The NUTS classification is hierarchical - each Member State of the European Union is divided into territorial units of NUTS 1 level, each of which is further divided into territorial units of NUTS 2 level, and finally, each NUTS 2 level unit is divided into territorial units of NUTS 3 level. One territorial unit may represent more than one NUTS level.

The assumption of this classification is that the units of each NUTS level from all Member States of the European Union are similar to one another in terms of population. Therefore, for each NUTS level the following population thresholds were set:

<table>
<thead>
<tr>
<th>Level</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUTS 1</td>
<td>3 000 000</td>
<td>7 000 000</td>
</tr>
<tr>
<td>NUTS 2</td>
<td>800 000</td>
<td>3 000 000</td>
</tr>
<tr>
<td>NUTS 3</td>
<td>150 000</td>
<td>800 000</td>
</tr>
</tbody>
</table>

The Regulation on the establishment of a common classification of territorial units for statistics indicates that existing administrative units within the Member States shall constitute the first criterion used for the definition of statistical territorial units.

Whenever the average unit size of a given administrative division level of the state is included within the population thresholds specified for each NUTS level, such administrative level shall be considered as a NUTS level. In such case, a NUTS level is treated as “administrative level”. List of administrative NUTS levels is contained in Annex II to the Regulation. In accordance with the NUTS 2021 revision, the “administrative level” corresponds to NUTS level 1 in four countries, NUTS level 2 in eight, and NUTS level 3 in fifteen countries.

If for a given level of NUTS no administrative units of a suitable scale exist in a Member State, in accordance with the population criteria, this NUTS level shall be constituted by aggregating an appropriate number of existing smaller contiguous administrative units. This aggregation shall take into consideration such relevant criteria as geographical, socio-economic, historical, cultural or environmental circumstances. A NUTS level established in the country in this way is defined as “non-administrative level”, and its units as “non-administrative units”. The size of each non-administrative unit shall lie within the population thresholds for a given NUTS level. However, individual units may deviate from these thresholds because of particular geographical, socio-economic, historical, cultural or environmental circumstances.

If the population of a whole Member State is below the minimum threshold for a given NUTS level, the
whole Member State is considered as one NUTS territorial unit at this level.

The NUTS classification consists of alphanumeric code and the name of the unit. A NUTS code begins with a two-letter code corresponding to the country, which is identical to the ISO 3166-1 alpha-2 code (except for EL code for Greece). Codes of NUTS level 1 units within the country are determined, after the two-letter country code, by digits starting from 1; where the subdivision consists of more than nine entities, capital letters are used to continue the numbering. Codes of NUTS level 2 units are created by adding a digit or a letter to the code of superior NUTS 1 unit. Similarly, the codes of NUTS level 3 are formed by adding an additional digit or letter to the code of superior NUTS 2 unit. Moreover, if a given unit appears at several NUTS levels, a code of unit at the lowest level ends in zero. At the same NUTS level, two different territorial units within the same country may not be identified by the same name. If two territorial units in different countries have the same name, the country identifier is added to the names of these territorial units.

Example of unit codes:

<table>
<thead>
<tr>
<th>Code of unit</th>
<th>Name of unit</th>
<th>NUTS level</th>
</tr>
</thead>
<tbody>
<tr>
<td>FR1</td>
<td>Île-de-France</td>
<td>NUTS 1</td>
</tr>
<tr>
<td>FR10</td>
<td>Île-de-France</td>
<td>NUTS 2</td>
</tr>
<tr>
<td>FR101</td>
<td>Paris</td>
<td>NUTS 3</td>
</tr>
<tr>
<td>HU2</td>
<td>Dunántúl</td>
<td>NUTS 1</td>
</tr>
<tr>
<td>HU21</td>
<td>Közép-Dunántúl</td>
<td>NUTS 2</td>
</tr>
<tr>
<td>HU213</td>
<td>Veszprém</td>
<td>NUTS 3</td>
</tr>
<tr>
<td>PL6</td>
<td>Makroregion północny</td>
<td>NUTS 1</td>
</tr>
<tr>
<td>PL63</td>
<td>Pomorskie</td>
<td>NUTS 2</td>
</tr>
<tr>
<td>PL634</td>
<td>Gdańsk</td>
<td>NUTS 3</td>
</tr>
</tbody>
</table>

If a NUTS unit comprises a whole country, then the code for this unit at NUTS level 1 consist of a two-letter designation of the state with the added digit 0, at NUTS level 2 - with the added digits 00 and at NUTS level 3 - with the added digits 000 (e.g.: LU0, LU00, LU000). In the case of changes in the NUTS classification at a given level in the country, for new established or revised units the subsequent free code is given, while codes of dissolved or changed units, used in the previous NUTS revision, are not reused.

Furthermore, in every country at every NUTS level the “Extra-Regio” territories have been designated (coded by adding the letter Z at NUTS level 1, letters ZZ at NUTS level 2 and letters ZZZ at NUTS level 3 to a two-letter country code). These “Extra-Regio” territories are designed to collect the statistics for special territories of countries, i.e. parts of the economic territory that cannot be attached to a certain region (such as air-space, territorial waters and the continental shelf, embassies, consulates, military bases and deposits of oil, natural gas, etc. in international waters). “Extra-Regio” units, although they are included in the NUTS classification, are not counted in calculation of the number of a particular NUTS level units.