition in paragraph 102 in that this strict sense may not vary according to the statistics under consideration. In addition, the criterion of persons working in the unit is normally applied.

4. The ESA-REG (the regional application of the ESA) uses the same definition of local unit for regional accounts purposes.

Additional explanatory text:

In the currently valid ISIC rev. 4 the operational definition of the Local unit is given in paragraph 86.

To be still discussed:

Operational rule (1): Identification

For the identification of a local unit the physical geographic location has to be identified. Such a single physical location is normally best approximated by the postal address. ~~Therefore,~~ several physical locations of the same enterprise within the same community or within the same region are to be treated as several local units of that enterprise.

Operational rule (2): Physical geographic location

A physical location of a local unit may be found within a building, may correspond to one building or may comprise more than one building. In the latter case the various buildings do not form separate local units if they are physically close together and have a common postal address.

Operational rule (3): Local unit without postal address

A local unit may not be situated in a building at all. If in that case the other criteria are fulfilled a separate local unit should be identified. In such a case a postal address may not exist; however, the geographical identification could be represented by geographical coordinates [or other measures](#).

Operational rule (4): Activities performed outside physical locations

Certain economic activities are performed outside the physical locations of the enterprise, for instance at the customer's address, at fairs, door-to-door sales, etc. These types of location should not be considered to be local units, but instead the site from where the activity is organised should be considered to be the local unit. Such activities are treated as if they are carried out at the local unit from which they are organised. The same holds for activities in transportation where the real economic service is the transportation of goods and persons over the area.

Operational rule (5): Subcontracting on the premises of the customer

If an enterprise works on a subcontracting basis on the premises of the customer on a long-term ([>1 year](#)) or permanent basis, the subcontractor will be deemed to have its own local unit on the premises of the principal.

Operational rule (6): Activities performed at private residence

In case that the economic activities are performed at the private residence of the entrepreneur, this address is also the address of the local unit of the enterprise.

Operational rule (7): Localities without staff

Local units should have one or more persons working (even if only part-time). However, in case of seasonal activities the unstaffed premises in a certain period of the year should be viewed as a local unit. In the cases of all other premises and installations, where no persons are working [and the unit is not equivalent to the enterprise](#), these should not be treated as a separate local unit, but are incorporated in the local units from which they are operated and controlled.

Operational rule (8): Activities of local units

At a local unit more than one activity of the enterprise may take place. ~~Moreover, a~~ local unit ~~may also can~~ comprise only ancillary activities.

Operational rule (9): Local units of an enterprise

Each enterprise has at least one local unit, namely the location where the enterprise is registered as legal unit (e.g. in the trade register). In the case that the registered business address is at a separate location than the other local units of that enterprise, still that location forms a separate local unit, even if no one is working there.