

Manual on Compilation of Taxes and Social Payments on a Quarterly Basis First Edition



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PREFACE

The report of the Monetary Committee on information requirements in Economic and Monetary Union (EMU), endorsed by the Ecofin Council of 18 January 1999, stressed the need, amongst others, for common and harmonised short-term public finance statistics for Member States.

Priority has been given to components readily available or which could be quickly made available at national level. Commission Regulation (EC) No 264/2000, of 3 February 2000, on the implementation of Council Regulation (EC) No 2223/96 with respect to short-term public finance statistics required the transmission of quarterly data for the main components of general government revenue and for social benefits other than social transfers in kind, starting from June 2000.

According to Commission Regulation 264/2000, the Commission (Eurostat) should keep the Statistical Programme Committee SPC and the Committee of Financial, Monetary and Balance of Payments Statistics (CMFB) informed of the sources and methods used by each Member State for the compilation of public finance statistics on a quarterly basis.

A manual on the compilation of quarterly data on taxes and social payments has been prepared by the Working Group on short-term public finance statistics (STPFS) set up by Eurostat at the end of 1998. All Member States as well as DG ECFIN and ECB have been represented in this working group.

This manual was approved by the working groups on national and financial accounts and was endorsed by the Committee of Financial, Monetary and Balance of Payments Statistics (CMFB).

Eurostat consider the manual as a first step in the process of elaboration of quarterly series for taxes, social contributions and social benefits. It does not recommend "best practices" but establishes an inventory of present methods used. It may be improved in the future, after gaining more practical experience in the compilation of taxes and social payments on a quarterly basis.

I would like to thank all those involved in this work, particularly the members of Short term public finance statistics working group.

May 2002

Bart MEGANCK
Director

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Part I recalls the basis for the user requirements and establishes the context for the work, identifying the origin and comitology followed.

Part II carries a detailed description by Member State of how taxes and social payments data are compiled (II.2). There is also shown a short summary report (II.1) addressing questions related to compliance with the Commission Regulation.

Part III includes a statement of guidance notes developed to meet the needs of the quarterly compiler.

The focus is on quarterly compilation issues with reference to annual national accounting treatments arising only in so far as these are necessary in order to resolve a quarterly compilation problem.

The manual does not therefore deal with general concepts, definitions or classification save where they need clarification when reviewing quarterly methods. It does seek to describe in detail specific quarterly accounting rules; most often in order to specify the quarterly interpretation of the accrual recording principle to be found in ESA 95.

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PART I

INTRODUCTION

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Quarterly non-financial accounts (development of compilation manuals)

General approach of the working group

Quarterly Compilation: General Issues

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INTRODUCTION

BACKGROUND

The report of the Economic and Financial Committee (EFC) on statistical requirements in Economic and Monetary Union, endorsed by the Council on 18th January 1999, stressed the need, amongst others, for common and harmonised short term public finance statistics for Member States. This decision led to the development of a Commission Regulation (264/2000 of February 2000) dealing with quarterly taxes and social payments, as one step to meet the EFC requirement.

This work was further highlighted by the ECOFIN Council (meeting dated 5th June 2000) when it endorsed a second progress report on information requirements in Economic and Monetary Union (EMU). This report was drawn up by the Economic and Financial Committee (EFC) and invited the Commission (Eurostat), in close collaboration with the ECB, to establish an EMU Action Plan identifying where urgent progress should be made. The need to implement in a complete fashion the Commission Regulation 264/2000 was specified as an urgent priority.

This manual addresses the background to the implementation of this Regulation and is drawn up by Eurostat with the close co-operation of the Member States. Work on this area of statistics has been led by a Working Group chaired by Eurostat (Working Group on Short Term Public Finance Statistics). It first met in September 1998 and has since followed a programme of some three meetings per annum in order to develop the technical basis for the Regulation itself and its subsequent implementation.

RELATIONSHIP WITH THE QUARTERLY HANDBOOK

A handbook relating to quarterly national accounts [QH] was developed in 1998. It is helpful here to describe some aspects of the relationship of this manual with the Handbook on Quarterly National Accounting. Quarterly sectoral accounts are not yet fully developed in many Member States. In this context, the QH fills an essential role in describing and outlining possible approaches to the development of Quarterly Accounts for all sectors, including General Government. By its nature the QH is often non-prescriptive, recognising that as Member States develop experience in compiling the quarterly accounts, that common solutions and best practice will evolve.

The present manual describes the approach to compiling such common statistics for one important sector i.e. General government. It is limited, in this first step, to Taxes and Social payments on a quarterly basis. The experience from this work will be an essential feedback into the description of a fuller methodology for quarterly accounting.

QUARTERLY NON FINANCIAL ACCOUNTS (DEVELOPMENT OF COMPILATION MANUALS)

The work of the Short-Term Public Finance Statistics Working Group can therefore be placed in the following context:

For the General Government sector

[2001] A manual on taxes and social payments is developed (present work).

[2002/3] A further (complementary) manual on the remaining ESA categories which contribute to quarterly General Government total expenditure or total receipts will be developed

For all sectors

[At a later date] the specific experience from working on the General government quarterly non financial accounts feeds into a strengthening of the quarterly compilation methodology.

GENERAL APPROACH OF THE WORKING GROUP

Whilst having in mind the overall needs of Users – expressed as a need to develop a simplified set of quarterly non financial accounts for the general government sector - the approach of the Working Group has been to segment the work on non financial accounts of General Government into two main tasks.

The first task identified was to first compile quarterly statistics on the main taxes and social payments categories under the ESA 95 framework. This first step was formally taken with the passing of Commission Regulation 264/2000 (see Annex B for the text), which created the common reporting requirement on Member States to compile and report ESA 95 based quarterly statistics for certain taxes and social payments from June 2000 onwards. The *present* manual therefore deals primarily with this legal requirement and provides a description of compilation practices and addresses practical issues, which arise in compiling these data.

The second and complementary next step occurs with the passing of a European Parliament and Council Regulation which will create a requirement on Member States to report the complementary set of ESA 95 government revenue and expenditure categories required to assemble a simplified set of non-financial government accounts at a quarterly timeliness (this is not addressed further in this manual).

QUARTERLY COMPILATION: GENERAL ISSUES

Taxes and social payments were given an early priority in the work to developing non financial accounts of government on a quarterly basis. The issues, which arise - related to a precise compilation of quarterly accounts of General Government according to an agreed methodology - are somewhat new. It is helpful here to describe general issues that arose in this work and have been considered by the Working Group. The intention is to describe some main problems related to quarterly accounting and to briefly outline how these have been addressed by the Working Group. The issues mentioned are themselves quite broad and therefore a limited introductory set of remarks is presented here for the benefit of the reader.

Quality standards to be applied to quarterly compilation system

In compiling taxes and social payments data on a quarterly basis, it is clear that there exists a need to ensure high quality data are compiled which are themselves comparable between Member States. In practice this led to the decision to establish in the text of the Commission Regulation 264/2000 a clear set of rules which govern the quarterly compilation approach of the Member States. These rules, together with the role assigned to Eurostat under the Regulation, are intended to offer the required quality assurances for Users.

Under the Regulation, the general rules relating to quality are set out in Article 3 and are to be applied flexibly during a transition period, with two main points under which flexibility of interpretation can arise:

Firstly, as the programme of development of short term public finance statistics is itself relatively new, a system of rolling derogations is written into the Regulations designed to allow for gradual improvement in Member States' compilation systems up to the year 2005.

Secondly, and more permanently, the rules provide explicit quality tests at the level of the national accounts category (e.g. main tax categories, social payment categories). These require that the specific category meet a specified quality test but allows the Member State flexibility to use less stringent solutions at a lower level in the compilation system subject always to the quality threshold of the category being met.

Best Estimates

During the transition periods, Member States are required to provide data on a 'best estimates' basis where they cannot fulfil the rules established under Article 3. This common sense phrase ('best estimates') therefore falls to have a technical meaning within the Regulation in order to ensure clarity of interpretation. In essence, Member States provide data on a best estimates basis where the full set of tests established under Article 3 cannot be met for some reason during the transition period.

The quality tests within Article 3 read as follows:

3(1) “Quarterly data shall be based on direct information available from basic sources, such as for example public accounts or administrative sources, representing, for each category, at least 90% of the amount of the category”.

3(2) “Direct information shall be completed by coverage adjustments, if needed, and by conceptual adjustments in order to bring quarterly data in line with ESA 95 concepts”.

Providing data according to a best estimate approach implies comprehensive (i.e. complete for all sub-sectors of general government) estimation for the ESA 95 category is achieved (see also Part II.1 section 3).

Direct information

For taxes and social payments it was recognised that there exist specific and timely basic data sources mainly in the public accounts system of government. For this reason, a general requirement of the Regulation is that these types of sources be used, which requirement finds expression in Article 3’s emphasis on the use of direct information. (It can be noted that for other categories of Government expenditure and Receipts addressed in the later European Parliament and Council Regulation, that a more general test was found appropriate i.e. to maximise the use of direct information – no percentage being specified - consistent with the outcome that - over time - minimal revisions to the initial quarterly results arise).

‘Direct information’ is an important term in the context of the Commission Regulation. It is therefore the subject of a more detailed discussion in Part 3 of this manual.

ESA 95 rules - Coherence with annual rules

ESA 95 does not consider the quarterly aspects of taxes and social payments with sufficient precision to ensure clarity of interpretation in all situations. This is because, when discussing non financial accounts, the ESA 95 text - or guiding documents such as the ESA 95: Manual on government deficit and debt – occasionally takes a perspective which assumes an annual reference period is in mind. It will therefore remain silent on which quarter within a particular annual reference period is involved.

It is also the case that many accounting or legal events are annual events by definition (e.g. a tax levied with respect to a complete year) and it is unnecessary for the annual compiler to establish the amount and time of recording to a particular annual reference period. Clearly, for quarterly compilers, with a need for attribution of taxes and social payments not merely to a reference year but also to the quarters within that year, this problem is more acute. The requirement for quarterly compilers in interpreting ESA 95 is to resolve quarterly compilation problems whilst remaining fully coherent with the particular annual result (axiomatic).

In practice this can mean that quarterly non financial accounts compiler must focus on the available quarterly sources and to then ask how these can be brought into a quarterly pattern which, when added to give an annual result, leads to a minimal departure from the equivalent annual estimate over time. These issues of practical interpretation are a focus for the ongoing work of the Working Group. When reading this manual, it is helpful for the general reader to keep in mind that the various quarterly rules deployed in Part 3, are presented in this context (i.e. emphasising the quarterly compilers need for speed and their use of different sources to the annual accounts) and should not be seen as diluting the established annual treatments.

FUTURE WORK (AS OF END 2000)

In the area of taxes and social payments area, the Working Group plans to refine, where necessary, further the Guidance Notes (Part 3) which deal with specific issues where the current treatments between Member States depart significantly. The following aspects can be especially noted:

This manual will itself be updated by the Working Group as the continued improvements by Member States in this field occur. It is intended to isolate the country specific aspects in this manual and to present this information in future in a separate technical publication (in the form of a Stocktaking publication).

The Working Group proposes to further address the issues arising in the use and publication of the taxes and social payments data. The Commission (Eurostat) also plans over time to undertake mission visits to allow a consideration of detailed compilation aspects on a bilateral basis where necessary. Ongoing reporting of progress to the CMFB and SPC will occur.

Work on the complementary European Parliament and Council Regulation (which taken together with the Commission Regulation 264/2000 allows the full development of a simplified set of non financial accounts) will also proceed in the coming periods.

The general intention of the Working Group is to work on these separate legal regulations in an integrated fashion, with the aim to develop a single comprehensive manual on quarterly non financial accounts of general government.

PART II

MEMBER STATES' COMPILATION PRACTICES

SUMMARY: COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4)

- 1 Importance of Article 2 Categories
- 2 Use of direct information (90% criteria)
- 3 Compliance with ESA 95 rules
- 4 Consistency between annual and quarterly data
- 5 Summary by category
- 6 Publication Policy
- 7 Revisions Policy
- 8 Country summaries

COUNTRY DESCRIPTIONS

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

Sources and Methods by Category

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**SUMMARY: COMPLIANCE WITH COMMISSION REGULATION 264/2000
(ARTICLES 3 AND 4)**

Abstract

We first look at the Article 2 list of categories and seek to establish the relative importance of the categories shown there. It is noticeable that Capital Taxes are not as substantive as other categories. We then consider the use by Member States of 'direct information' (90%) in their compilation methods. We establish a description of the degree of compliance with the direct information rule. Addressing ourselves to consistency with ESA 95 rules, we briefly summarise the practices of member states and provide a description of the relationship between annual and quarterly accounts. A short summary by category is then provided followed by a final section, which considers the publication and revisions policies followed by Member States.

1 Importance of Article 2 Categories.

In looking at the implementation of the Regulation over time, it is helpful to first recall that taxes and social payments have a somewhat difference structural importance across member states. It follows we first look at the relative importance of categories (see Article 2 of the Regulation) before examining the methods used to compile the category result. The following Table 1 addresses this point.

Table 1: Relative importance of Taxes and Social Payments – 2000

ARTICLE 2 COVERAGE	RELATIVE (%) CONTRIBUTION TO TOTAL REVENUE (TRTR)				COVERAGE OF REVENUE CATEGORIES	COVERAGE OF EXPENDITURE CATEGORIES
	D2 Taxes on Production and Imports	D5 Taxes on Income and Wealth	D91 Capital Taxes	D611 Actual Social contributions	= Sum of D2, D5, D91 and D611	D62 Social Benefits Other than Social Transfers in Kind
Belgium	26.5	34.9	1.0	28.4	90.9	30.9
Denmark	29.8	51.4	0.4	4.0	85.6	31.5
Germany	25.6	26.6	0.3	37.5	90.1	40.9
Greece	27.5	18.6	0.5	20.3	66.9	28.6
Spain	29.7	26.5	1.0	31.6	88.8	30.8
France	30.1	23.9	1.2	32.0	87.2	34.1
Ireland	36.4	36.6	0.6	12.1	85.8	25.5
Italy	32.8	31.7	0.2	26.9	91.6	36.0
Luxembourg	31.3	34.8	0.2	23.1	89.4	35.3
Netherlands	25.6	25.4	0.8	33.9	85.7	26.2
Austria	28.8	26.2	0.1	29.4	84.6	36.0
Portugal	34.3	25.1	0.2	25.6	85.2	27.5
Finland	24.2	37.9	0.5	21.9	84.5	34.0
Sweden	23.5	36.0	0.2	25.0	84.8	31.7
UK	33.4	40.1	0.6	16.8	90.9	33.8

Note: The sources used in compiling the percentages shown in Table 1 are the ESA 95 notifications made by Member States (see ESA 95 data transmissions - Table 2 of August 2001 reporting).

Arising from Table 1, a list of summary points can be made:

- The selected list of government receipts categories dealt with in the Regulation represent some 84-92% of overall government revenue receipts. This is true for all Member States except Greece, where the main taxes and social contributions constituted 66.9% of all receipts in the year 2000.
- Most of the individual revenue or expenditure categories (D2, D5, D611, D62) mentioned in this Regulation are of substantive and broadly equal importance, each normally being in excess of 25% of total revenue or expenditure. A clear exception are the Capital Taxes (D91), which are of lesser importance commonly being less than 1% of government revenue receipts
- Actual Social Contributions: some differences in the importance of the category are apparent especially in the case of Denmark (with 4.0%) and Ireland (12.1%) and the United Kingdom (16.8).

One conclusion, which we can draw from this brief review of the importance played by the different categories, is to note that Capital Taxes are not as significant as the other revenue categories. As a consequence, the need to use 90% of direct information when compiling this category (D91) should not then - as a practical matter - be over-emphasised.

Having established a statement of the importance of the categories, we now move to consider the data sources and methods used to compile the results provided in year 2000.

2 Use of direct information (90% criteria)

Member States provided the Commission (Eurostat) with a description of their compilation methods under the terms of Article 7(1) of the Regulation. Relying upon these descriptions, it is possible to describe the extent to which the compiled quarterly statistics - produced during the year 2000 - used direct information sources. Article 3 of the Regulation sets out the rules as follows:

'(1) Quarterly data shall be based on direct information available from basic sources, such as for example public accounts or administrative sources, representing, for each category, at least 90% of the amount of the category.

(2) Direct information shall be completed by coverage adjustments, if needed, and by conceptual adjustments in order to bring quarterly data in line with ESA 95 concepts.

(3) The quarterly data and the corresponding annual data shall be consistent.'

Particular attention was then drawn in this Regulation to the need to base the quarterly results for categories on direct information (90%). The use of direct information was seen as something measurable, which could be related to the quality/reliability of the quarterly results.

Table 2 provides the required information, and is based on the descriptions of compilation practices provided to Eurostat by Member States.

Table 2: Do you meet the 90% criteria as outlined in Article 3(1)?

MEMBER STATE	TAXES (D2, D5, D91)	ACTUAL SOCIAL CONTRIBUTIONS (D611)	SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND (D62)
Belgium	Yes	Yes	Yes
Denmark	Yes	Yes	Yes
Germany	Yes	Yes	Yes
Greece	Yes	No	No
Spain	Yes (except Capital Taxes ¹)	Yes	Yes
France	No (c. 80%)	No (75%)	No (60%)
Ireland	Yes	Yes	No (75%)
Italy	Yes	Yes	Yes
Luxembourg	Yes	Yes	No (89%)
Netherlands	Yes	No	No
Austria	Yes	Yes	Yes
Portugal	Yes	Yes	Yes
Finland	Yes	No	Yes
Sweden	Yes	Yes	No
United Kingdom	Yes	Yes	Yes

Source: Article 7(1) reports by Member States and later comments.

Summary

The following points are based on replies from all Member States.

- For nearly all Member States, the 90% criteria set out in Article 3 of the Commission Regulation (EC) No 264/2000 is fully respected for all taxes data (D.2, D.5, D.91). France (with a slightly lower coverage of c. 80% by direct information sources) is an exception.
- The position for Actual Social Contributions (D.611) and Social Benefits (D.62) is somewhat worse than for taxes. A significant amount of development work is still required over time. Three Member states describe themselves as not meeting the 90% test for both of the social payment categories (France, the Netherlands and Greece). Finland reports difficulties for Actual Social Contributions (D611) alone and finally, the Social Benefit Category (D62) causes compliance problems for a remaining set of three member States (Luxembourg, Sweden and Ireland).

¹ Except Capital Taxes (D91), which are however noted as of modest importance in Spain, as elsewhere.

3 Compliance with ESA 95 rules

Basic data are transformed to fully comply with ESA 95 concepts by Member States. Some minor exceptions are highlighted by some Member States in their attached country descriptions (see Sections II.2 to II.16). These exceptions are invariably presented as descriptions of short-term problems caused by a current lack of data, which are expected to be more fully addressed during the transition period.

BEST ESTIMATES

During the transition period, Member States are required to provide complete data on a 'best estimates' basis where they cannot fulfil the rules established under Article 3. This common-sense phrase ('best estimates') is defined in the Regulation to ensure a common interpretation is applied.

Formally, Member States provide data on a best estimates basis where the full set of quality tests established under Article 3 cannot be met for some reason during the transition period. Data provided on a best estimates basis must therefore estimate for coverage gaps arising in the original sources, must be based on a correct ESA 95 basis, and must ensure consistency between the quarterly estimate arrived at and the corresponding annual results.

TIME OF RECORDING FOR TAXES ON A QUARTERLY BASIS

At present, there exist some differences in how Member States apply the time of recording rules for taxes on a quarterly basis. The differences arise mainly because the time of recording rules are not sufficiently precise when considered in a quarterly context. Eurostat expects that some of the initial differences in compiling practice will disappear as Member States have a chance to consider the methods used in other countries and to apply the guidance notes shown in Part 3.

4 Consistency between annual and quarterly data

For all Member States the central role of the annual data coming from the public accounts in providing control totals for the quarterly data over time is noted. Normally this means that changes in the basic public accounts data are reflected in the next quarterly results to be reported to Eurostat.

For the categories covered by this Regulation (main taxes, social payments) it is noted that for EU Member States the extent of revisions in the public account sources after a first publication of an annual estimate is normally expected to be very small. No exceptions to this were described in the descriptions provided.

For some few Member States, the annual accounts data for general government is simply the sum of quarterly estimates (e.g. UK). These Member States take the quarterly account as the building block which, when added together, provides the annual account. In this way, there exists no scope for departures between quarterly and annual results. However, most EU member states rely upon somewhat different compilation methods to produce the quarterly

and annual results. In these cases, the quarterly data are more estimated and are subsequently controlled to the annual results (which are available at a greater time delay).

5 Summary by Category

A. TAXES

In all member states, taxes (D2, D5 and D91) are covered by infra-annual data. The coverage is high, above 90% for all countries, excepting France. Quarterly basic data are available within 3 months for all Member States, except for Germany (up to 6 months for taxes other than VAT).

B. ACTUAL SOCIAL CONTRIBUTIONS

Actual Social Contributions are covered by infra-annual data in all Member States except Netherlands. The coverage by quarterly basic data is 100% or close to 100% in all Member States except France (75%), Finland (60%) and Netherlands (0%). Quarterly basic data are available within 3 months, except for Germany (between 2 and 6 months).

C. SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Social benefits other than social transfers in kind (D62) are covered by infra-annual data in all Member States except Ireland, Netherlands and Sweden. The coverage by direct information is between 85% and 100%. Quarterly basic data are available within 3 months, except for Germany (6 months).

6 Publication Policy

Currently there is no uniformity in the publication policy followed by Member States for these data. Some countries do not publish such data at present (September 2001). Others publish some part of the data with a minority presently publishing the data on a regular basis.

The following Table summarises how member states approach the question of publication for these data and is based on a questionnaire issued by Eurostat in September 2001.

Table 3: Key features of publication policy. Taxes, Actual Social Contributions and Social Benefits

MEMBER STATE	DO YOU PUBLISH THESE DATA?	FOR THOSE COUNTRIES WHICH PUBLISH THE DATA, THE FOLLOWING QUESTIONS WERE ALSO ASKED:		
		At what timeliness?	State any specific publication?	Are they part of regular publications?
Belgium	No			
Denmark	Yes	T+90	Yes, quarterly release	Yes, they form a part of the Main indicators published.
Germany	Yes (in part)	T+53 to T+60	None	Yes
Greece	No			
Spain				
France	Yes	T+100	None	Yes
Ireland	No			
Italy	No			
Luxembourg	No			
Netherlands	No (publication is planned)	T+90	None	CBS Website
Austria	Yes	T+90	None	Yes, see the Austrian Statistical Office website
Portugal	No			
Finland	No	Note: A formal publication policy will be established at end 2001.		
Sweden	No			
United Kingdom	Yes	T+80 {T+20 on a national basis)	Public Sector Accounts	Yes, Public Sector Finances; GDP publications

7 Revisions Policy

A full description of revision policy is not yet possible. This is because many Member States are new publishers of this data and have not yet experienced a full cycle of data production. This said, Member States offered a series of descriptions comments to Eurostat. Revisions typically arise at two points in time: 1) publication of a new quarter provides an opportunity to review earlier quarters and 2) the publication of annual national accounts results commonly leads to a substantive review of the previously published quarterly results. The main points made by Member states can be tabulated as follows:

Table 4: Member States' Revisions Policy

MEMBER STATE	COMMENTS ON REVISIONS POLICY & STATEMENT OF EVENTS LEADING TO A REVISION FOR A QUARTERS RESULTS
Belgium	Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Denmark	A formal revision policy not yet established as these quarterly data are published for the first time during 2000. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Germany	Initial quarterly results are viewed, as provisional until annual control totals available. It follows that revisions arise when the following events occur: Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Greece	No specific remarks from Greece. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Spain	Early results are required in order to meet the Maastricht reporting timetable. (e.g. t+2 for the last quarter). Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results and c) significant error
France	The quarterly accounts are adjusted to the semi-definitive and definitive annual accounts. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Ireland	Significant revisions do not normally arise in these types of data. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Italy	In the course of the year each quarter as well as the quarters of the two previous years can be revised. When new annual data are available - typically the last two years can be revised –the quarters of the two previous years can be subject to changes, that is the revisions can be extended back to year t-4.
Luxembourg	Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Netherlands	When annual data are available, the quarters for that year are revised. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Austria	Previous quarters of the current year will be revised occasionally Revision of all four quarters will take place when annual accounts are compiled or revised: at predetermined intervals t+3, t+8, t+15. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Portugal	As the methods are still under development it means that revisions policy is not yet settled. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Finland	No settled revision policy is in place as of yet. For D5, D9 no revisions are expected in the normal course of events. For D2, smaller revisions can arise. Revisions to the D62 and especially the D611 are normally expected. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Sweden	(No specific comments carried in the country report at present) Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
United Kingdom	Revisions are limited to 2 years in a normal quarter. Where new annual data are being considered (e.g. in the formal publication cycle) flexibility exists to revise back further years. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results

It is important to again note that revision policy is not a settled issue for most Member States given that the practical experience of compiling these quarterly data for General Government is new for many.

8 Country summaries

Individual country summaries are shown in the next section. These summaries take a uniform reporting approach (see overleaf). The reports have been drawn in the following way: a) Member states first provided detailed descriptions under Article 7(1) [received in Eurostat in early 2000]; b) Eurostat then reassembled the material to a common structure and issued individual country drafts to member states for comment [June 2000]; c) Member states reviewed² and made complete the draft country report [June to December 2000] with further remarks and precisions offered during 2001.

STANDARD LAYOUT OF COUNTRY REPORT HEADINGS USED FOR EACH MEMBER STATE:

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

- 1 USE OF DIRECT INFORMATION (90% CRITERIA)
- 2 COMPLIANCE WITH ESA 95 RULES
- 3 CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA
- 4 REVISION POLICY

Sources and Methods by Category

GENERAL REMARKS

- 1 D2 TAXES ON PRODUCTION AND IMPORTS
Sources
Methods
- 2 D5 TAXES ON INCOME AND WEALTH
Sources
Methods
- 3 D91 CAPITAL TAXES
Sources
Methods
- 4 D611 ACTUAL SOCIAL CONTRIBUTIONS
Sources
Methods
- 5 D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND
Sources
Methods

Future Developments

² All member states have provided reports under Article 7(1).

BELGIUM

Description of Belgian Practice, Year 2000

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The statistical approach used to estimate quarterly tax and social payment flows applies quarterly indicators to annual benchmarks to establish the latest quarterly out-turns. The underlying model is subject to continuous adjustment. The quarterly indicators used are based on underlying information which covers in the long run 90% of direct information in the tax and social payment (D611, D62) categories.

The 90% criteria set out in Article 3 is therefore met by the provision of direct information for tax data (D2, D5, D91) and also for Actual Social Contributions (D611) and social benefits (D62).

2. COMPLIANCE WITH ESA 95 RULES

Basic data are transformed to fully comply with ESA 95 concepts.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

Basis quarterly data and basis annual data are first independently compiled (but in some cases, the link between them is clearly evident). The basis data represent all the direct information received from the Ministry of Finance and other administrative bodies.

In the national accounts, both quarterly data and annual data are integrated: for the years for which the annual national accounts exist and also for the reference years for which the annual national accounts have yet to be published (the one or two most recent years), the quarterly data are reconciled with the annual data with the use of the Chow and Lin method (see later) applied on the relevant basis quarterly data called indicator. When data are to be established for the fourth quarter of a year for which no annual data are available, the basic annual information's, likewise provisional, are integrated in the calculation. This work method allows one to obtain a result, which is close to the result that shall be obtained with the drawing up of the annual accounts at the end of June.

4. REVISION POLICY

For the revision policy, it is different depending on whether the annual national accounts exist or not: in the first case, the quarterly data are revised only when a new version of the annual data has been calculated while in the second case, the revisions of quarterly data are introduced at the moment of the estimation of a new quarter is made.

Sources and Methods by Category

GENERAL REMARKS

For the year 2000, the relative weight of each sub sector of general government for the various tax/social payment categories is given in the following table.

BELGIUM (1996)	CENTRAL GOVERNMENT (S1311)	STATE GOVERNMENT (S1312)	LOCAL GOVERNMENT (S1313)	SOCIAL SECURITY FUNDS (S1314)	GENERAL GOVERNMENT (S13)
Taxes on Production and imports (D2)	81.8 %	5.7 %	9.9 %	2.6 %	100 % (93.0 %)
VAT (D211)	100 %	0 %	0 %	0 %	100 % (99.9 %)
Taxes on income and wealth (D5)	94.7 %	0.1 %	3.8 %	1.4 %	100 % (98.5 %)
Capital Taxes (D91)	11.4 %	88.6 %	0 %	0 %	100 % (90.0 %)
Actual Social Contributions (D611)	3.8 %	0 %	0.0 %	96.2 %	100 % (95.4 %)
Social benefits other than social transfers in kind (D62)	12.7 %	6.8 %	4.1 %	76.4 %	100 % (97.5 %)

In brackets, the percentage of the coverage is given.

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government, State Government and Local Government

In general, sufficient information to establish quarterly patterns (e.g. to develop indicators) can be expected to be available 3 months after the end of the quarter. Quarterly cash adjusted data are available, for some categories of taxes.

D2 (Non-VAT type taxes): Data is available on cash receipts (for excise duty on manufactured tobacco cash adjusted data are available) with a delay of t+3. VAT-type taxes: quarterly cash adjusted data are available with a delay of t+3.

Social Security Funds

No direct information available on a quarterly basis

Methods

Central Government, State Government and Local Government

D2 (Non-VAT): The methodology can first be described from the perspective of annual methodology. The date for recording these types of taxes is taken as the date on which the assessment is issued rather than the year to which the assessment relates. There is a problem with using assessed amounts for these taxes since as a rule the assessed issued are for higher amounts than actually collected. It follows that only adjusted cash receipts relating to the period between the assessment issue date and the due date or final date for payment without penalty are used.

VAT-type taxes: The methodology deployed can first be described in the context of the annual accounts before illustrating the manner in which the quarterly accounts are achieved.

The issue for resolution is that taxes are recorded on a cash basis in the budgets. VAT taxes are based on self-assessment, which means that the taxpayer sends government a return showing the amount of tax to be paid and then pays that sum in due course. For VAT, there is a correction for the timing difference between the date of payment and the period to which it refers. For any given year, revenues relating to economic transactions which took place during the previous year have to be deducted from the cash-based VAT amount, and similarly revenues in respect of economic transactions taking place during the year in question but collected during the following year have to be added in. This operation gives the amount of VAT on the basis of "time adjusted cash registration", and is the method chosen. In practice, revenues related to the period between the date of the economic transaction, which gives rise to the tax debt, and the date on which the amount falls due are shifted. Corrections are made for later payments only if those payments are substantial and the amounts known.

Quarterly results for D2 taxes are obtained by interpolating annual data on the basis of the quarterly indicators. The method of interpolation is based on the Chow and Lin model which is so constructed that the quarterly series are bound to be perfectly consistent with the annual series and which provides optimal extrapolations for the current year based on related series observed in the past.

To obtain a quarterly estimate for a particular tax - assuming an annual measure is available for year t - we have to:

- calculate the transactions quarterly value from the annual value in line with the ESA 95 using the quarterly indicator for the period from 1980 up to t using the Chow and Lin method which adjusts quarterly amounts against the annual amount;
- supply the indicator for quarters after year t (i.e. the quarters of year $t+1$);
- apply the Chow and Lin method to estimate the quarters after t taking into account differences noted in the past between the annual value of the quarterly indicator and the final value calculated in the ESA95 annual national accounts.

Use of this method means that, when quarterly data are calculated in line with ESA 95, implicit estimates are made for the share of transactions not covered by short term indicators.

The annual amount of taxes on the ownership or use of land, buildings or other structures by enterprises in production¹ (in practice the pre-paid property tax which applies mainly to buildings) is based on the annual amount (known or estimated). This figure is smoothed for distribution over the four quarters in question.

The following table shows the compliance timetable typically applies in Belgium to establish the time adjusted cash registration.

TAXES	TIME-LAG BETWEEN THE ACTIVITY DATE (OR THE DETERMINATION DATE OF THE AMOUNT OF THE TAX) AND THE DUE DATE	SUB-SECTORS
VAT (D.211)	1 month	S.1311
Excise duty on manufactured tobacco (D.2 Non-VAT)	2 months	S.1311
Advance payment of tax on income from real property (D.29)	2 months	S.1312 and S.1313
Vehicle duty paid by self-employed and corporations (D.29)	1 month	S.1311

These adjustments are made systematically on annual data and on quarterly data with an exception for the advanced payment of tax on income from real property for which the adjustment is only applied on annual data and the annual amount is smoothed for distribution over the four quarters in question.

For other taxes on production and imports, there is no adjustment applied on the data from cash basis: either the time lag is very short (15 days for the excise duty on mineral oils) or the economic operation is only known when the payment is made.

For the taxes received by the sub-sectors State Government and Local Government, data on quarterly basis exist only for taxes collected by the central Government and automatically transferred to the final recipient. For taxes paid directly to these two sub-sectors by the taxpayers, no quarterly data exist.

The taxes collected by the Central Government on behalf of State Government are registration duties (D.21), betting and gaming tax (D.21), tax on automatic amusement machines (D.29), tax on the opening of establishments for the sale of fermented beverages (D.29) and advance payment of tax on income from real property (D.29) and succession duty (D.91). For the Local Government, only tax on income from real property (D.29) and income tax by assessment (D.51) are concerned.

¹ In Belgium, these taxes are recorded in ESA95 under taxes on production and imports, while ESA79 their recording was made under taxes on income and wealth.

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government, State Government and Local Government

In general, sufficient information to establish quarterly patterns (e.g. to develop indicators) can be expected to be available 3 months after the end of the quarter. Quarterly cash adjusted data are available, for some categories of taxes.

Social Security Funds

No direct information available on a quarterly basis.

Methods

Central Government, State Government and Local Government

For taxes on income and wealth, the government issues assessments for the payment. The date on which the assessment was issued was chosen as the time of recording, rather than the year during which the revenue was generated. There is a problem with the amount to be recorded, since as a rule the assessments issued are for amounts higher than those actually collected. In this case, too, it was decided to record only adjusted cash receipts relating to the period between the assessment issue date and the due date or final date for payment without penalty.

For advance payment of taxes paid by self-employed and corporations, the indicator is simply a pure cash basis.

The following table shows the compliance timetable typically applies in Belgium to establish the time adjusted cash registration.

TAXES	TIME-LAG BETWEEN THE ACTIVITY DATE (OR THE DETERMINATION DATE OF THE AMOUNT OF THE TAX) AND THE DUE DATE	SUB-SECTORS
Advance payment of tax on income from capital (D.51)	1 month	S.1311
Advance payment of tax on earnings (D.51)	1 month	S.1311
Income tax by assessment (D.51)	2 months	S.1311 and S.1313
Vehicle duty paid by households (D.59)	1 month	S.1311

Quarterly results for D5 taxes are obtained by interpolating annual data on the basis of the quarterly indicators. The method of interpolation is based on the Chow and Lin model which

is so constructed that the quarterly series are bound to be perfectly consistent with the annual series and which provides optimal extrapolations for the current year based on related series observed in the past.

3. D91 CAPITAL TAXES

Sources

Central Government and State Government

Quarterly cash adjusted data are available. The time lag is t+3 months.

Methods

Central Government and State Government (other sub-sectors are not concerned)

The following table shows the compliance timetable typically applies in Belgium to establish the time adjusted cash registration.

TAXES	TIME-LAG BETWEEN THE ACTIVITY DATE (OR THE DETERMINATION DATE OF THE AMOUNT OF THE TAX) AND THE DUE DATE	SUB-SECTORS
Succession duty (D.91)	2 months	S.1312

Quarterly results for D91 taxes are obtained by interpolating annual data on the basis of the quarterly indicators. The method of interpolation is based on the Chow and Lin model which is so constructed that the quarterly series are bound to be perfectly consistent with the annual series and which provides optimal extrapolations for the current year based on related series observed in the past.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government

Quarterly data is available at a time-lag of t+3 months. It is cash data.

Social Security Funds

Quarterly data is available at a time lag of t+3 months. It is accrual data, or if not available, cash adjusted data.

State Government and Local Government

No direct information available on a quarterly basis

Methods

Central Government and Social Security Funds

Quarterly results for D611 Actual Social Contributions are obtained by interpolating annual data on the basis of the quarterly indicators. The method of interpolation is based on the Chow and Lin model which is so constructed that the quarterly series are bound to be perfectly consistent with the annual series and which provides optimal extrapolations for the current year based on related series observed in the past.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government

Quarterly data following payment orders is available at a time lag of t+3 months.

Social Security Funds

Quarterly data is available at a time lag of t+3 months. It is accrual data.

State Government and Local Government

Information on a quarterly basis is only available for the retired pensions paid directly to their former employees: in practice, these pensions are financed by the central government.

Quarterly data following payment orders is available at a time lag of t+3 months.

Methods

Central Government and Social Security Funds

Quarterly results for D62 social benefits in cash are obtained by interpolating annual data on the basis of the quarterly indicators. The method of interpolation is based on the Chow and Lin model which is so constructed that the quarterly series are bound to be perfectly consistent with the annual series and which provides optimal extrapolations for the current year based on related series observed in the past.

Future Developments

No comments

DENMARK

Description of Danish practice, Year 2000

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 is fully respected at present for taxes data (D2, D5, D91), actual social contributions (D611) and Social benefits (D62).

2. COMPLIANCE WITH ESA 95 RULES

Basic data are transformed in full compliance with ESA 95 concepts.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

The sources for quarterly data are integrated with the sources for annual data. The data for the local government on a quarterly basis are more aggregated than the annual data available for central government. Some of the quarterly data for local government are therefore obtained from central government accounts in preference to local government accounts (which remain the primary source for detailed annual data for the local government sector).

The methods used to compile data on a quarterly basis are consistent with the methods used to compile annual data. In particular, the classification schemes used are the same.

4. REVISION POLICY

There is consistency between the annual and quarterly data as quarterly data are revised when the more definitive annual data are revised.

Consistency checks with other sources are made.

Sources and Methods by Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 94 %)

Data are obtained from the Central Government Tax Collection agencies. Information available from this source are: monthly notified duties breakdown by type of taxes –

supplied on the 30th day (following the end of the month); VAT and energy duties are supplied on a quarterly basis 2 months after the end of the quarter; EU taxes are supplied on 30th day; Taxes on yields of certain pension scheme assets are only available on an annual basis. Regarding VAT-type taxes (D21) data are comprehensive and cover VAT received by General Government as well as VAT collected on behalf of the EU Institutions.

Local Authorities (Weight of D2: 6 %)

See introductory section.

Methods

Central Government

D2: Excluding VAT and Other taxes on production (D.2 less D.21, D.29):

Data are recorded according to when the tax are registered in Central Government Tax Collection agencies accounting system. Data are on a quarterly basis adjusted to accrual basis by Statistics Denmark using information on rules of payments by the various tax items specified in the Danish Tax laws.

VAT-type taxes (D21):

Data are recorded on an accrual basis by Central Customs and Tax Administration. The corrections to cash figures are calculated rather mechanically by using information on rules of payments by the various branches specified in Danish Tax laws. The period of correction varies from one month (small firms), three months (most branches), and up to six months (agriculture). Some examples are as follows:

- *Tax on petrol*: This month's accrual equals next months notified amount.
- *Duty on electricity*: This month's accrued duty equals next month's notified amount subtracted duty remuneration from the month's three month after.
- *VAT*: This month's accrued duty equals next months notified amount (small firms)

This month's accrued duty equals notified amount the third month's after (bigger firms)

This month's accrued duty approx. notified amounts six months after (agriculture)

D.29 Other taxes on products

Motor Vehicle Weight Duty and duty on wages and salary costs are based on book values. This month's accrued duty on wages and salary costs equals next month's book value.

Local Authorities

Taxes on real property are on a quarterly basis adjusted to accrual basis by Statistics Denmark using information on rules of payments proper to the various tax items specified in the Danish law.

Example: land tax

The tax is levied on the basis of taxable land values that have been established the previous year when real estate values were established. The actual tax rate (per 1000 of the land value) is established by the local town council in each municipality. The various municipalities also establish the collection of land tax (i.e. when and how many periods).

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government (Weight of D5: 50 %)

D51: Most data is obtained from the Central Customs and Tax Administration body (CCTA), with some additional information available from the Central Government Tax Collection agencies. For CCTA data are recorded on an adjusted cash basis, collected on a monthly basis and supplied on the 30th day following the end of the month.

Local Authorities: (Weight of D5: 50 %)

See description under Central Government.

Methods

Central Government

Data are recorded on a time adjusted cash basis. The time-adjusted cash data are adjusted to accrual basis. See note for methodical description.

Local Authorities

See description under Central Government.

3. D91 CAPITAL TAXES

Sources

Central Government (Weight of D91: 100 %)

In Denmark, this consists of a single item i.e. inheritance taxes. Data are obtained from the Central Customs and Tax Administration body (CCTA).

Methods

Central Government

Data are recorded on an accrual basis and summed up to the annual figures, which are used in the yearly national accounts for General Government.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

In Denmark, these consist of two items i.e. the contributions employers and employees make to the Labour Market supplementary fund (ATP) and employees' contributions to unemployment insurance fund.

Social Security Funds (Weight of D611: 100 %)

For this sub-sector, the data source related to employees contributions is unemployment insurance funds. Data are available 4 months after the end of the year on an annual basis.

A part of the actual social contributions is routed through the Labour Market Supplementary Fund – ATP. Data of payments to the supplementary fund (ATP) are recorded on a cash basis and collected on a monthly basis three weeks after the end of the month.

Methods

Social Security Funds

Data of payments to the ATP are recorded on a cash basis but can be easily transformed into accrual basis. The accrual basis takes this month's accrued tax as equalling next month's cash receipts. Statistics Denmark is currently looking into a method for compiling quarterly figures on unemployment insurance funds from the annual data.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 18,5 %)

Most of the data for social benefits other than social transfers in kind are obtained from a monthly account system from the General accounting office, which covers all the state agencies.

Local Authorities (Weight of D62: 62,5 %)

Some of the data for social benefits other than social transfers in kind are obtained from a monthly account system from the General accounting office. The data for sickness benefit, maternity benefit, pension, family/young persons allowances and other family allowances are obtained by the Ministry of social affairs. Cash benefits under the Social Assistance Act are on a monthly basis in Statistics Denmark. Cash benefits are directly comparable with accounting figures but are related to statistics of the number of persons receiving assistance.

Social Security Funds (Weight of D62: 19 %)

The data for social benefits other than social transfers in kind are obtained from a monthly account system from the General accounting office. The consistency with other sources on unemployment paid benefits and early retirement pensions paid are checked.

Methods

Central Government

Data are recorded on an accrual basis and sum up to the annual figures, which are used in the yearly national accounts for the general government.

Local Authorities

Data are recorded on an accrual basis and sum up to the annual figures, which are used in the yearly national accounts for the general government.

Social Security Funds

Data are recorded on an accrual basis and sum up to the annual figures, which are used in the yearly national accounts for the general government.

Future Developments

Statistics Denmark have suggested an enlargement of the quarterly local government questionnaire compiled by the Ministry of Social Affairs.

Statistics Denmark are at the moment looking into different kind of sources in order to check the consistency between them.

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 of the Commission Regulation (EC) No 264/2000 is fully respected for final taxes data (D.2, D.5, D.91) and also for final Actual Social Contributions (D.611) and final social benefits (D.62), but not in all cases for the initial estimate of the quarterly data.

2. COMPLIANCE WITH ESA 95 RULES

Basic data are transformed to fully comply with ESA 95 concepts.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

Quarterly data are fully consistent with the annual data in the national accounts.

In principle for most cases quarterly - or even monthly data - are central to the compilation system, with annual data assembled after (provisional) quarterly or monthly data are compiled. But the (quick) quarterly or monthly basic statistics do not necessarily add up to the (later in time) annual basic statistics because of possible budgetary adjustments at the end of the year. Therefore cash payments made in the year n+1 but belonging to the year n are reflected in the final annual basic statistic of the year n but may not have been included in the (quick) quarterly basic statistic for the fourth quarter of the year n.

In the case of statutory accident insurance schemes only annual data are available and must therefore be spread over the quarters.

4. REVISION POLICY

For the initial estimation of quarterly data, not all basic statistics normally used are available. Missing data from the quarterly or monthly basic statistics used are therefore supplemented by estimates. When the (initially) missing quarterly or monthly data become available, the results are gradually revised. When the final annual basic data become available, the results, which up to that point were provisional, are then adapted to the final annual account.

Sources and Methods by Category

GENERAL REMARKS

The same general description applies equally to taxes on production and imports, including value-added tax, taxes on income and wealth and capital taxes.

Sources

Monthly data are available from the Federal Ministry of Finance on tax yields (for individual types of taxes), for Federal taxes as well as community taxes of the federation. Quarterly data on tax yields (for individual types of taxes) and for taxes collected by the Local Authorities. Final annual results for tax yields for all sectors, analysed by type of tax.

Methods

Anticipating the adoption of the Parliament and Council directive on the recording of taxes and social contributions, the time-shifted tax yield is recorded if a time adjustment is advisable according to the specific type of tax concerned. Therefore, whether the time adjustment is one or two months depends on the deadlines for paying the tax stipulated by the particular German tax law.

Looking at the estimates for the latest quarter (i.e. the current quarter), we can note that these are based on an initial estimate of the quarter values. Missing data from the quarterly or monthly basic statistics used are supplemented by estimates, which estimates take account of possible changes in legislation. When the (initially) missing quarterly or monthly basic statistics become available, the results are gradually revised. After revision, over 90% of the results are based on quarterly or monthly basic statistics. The results which up to that point were provisional are then adapted to the final annual accounts which become available later (in principal with an adaptation of level, but in the case of taxes the monthly or quarterly basic statistics used add up to the final annual data).

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Sources are described in the introductory General Remarks sections.

The relative weight of each sub-sector of General Government within this category is as follows:

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D2 %
Government	51,8
State Government	35,6
Central Local Government	12,6

Methods

The methods applied are described in the General Remarks section (see above).

2. D5 TAXES ON INCOME AND WEALTH

Sources

Sources are described in the introductory General Remarks sections.

The relative weight of each sub-sector of General Government within this category is as follows

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D5 %
Central Government	44,9
State Government	44,1
Local Government	11,0

Methods

The methods applied are described in the General Remarks section (see above).

3. D91 CAPITAL TAXES

Sources

Sources are described in the introductory General Remarks section.

The relative weight of each sub-sector of General Government within this category is as follows

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D91 %
Central Government	0
State Government	100
Local Government	0

Methods

The methods applied are described in the General Remarks section (see above).

At present there is only one capital tax in Germany, namely the inheritance tax collected by the State Government. Because of the practice of the fiscal authorities the inheritance taxes falls due about 2 1/2 to 3 years after the event happened. So a time adjustment of the cash data is not reasonable.

4 D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Social Security Funds (Weight of D611: 100 %)

Monthly results for the pension contributions of blue and white collar workers with regard to the accrual social contributions yield and the cash yield of the Federal Employment Office; quarterly results from the statutory health insurance scheme; statutory care insurance; agricultural pensions funds; miners pensions funds; and the annual results of statutory accident insurance schemes. Final annual accounts results for all social insurance branches.

Methods

Social Security Funds

Anticipating the Council Directive on the recording of taxes and social contributions, the monthly cash yield of the Federal Employment Office has a one-month time adjustment. The results of the other social security bodies show the cash yield for the right period required in order to be consistent with the accruals principle, and therefore further corrections to the national accounts are not necessary.

Looking at the estimates for the latest quarter (i.e. the current quarter) we can note that these are based on an initial estimate of the quarter values. Missing data from the quarterly or monthly basic statistics used are supplemented by estimates, which estimates take account of possible changes in legislation. When the (initially) missing quarterly or monthly basic statistics become available, the results are gradually revised. After revision, over 90% of the results are based on quarterly or monthly basic statistics. The results which up to that point were provisional are then adapted to the final annual accounts which become available later (with an adaptation of level if necessary).

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 13,5 %)

Quarterly accounting results from the Federal Ministry of Finance for the Federal Budget and its special assets. Final annual accounts results.

State Government (Weight of D62: 9,6%)

Quarterly accounting results from financial statistics. Final annual accounts results.

Local Authorities (Weight of D62: 4,7%)

Quarterly accounting results from financial statistics. Final annual accounts results.

Social Security Funds (Weight of D62: 72,2%)

Monthly results for the statutory pension schemes for blue and white collar workers and the Federal Employment Office; quarterly results from the statutory health insurance scheme; statutory care insurance; agricultural pension funds; miners' pension funds; and the annual results of statutory accident insurance schemes. Final annual accounts results for all schemes.

Methods

General Government

Monetary social benefits are booked in the national accounts at the levels actually substantiated. The results are in line with the rule set out in par. 4.107 of ESA 1995.

Looking at the estimates for the latest quarter (i.e. the current quarter) we can note that these are based on an initial estimate of the quarter values. Missing data from the quarterly or monthly basic statistics used are supplemented by estimates, which estimates take account of possible changes in legislation. When the (initially) missing quarterly or monthly basic statistics become available, the results are gradually revised. After revision, over 90% of the results are based on quarterly or monthly basic statistics. The results which up to that point were provisional are then adapted to the final annual accounts which become available later (with an adaptation of level if necessary).

Future Developments

No comments

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 are fully respected for taxes data (D2, D5, D91). The data for Actual Social Contributions (D611) and Social Benefits (D62) are currently provided using best estimates.

2. COMPLIANCE WITH ESA 95 RULES

In transmitting the data required under the Regulation, the estimation procedures used seek to transform the data into a form, which fully comply with ESA 95 concepts. Full conformity with ESA 95 requirements is normally achieved when finalised data are available for particular annual periods (presently at a t+10 month's time lag).

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

The quarterly data provided does not yet estimate for the Social Security Funds sector. For this reason consistency between annual and quarterly data is not yet possible. In principle, however quarterly data are adjusted to match the annual data, which are available later in time.

4. REVISION POLICY

Quarterly data on taxes and social payments are not yet published. Therefore a formal revision policy is not yet settled.

Sources and Methods by Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 96.4 %)

Monthly cash data are available from the General Accounting Office (located in the Ministry of Finance), which publishes monthly cash and assessed monthly data for all kinds of revenue categories, including D2. The cash data is available with a time lag of 9 months. The assessed monthly data is available with a time lag of 9 months.

Local Authorities (Weight of D2 3.6% %)

No specific remarks

Methods

Central Government

In general, cash data are adjusted to an accrual basis using explanatory variables or an interpolation method to be applied to equivalent annual data.

Indirect taxes: For June 2000 reporting, the latest quarters are estimated globally using the best estimates approach. Thus for estimates of Q4, 1999 and Q1, 2000, the approach used is as follows: known cash amounts actually collected in earlier fiscal periods¹ are related to the projected or planned (expected) revenues receipts outlined in budgetary documents. The relative importance or weight of each indirect tax in the overall budgetary revenue is established by looking to the actual out turn in proceeding periods (e.g. for Q4 1999 and Q1 2000 to the monthly period from 1997 to August 1999). An initial review of this approach establishes that an identifiable pattern over time in the relative share of each tax heading is discernible (sometimes static, sometimes increasing in importance etc) and can therefore be applied. Adjustments are made for specific kinds of changes in revenue which are expected due to legislative changes or changes in the rates of tax in the latest periods being estimated.

Lottery taxes are normally collected on a 'when due' basis. The percentage allocation for the same quarter in the preceding annual period is used to estimate lottery taxes in the current quarter.

Local Authorities

No specific remarks.

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government (Weight of D5: 99.1 %)

Monthly cash data are available from the General Accounting Office, which publishes monthly cash and assessed monthly data for all kinds of revenue categories, including D5. The cash data is available with a time lag of [? 9 months]. The assessed monthly data is available with a time lag of [?].

¹ Given the 14 month system for accounting for tax liabilities that applies in Greece, the term 'fiscal periods' is used to indicate that the calculations take the 14 month, rather than a 12 month, period as an initial reference point.

Local Authorities: (Weight of D5: 0.9%)

No specific remarks.

Methods

Central Government

Cash data are adjusted to an accrual basis using explanatory variables or an interpolation method to be applied to equivalent annual data.

Local Authorities

No specific remarks.

3 D91 CAPITAL TAXES

Sources

Central Government (Weight of D91: 91.1 %)

Monthly cash data are available from the General Accounting Office, which publishes monthly cash and assessed monthly data for all kinds of revenue categories, including D91. The cash data is available with a time lag of [?]. The assessed monthly data is available with a time lag of [?].

Local Authorities (Weight of D91: 8.9 %)

No specific remarks

Methods

Central Government

Cash data are adjusted to an accrual basis - using explanatory variables or an interpolation method – which is then applied to the equivalent annual data to arrive at quarterly estimates.

Capital taxes are normally collected on a 'when due' basis. The percentage allocation for the same quarter in the preceding annual period is used to estimate Capital taxes in the current quarter.

Local Authorities

No specific remarks

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government (Weight of D611: 4.4%)

No specific remarks

Social Security Funds (Weight of D611: 95.6%)

Social contributions: For June 2000 reporting, the latest quarters are estimated globally using a best estimate approach. Thus for data of Q4, 1999 and Q1, 2000, the approach used is as follows: known cash amounts actually collected in earlier fiscal periods are related to the projected or planned (expected) revenues under the heading social contributions in budgetary documents. The relative importance or weight of social contributions in the overall budgetary revenue is established by reference to the actual out turn in proceeding periods (e.g. for Q4 1999 and Q1 2000 to the period from 1997 to August 1999). An initial review of this approach establishes that an identifiable pattern in social contributions paid to central government is discernible and can therefore be applied. Adjustments are made for specific kinds of changes which can be expected due to legislative changes or changes in the rates of social contributions in the latest periods being estimated where they arise.

Methods

Central Government

No specific remarks

Social Security Funds

In general, an adjustment is applied to bring Actual Social Contributions to an accrual basis. There are difficulties in obtaining the required explanatory variables in this regard (e.g. quarterly wages and salaries series is itself not available).

For June 2000 reporting, the latest quarters are estimated globally using a best estimates approach. Thus for data of Q4, 1999 and Q1, 2000, the approach used is as follows: known cash amounts actually collected in earlier fiscal periods are related to the projected or planned (expected) revenues under the heading social contributions in budgetary documents. The relative importance or weight of social contributions in the overall budgetary revenue is established by reference to the actual out turn in proceeding periods (e.g. for Q4 1999 and Q1 2000 to the period from 1997 to August 1999). An initial review of this approach

establishes that an identifiable pattern in social contributions paid to central government is discernible and can therefore be applied. Adjustments are made for specific kinds of changes which can be expected due to legislative changes or changes in the rates of social contributions in the latest periods being estimated where they arise

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

In general Central Government provides some 20% of overall D62 (benchmarked against annual accounts position).

Methods

Data on Central Government is available from the General Accounting Office (?). No direct data is available for other sub-sectors on a quarterly basis.

Future Developments

It is intended to set up a new quarterly data framework for the sub-sectors of General Government, in which monthly raw data could be obtained by the primary sources concerned e.g. a quarterly survey of the Social Security funds.

Compilation of short-term public finance indicators is not available on a sufficiently timely basis. It is intended to improve timeliness of these indicators. Details of assessed amounts on a monthly cash basis - as well as associated monthly cancellations - together with the remaining amounts still outstanding at the end of each month/quarter will be sought.

Some further work may be required to confirm the exhaustiveness of the coverage presently achieved for taxes and social contributions.

In general, data coming from the General Accounting Office is reported on a 14-month basis. A more final method for allocating the '2 extension months' to the calendar periods is under review.

The transition from a cash basis to an accrual basis of recording on a quarterly basis needs further examination. As a first approximation, the annual accrual adjustment is allocated into the respective quarterly estimates.

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 is fully respected for tax data (D2, D5) and for Actual Social Contributions (D611) and Social benefits (D62). An exception are the Capital Taxes (D91).

2. COMPLIANCE WITH ESA 95 RULES

Basic data are transformed to fully comply with ESA 95 concepts.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

Annual data are first compiled. Quarterly data are then controlled to results from the annual data compilation system. Annual data are available before those of the last quarter in a given year.

4. REVISION POLICY

The internal deadline for the transmission of quarterly data is three months from the end of the reference period. This means that the figures already compiled for the last quarter would be provided before the end of March of the following year. The relationship with reporting requirements under the *Regulation on the application of the Protocol on the excessive deficit procedure* should also be noted. As for other Member States, Spain has to send the first provisional information for a given year before 1 March of the following year. Even though this information, from a non-financial viewpoint, refers only to certain aggregates (borrowing requirement, gross fixed capital formation and interest), all the headings in the national accounts need to be drawn up in accordance with a simplified system of accounts to enable the consistency of the data to be checked. It follows that the first provisional data for a year would be available before those relating to the last quarter of the financial year in question. The pattern of data reporting points refers then to 31 March, 30 June, and 30 September (first three quarters). Provisional end of year figures (end December) take the financial year as a reference point. Once available the final quarter estimate is available.

Sources And Methods By Category

GENERAL REMARKS

The headings requested are recorded on an accrual basis, as laid down in ESA 95, and in accordance with the procedure used to compile the annual accounts.

Administrative registers, where used, contain individualised data on each of the taxes transferred to the State from each of the Autonomous Communities. As well as presenting information on the current year, a comparison is drawn with the equivalent quarter of the previous year, thus making it possible to analyse any changes in the tax in question.

Revision of source data: if at any time we receive notification of any changes in the basic data already supplied, we transmit a corrected set of results. At any rate, the fact that the quarterly information from the source statistics is cumulative means that any errors in one quarter will disappear in the results for the following quarter.

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

The heading “Taxes on production and imports” (D2) will be compiled with data 85% to 90% of which is direct information. Direct information is obtained from public accounts (95%), with the remaining 5% being obtained from other administrative registers¹.

Central Government (Weight of D2: 75 %)

Direct information is obtained from public accounts (95%), with the remaining 5% being obtained from other administrative registers, such as the statistics on the collection of charges and taxes drawn up by the Inspector-General of the Ministry of Economic Affairs and Finance. These other sources serve to supplement public accounts in cases where, even if data are available, a greater level of detail is required than is provided by the accounting records.

D211 Value-added type taxes: Direct information provides 99% coverage. Some 92% of this direct information is obtained from public accounting data, supplemented in the case of the Autonomous Communities by administrative registers. The remaining 8% are obtained exclusively from administrative registers.

Local Authorities (Weight of D2: 25 %)

The compilation of this heading causes problems at Local Government level since the large number of units forming the sub-sector makes it impossible to gather quarterly information on budget implementation by an acceptable date.

Use is therefore made of public accounts data with a specific level of detail depending on the sub-sector concerned, since in some cases these data have to be supplemented with information obtained from administrative registers containing information on taxes and other charges

¹ If, within this heading, value-added type taxes are eliminated (D211), the coverage of direct information falls to about 75%, since the relative importance of municipal taxes increases with the inclusion of such major items as the Economic Activities Tax or Real Estate Tax.

Methods

See General Remarks note shown above.

2. D5 TAXES ON INCOME AND WEALTH

Sources

The current taxes heading will be compiled from direct information for about 98% of the total.

Central Government (Weight of D5: 92 %)

Of this 98%, some 95% consists of data from public accounts and the remaining 5% is taken from administrative sources.

Local Authorities: (Weight of D5: 8%)

For this sub-sector, the only information available is from the charge collection statistics drawn up by the Inspectorate of the Ministry of Economic Affairs and Finance, which cover about 75% of the current taxes of Local Government, and thus estimates have to be made for the remaining 25%, or the equivalent of 2% of the total current taxes of General Government.

Methods

See General Remarks note shown above.

3. D91 CAPITAL TAXES

Sources

Direct information is available for 60% of Capital taxes. The lower percentage (compared with D2, D5) arises because of the high proportion of these taxes accounted for by Local Government.

Central Government (Weight of D91: 57 %)

The vast majority of direct information under this heading relates to Central Government and is available from public accounts data.

Local Authorities (Weight of D91: 43 %)

Some limited information (2% of the direct information available under the D91 heading) on inheritance and donations collected by Local Authorities whose information is taken from administrative sources i.e. statistics on transferred charge statistics.

Methods

See also General Remarks note shown above.

Central Government

The estimation procedure used takes account of the trend in the different taxes in previous financial years, as well as trends in the sectors affected (real estate, town planning etc.) and possible changes that have occurred in legislation.

Local Authorities

The estimation procedure used takes account of the trend in the different taxes in previous financial years, as well as trends in the sectors affected (real estate, town planning etc.) and possible changes that have occurred in legislation.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government (Weight of D611: 100 %)

Public accounts registers provide 100% of the required direct information.

Methods

See General Remarks note shown above.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 8.7 %)

The information required is drawn up on the basis of public accounts registers.

State Government (Weight of D62: 1%)

Local Authorities (Weight of D62: 0.3%)

Social Security funds (Weight of D62: 90 %)

The information required is drawn up on the basis of public accounts registers.

Methods

See General Remarks note shown above.

Future Developments

Taxes and social contribution regulation: Once the regulation is adopted to introduce recording on a cash (adjusted) basis for taxes and contributions, some changes will arise in the Spanish case. In recent years there are no substantial differences from the figure produced on an accrual basis.

FRANCE

Description of French Practice, Year 2000

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

D2 The 90% criteria set out in Article 3 is not met for D2 as a whole. Indeed, the D29 taxes are covered mainly by estimates based on forecasts. Conversely, the D21 taxes are covered by direct indicators. In the end, the coverage rate for D2 is 75%.

D5 The 90% criteria are roughly met for D5 taxes data.

D91 The coverage rate is currently 80%.

D61 The 90% criteria fails to be met for social contributions (D61). The coverage rate is as follows:

- direct indicators 75%
- indirect indicators 15%
- forecasts 10%.

D62 The coverage rate is - direct indicators: 60%; - indirect indicators: 27%; - forecasts: 13%.

2. COMPLIANCE WITH ESA 95 RULES

Basic data are transformed to fully comply with ESA 95 concepts.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

Quarterly accounts are constructed on the basis of a fixed methodology. An attempt is made to link an indicator with each national accounts aggregate. If there is an appropriate indicator, it is adjusted to the annual accounts aggregate (an annually estimated econometric equation such as: $\text{annual account} = a \times \text{indicator} + b$). This equation aims to adjust the indicator for any bias, especially for inadequate coverage.

The problem of ensuring consistency with annual accounts varies depending on whether infra-annual indicators are available or not.

- When the infra-annual indicators (direct or indirect indicators) exist they are adjusted to annual accounts. The adjustment equation is then used to construct the quarterly accounts in order to compensate for any bias. When the fourth quarter of the year is estimated, an adjustment is made based on provisional annual accounts. In actual fact, the annual accounts are based on more exhaustive methods. The annual difference between the two estimates is spread over the quarters in such a way as to smooth out

the trends, which are adjusted for working days and seasonal variations (to avoid 'step-like progressions').

- When no infra-annual indicator (forecasts or statistical model) is available, the account is established in such a way as to keep to the annual target whilst keeping the quarterly trends as smooth as possible. When the provisional account is made, the estimated annual target is replaced by the trend shown by the provisional account.

4. REVISION POLICY

The quarterly accounts are adjusted to the semi-definitive and definitive annual accounts. There are therefore always roughly adjusted to the annual accounts for General Government aggregates (but not adjusted for working days or seasonal variations).

It should be noted that the raw data of quarterly accounts based on infra-annual indicators are not smoothed out: the correction for seasonal variations smoothes them out. As a result, the receipts of some taxes show up substantial peaks and troughs.

Sources And Methods By Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

The table below shows the underlying sources used to compile the D2 results:

Bn F 1998 D2	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	EEC	TOTAL	%
Cash data	63	21	6	-	90	7
Cash adj. data	880	-	-	40	920	67
Forecasts	-	270	20	-	290	21
Stat models	-	50	20	-	70	5
Total	943	341	46	40	1370	100
%	70	25	2.5	2.5	100	

The underlying sources used to compile the D2 results are based predominantly on cash adjusted data (some 67% of total D2 transactions). Cash data is available covering a further 7% of total D2 transactions, with the balance of information on D2 coming from a variety of indicators covering a diverse set of administrative sources e.g. budgetary data (this third category covering some 25% of total transactions).

The local taxes are essentially covered by annual forecasts as there does not exist any direct indicator for them.

The position for the components of D2 is as follows:

Bn F D211	Central Gov't	Local Gov't	Social Security	EEC	Total	%
Cash adj. data	580	-	-	40	620	100
%	94			6	100	

Bn D214F	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	EEC	TOTAL	%
Cash adj. data	300	-	-	-	300	77
Forecasts	-		20	-	20	5
Stat models	-	50	20	-	70	18
Total	300	50	40	-	390	100
%	77	13	10	-	100	

Bn F D291	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	EEC	TOTAL	%
Cash data	63	21	6		90	100
%	70	23	7	-	100	

Bn F D292	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	EEC	TOTAL	%
Forecasts	-	270	-	-	270	100
%	-	100	-	-	100	

Methods

The difference in carrying out the quarterly accounts is only due to the sources available, whatever the sub-sector of the public administration is.

- For those cash data and cash adjusted data (some 75% of the total transaction), the infra-annual cash (adjusted) data are adjusted to annual accounts. An adjustment equation is applied to construct the quarterly accounts in a manner, which compensates for any bias. When the fourth quarter of the year is estimated, an adjustment is made based on provisional annual account. In actual fact, the annual accounts are based on more exhaustive methods. The annual difference between the two estimates is spread over the quarters in such a way as to smooth out the trends, which are adjusted for working days and seasonal variations (to avoid 'step-like progressions').
- When forecasts (such as the Economic Budgets) are used (some 21% of transactions) the estimated transactions are replaced by the first provisional annual result.
- It is the same when statistical models (such as ARIMA) are used: the estimated transactions are again replaced by the first provisional annual result when available.

2. D5 TAXES ON INCOME AND WEALTH

Sources

The table below shows the underlying sources used to compile the D5:

Bn F D5	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	TOTAL	%
Cash data	525	-	-	525	53
Cash adj. data	-	-	330	330	34
Tax assessments data			15	15	1
Forecasts	35	-	-	35	4
Stat models	-	80	-	80	8
Total	560	80	345	985	100
%	57	8	35	100	

The position for the components of D5 is as follows:

Bn F D51	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	TOTAL	%
Cash data		-	-	515	58
- households	315				
- companies	200				
Cash adj. data	-	-	330	330	37
Tax assessments data			15	15	2
Forecasts	25	-	-	25	3
Total	540	-	345	885	100
%	61		39	100	

Bn F D59	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	TOTAL	%
Cash data	10	-	-	10	10
Cash adj. data	-	-	-	-	
Forecasts	10			10	10
Stat models	-	80	-	80	80
Total	20	80	-	100	100
%	20	80	-	100	

For most current taxes on income and wealth (D51), it is mostly cash data that is available (some 58% of total D51 transactions) together with cash adjusted data (a further 37% of coverage of overall D51).

Data on tax assessments is also available but is used mainly to estimate a small part of the relevant household taxes (some 2% of tax receipts under this heading). There is roughly no information for the estimate for Other current taxes (D59) representing the remainder of D5 (10% of the total of the D5 category).

Methods

The same methods as for D2 apply for the D5 taxes. For the tax assessment data, the same methods as for the cash data apply.

3. D91 CAPITAL TAXES

Sources

The weight of Central Government is 100%. The results are based on cash data for 80% and on statistical models for 20%.

Methods

The same methods as for D2 apply for the D5 taxes.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

The table below shows the underlying sources used to compile the D611:

Bn F D611	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	TOTAL	%
Cash data	35	-	65	100	7
Cash adj. data	-	-	970	970	69
Forecasts			125	125	9
Indirect indicators			220	220	15
Total	35		1380	1415	100
%	2		98	100	

Methods

The same methods as for D2 apply for the D611 social contributions.

Contributions are estimated from receipts collected by the Social Security Funds. Mostly this data is available on a cash adjusted basis - some 69% - with cash data constituting a further 7%.

Other sources are used to estimate the remaining 24% of the total Actual Social Contributions. Annual forecasts are available from the Social Security Accounts Report. Contributions for the « régimes complémentaires » are based on indirect indicators i.e. they are estimated from the wage bill and contribution rates.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

The table below shows the underlying sources used to compile the D62:

Bn F D62	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	TOTAL	%
Cash data	55		246	301	19
Cash adj. data			350	350	22
Tax assessment data	45		250	295	19
Forecasts		70	143	213	13
Indirect indicators	165		255	420	27
Total	265	70	1244	1579	100
%	17	4	79	100	

The position for the components of D62 is as follows:

Bn F D621	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	TOTAL	%
Cash data	10		246	256	20
Cash adj. data			350	350	28
Tax assessment data			250	250	20
Forecasts			143	143	11
Indirect indicators			255	255	21
Total	10		1244	1254	100
%	1		99	100	

For D623, the weight of Central Government is 100%. The results are based on indirect indicators. (The amount of D623 was 165 Bn F).

The table below shows the underlying sources used to compile the D624:

Bn F D624	CENTRAL GOV'T	LOCAL GOV'T	SOCIAL SECURITY	TOTAL	%
Cash data	45			45	28
Accrual data	45			45	28
Forecasts		70		70	44
Total				160	100
%	56	44		100	

Methods

The same methods as for D2 apply for the D62 social benefits other than social transfers in kind. Of course, the forecasts are based on the Social Security Accounts Report.

- D621

The benefits paid by the « régimes complémentaires » are estimated from an indirect indicator, which is the number of pensioners times the average pension.

- D623

Civil servants' pension are estimated from an annual target constructed from a direct indicator, since the cash receipts data are too unreliable to be used directly.

- D624

Benefits paid by the local governments are estimated from an annual forecast based on the Budget Economiques.

Future Developments

It is intended to improve the methods used when estimating elements of other current taxes (D59), mainly « taxe d'habitation » et « taxe foncière », as well as for the benefits paid by the « régimes complémentaires ».

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 are fully respected for the following categories of General Government: D2, D5, D91 and D611. At least 75% of the quarterly data compiled for category D62 is based on direct information and the residual are provided using best estimates.

2. COMPLIANCE WITH ESA 95 RULES

For June 2000 reporting, only VAT receipts are adjusted for accruals. Work is underway to develop a methodology to convert all other tax receipts *and the social payment categories to the accruals recording basis required in ESA95*.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

For most taxes, quarterly data are central to the compilation system with the annual results being simply the sum of the four quarters.

4. REVISION POLICY

Revisions if necessary are made to the quarterly data prior to the assembly of annual data. In the case of a small number of taxes, quarterly information is not available. In these cases quarterly figures are estimated in advance and retrospectively adjusted when the annual figures become available.

Sources And Methods By Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central government (Weight of D2: 94.5%)

Cash data is obtained from the Department of Finance quarterly exchequer statements

Local Government (Weight of D2: 5.5%)

Local Authority returns are the main source.

Methods

Central Government

Quarterly data will be compiled from monthly cash returns. VAT receipts are adjusted for accruals.

Local Government

Data provided annually. Quarterly data will be compiled using best estimates.

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government (Weight of D5: 100 %)

Primarily from Revenue Commissioners

Methods

Central Government

Quarterly data will be compiled from monthly cash returns.

3. D91 CAPITAL TAXES

Sources

Central Government (Weight of D91: 100 %)

Tax Authorities i.e. the Revenue Commissioners

Methods

Central Government

Quarterly data will be compiled from monthly cash returns.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government (Weight of D611: 14 %)

The sources used come from the Dept. of Social Community & Family Affairs & Dept. of Health

Local Authorities (Weight of D611 2 %)

Estimates compiled as part of the calculation of the Wages and Salaries component of GDP using information collected directly from Local Authorities.

Social Security Funds (Weight of D611: 84 %)

Data from the accounts of the Social Insurance Fund compiled by the Dept. of Social Community & Family Affairs.

Methods

Central Government

Quarterly data will be compiled from cash returns.

Local Authorities

Quarterly data will be compiled from cash returns.

Social Security Funds

Quarterly data will be compiled from cash returns.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 94%)

Various government departments as well as the Social insurance fund and European social fund.

Local Authorities (Weight of D62: 6 %)

Dept. of Social Community & Family Affairs, Dept. of Environment, Local authority returns as well as survey data.

Methods

Central Government

Quarterly data will be compiled from monthly cash returns where available, remaining quarterly data will be compiled from annual data using best estimates.

Local Authorities

Quarterly data will be compiled primarily from annual data using best estimates.

Future Developments

Historically, quarterly National Accounts have not been compiled in Ireland. In 1999, the CSO began compiling quarterly estimates of the GDP. As part of the calculations, it developed a methodology for estimating the value of taxes on production. The methodology described above for providing quarterly receipts of other types of taxes is being developed specifically in response to the new Regulation.

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 is met for taxes data (D2, D5, D91) and for Actual Social Contributions (D611) and social benefits (D62).

2. COMPLIANCE WITH ESA 95 RULES

When it is necessary, basic data are rectified to obtain consistency with ESA 95 concepts (for instance by shifting monthly data in order to eliminate the time lag between accrual and assessment/cash time of recording).

The statistical approach used consists in estimating quarterly taxes and social contributions and benefits flows by applying quarterly indicators to annual benchmarks. In such a way ISTAT National Accounts Department (NAD) establishes the quarterly outcomes on the annual ones.

For each figures a regression model is estimated. This underlying model is subject to adjustment one time at year when some new annual information is disposable. The quarterly indicators are based on direct information which covers in the long run 90% of the direct data for all categories outlined in Article 2.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

The Italian national quarterly accounts system includes elements of both approximations of annual compilation techniques and quarterly disaggregation statistical methods. The choice of the techniques used depends on available information.

In the methodology implemented by NAD two cases are distinguished:

case 1) the same information is available for both annual and quarterly data;

case 2) the available quarterly information is given by one or more related series as indicators.

In the former case the infra-annual information are elaborated as the annual ones and statistical methods are used only to reach consistency with the annual figures in the sense that each yearly data has to be equal to the sum (or the mean) of the four quarters. In the latter case statistical methods are utilised:

- to give to the unknown quarterly series the same pattern of the related series;
- to obtain the quarterly estimates in a correct statistical framework when the annual data are not known yet;

- to achieve equality between the annual data and the sum (or the mean) of the four quarters.

Some adjunctive techniques are used to fill the gap between the annual (exhaustive) and the quarterly (partial) information, like the specification of a regression model for each series that has to be disaggregated.

In each case the statistical method used is an optimal one: the Chow-Lin (1971) method in the Italian version Barbone-Bodo-Visco (BBV, 1981). Before to apply this method, an annual regression is carried out between the indicators and its subject, and statistical tests are carried out to check the appropriateness of the model. When the model doesn't reach a very high degree of accuracy, dummies are added to improve it especially in order to minimise the prevision error. The models that are thus developed are inserted into the quarterly disaggregation procedure.

4. REVISION POLICY

In the course of the year each quarter as well as the quarters of the two previous years can be revised.

When new annual data are available - typically the last two years can be revised –the quarters of the two previous years can be subject to changes, that is the revisions can be extended back to year t-4.

Sources And Methods By Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 81.4%)

Monthly data on taxes collected by the State are available. These consist of a Summarised Treasury Account prepared by the Ministry of the Treasury (STA) – cash basis - and the tax report figures produced by the Ministry of Finance (MF) – assessment basis.

Local Government (Weight of D2: 18.6 %)

Cash data on some taxes collected by Local Authorities are available. Other local taxes are part of taxes paid to Central Authorities so they are disaggregated together. For the other taxes information on the tax base are available.

Methods

Central Government

D2 (excluding VAT)

In the disaggregation of D2 the Italian approach uses the pattern of annual tax receipts to provide the structure under which the quarterly pattern of tax receipts is to be estimated. The first goal is then to establish the quarterly pattern of tax receipts and to place it in the structure of tax receipts known from the annual detailed results. Adhering to this detailed annual structure means that, to establish the quarterly pattern for taxes in a satisfactory way, it is necessary to select various types of taxes – the biggest in terms of revenue – and to obtain for the latter the quarterly raw data.

Having thus the significant accrual receipts pattern allows the quarterly total D2 to be estimated by using the sum of the relevant taxes disaggregated as indicator. Whenever it is necessary, the cash and the assessment data are adjusted before to place them in the model; in particular two main cases are faced: when there is a need to correct anomalies in the raw data or to reach consistency with ESA 95 concepts.

In the first case this means that outliers are removed if they are not due to actual changes in tax bases or in tax rates. Sometimes, especially in the cash data, a quarter could show an unexpected amount because the shift of the revenue in the following quarter, for example caused by an holiday occurring at the end of March (first quarter) that obliges taxpayers to pay some taxes in April (second quarter). To solve this problem it is necessary to use an outliers correction program¹. In a few words an outliers correction program verifies, for each quarter, whether the figure is within a range centred on the mean and large four times the variance of values of the same quarter for each year in the period. If the figure doesn't fall in this interval the quarter will be corrected by a moving average.

In the second case, these quarterly based indicators are also made consistent with the accrual principle by using additional information: in general, the adjustment to an accrual basis is established on the legal position with regard to the time allowed for payment or declaration of the underlying tax. This means realise a time-shifting of assessments data to the underlying economic period where such assessed amounts accrued.

Once adjusted, quarterly accrual data are obtained for the significant tax revenue categories by applying the quarterly disaggregation method used in Italy; finally an indicator for the total D2 is constructed by adding the quarterly types of taxes figures. This indicator establishes the quarterly pattern of D.2 (excluding VAT). It is then applied to annual results in the BBV method to establish the definitive results.

Quarterly conversion

As indicated, the pattern of quarterly tax revenues levied by Central Government bodies is based on the application of quarterly indicators to the corresponding annual tax benchmark. The following describe the major cases, which apply within Central Government:

¹ The outliers correction program used is X11ARIMS of the Bureau of the Census...

Central Government D2 taxes (excluding VAT type taxes)

ANNUAL TAX HEADING	QUARTERLY INDICATOR	SOURCE	OPERATION / NOTE
Mineral oils and derivatives	Tax on manufacture of mineral oils	Assessment-monthly	Note 1
Electricity	Tax on electricity + devolution to local authorities (from 1989)	Cash data-monthly	-
Methane gas	Coefficient x sales	ISTAT Internal sources	Note 2
Tobacco	Tax on tobacco consumption	Assessment-monthly	Time Shift
Duty stamp tax	Stamp	Assessment-monthly	Time Shift
Registration and stamp subrogation tax	Insurance	Assessment-monthly	Time Shift
Registration tax	Register + tax on deeds at the vehicle licensing authority	Assessment-monthly	Time Shift

Note 1: The quarterly indicator used is equal to the sum of the relevant three-month. Time shifting applies as this tax is normally paid within 1 month. [Accruals = assessment data of the quarter plus the months following and minus the first month of the quarter.]

Note 2: In the methane gas history too tax payment deadline changes happened. That's because it is not possible to apply the time-shift at the assessment data. To have an accrual pattern for this tax NAD decided to use as indicator the quarterly production of methane gas (the tax base) multiplied by the legal quarterly rate. In such a way we have a theoretic estimate of the tax. However, starting from 2000 the legal arrangement for this tax has been definitely established; in such a way it will be possible to apply the time shift method to this tax.

VAT² receipts (quarterly)

In the data base implemented by Ministry of Economy and Finance VAT receipts are recorded monthly, and are distinguished into:

- those due on monthly basis (detailed by the month in which they are accrued)
- those due on quarterly basis (detailed by the quarter in which they are accrued)
- those due on annual basis (yearly settlements of VAT)

In the data base are also recorded, month by month,

- prepayments of VAT due on yearly basis
- other small various payments associated with VAT receipts. They are very specific items of negligible amount.

The Italian National Accounts Department records each payment in the appropriate quarter:

1. the VAT due for each month of the year, but paid in different months is attributed to the appropriate month;

² Updated the 15 April 2002

2. the VAT due for each quarter of the year, but paid in a different quarter is attributed to the appropriate quarter;
3. prepayments are attributed to the fourth quarters because they are payments in advance for the economic activity carried out in the last quarter
4. various small payments are attributed to the quarters in which they are paid
5. the annual settlements of VAT are distributed into the year according to the quarterly distribution of the result of the four points above;

Finally VAT refunds are deducted by the result of the points 1 - 5 above. By considering that VAT refunds are significant from an economic point of view only on annual basis, they are estimated on quarterly basis proportionally on VAT receipts.

As a result of this operation, the sum of quarterly data is a very significant proxy of the total amount recorded in yearly national accounts; it represents a percentage near to 100% of the annual value of NA gross VAT. The final consistency with annual figure is obtained, as usual, by using the method Barbone, Bodo, Visco.

Local Government

The general approach for Local Authorities under D2 is similar to the description made above under the Central Government heading.

Quarterly conversion

As indicated, the pattern of quarterly tax revenues levied by Local Government bodies is based on the application of quarterly indicators to an equivalent annual tax benchmark.

The following describe the major cases, which apply within Local Government:

Local Government D2 taxes (excluding VAT type taxes)³

ANNUAL TAX HEADING	QUARTERLY INDICATOR	SOURCE	OPERATION / NOTE	QUARTERLY CONVERSION METHOD
Regional taxes on productive activities	Taxable base	ISTAT internal sources	Note 3	Quarterly breakdown
Municipal Property taxes	Taxable base	ISTAT internal sources	Note 4	Denton ⁴
Local Oil mineral tax	Tax on manufacture of mineral oils	Assessment-monthly	Time shift	BBV

Note 3: For this tax two kind of indicators are used: one for the tax paid by General Government units and NPISH and one for the tax paid by market producers. The first indicator used is equal to compensation of employees of non-market activity; the second one is the value added of market activity, which are the best indicators of the tax base.

Note 4: The indicators are value added by branch of economic activity on which the tax is levied.

³ Only a few illustrative examples are shown.

⁴ A time disaggregation method introduced by Denton (1971).

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government (Weight of D5: 92%)

Monthly data on taxes collected by the State are available. These consist of a Summarised Treasury Account prepared by the Ministry of the Treasury (STA) – cash basis - and the tax report figures produced by the Ministry of Finance (MF) – assessment basis.

Current taxes on income and wealth paid to Central Government fall within the following categories⁵ (which are those shown as National Accounts entries) - (see table on following page):

ANNUAL TAX HEADING	QUARTERLY INDICATOR	SOURCE
Personal Income tax	Personal Income tax	Assessment-monthly MF
Corporations tax	Corporations tax	Assessment-monthly MF
Tax on interests	Interest and revenue from capital + income from other capital different from dividends	Assessment-monthly MF
Tax on profits distributed by enterprises	Deductions on profits distributed by legal persons	Assessment-monthly MF
Taxes on income from personal property	Taxes on income from personal property	Cash –monthly STA
Complementary and additional tax (10%)	Complementary income tax	Cash –monthly STA
Local income tax (ILOR)	Total ILOR revenue.	Assessment-monthly MF
Withholding tax on company dividends	Tax on companies and bonds.	Cash –monthly STA
Tax on enterprises' net wealth	Undertakings' wealth	Assessment-monthly MF
Single tax on games of skill and predictions	Single tax on games of skill, competitions and predictions	Cash –monthly STA

The direct information available are normally provided by the Ministry of Finance (MF, assessments made). They are available monthly and have a time lag of 70/80 days. Other information come from Ministry of Treasury, in a monthly bulletin (Summarised Treasury Account = STA) with the same time lag.

⁵ Only a few illustrative examples are shown.

Local Authorities: (Weight of D5: 8. %)

Until now, information for mainly local taxes is obtainable from the Ministry of Finance bulletin, so assessment data are available for them.

Methods

Central Government

Quarterly data for the entry 'Current Taxes on Income and Wealth' are produced by using the following method:

- Phase 1: The total was broken down according to the type of tax, and the taxes selected where those that contributed the highest amount to the total entry (their sum, accounts for over 95% of the total entry).
- Phase 2: Indicators were produced for the taxes selected from State budget and public body entries.
- Phase 3: The entries were processed to make them conform to the concept of accrual.
- Phase 4: The optimal indirect Chow-Lin method (1971) was used to produce the quarterly data.

Local Government

Exactly the same procedure used for central taxes.

3. D91 CAPITAL TAXES

Sources

Central Government (Weight of D91: 84.4 %)

For this type of tax, there are two direct sources of data: 1) the Ministry of Finance's monthly bulletin - assessment basis and 2) The Ministry of the Treasury's monthly bulletin - cash basis. For these taxes the cash data are always preferred as a source.

Such cash data are available for a range of Capital taxes relevant in Italy. Types of national accounting entries offer a flavour of the types of Capital taxes involved:

- Substitute entries from the enterprise revaluation;
- Penalties and settlements – direct taxes (extraordinary payment of taxes);
- Penalties and settlements – indirect taxes (extraordinary payment of taxes);
- Extraordinary levy on TFR;
- Extraordinary levy for Europe (Eurotax);
- Tax on legacies;

- Tax on net global value of inheritances;
- Extraordinary tax on immovable fixed assets;
- Extraordinary tax on deposits;
- Substitute tax on enterprises goods;
- Extraordinary tax on some luxury goods.

Local Government (Weight of 15.6%)

All the cash available data are comprehensive of the part collected by both Central and Local Authorities.

Methods

Central Government

Quarterly data for the entry 'Capital Taxes' are produced by using the following method:

- Phase 1: The total was broken down according to the type of tax. Indicators were produced for the taxes selected from State budget and public body entries. Using a system of annual regression, a regression model is identified for each tax and then used in the Italian version of the Chow-Lin procedure.
- Phase 2: The optimal indirect Chow-Lin method (1971) was used to produce the quarterly data.

Local Government

Exactly the same procedure as is used for central taxes.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Social Security funds (Weight of 99.9%)

Quarterly cash data are available for the Actual Social Contributions paid to Social Security Funds. This data are collected by a quarterly survey made by Ministry of Treasury. They consist of contributions paid by employers, employees, self employed and non-employed persons.

Usually the payment of contribution takes place one month after the work that gives rise to the liabilities to pay the contributions is carried out. To obtain data according with the accruals principle, the original data have to be time-shifted by one month. For this use, monthly information is provided to ISTAT from the main social security funds. Since 1996, the Actual Social Contributions collected by the Social Security Funds has been nearly the total (over 99.9%) of Actual Social Contributions paid to the General Government as whole.

Methods

Social Security funds and other public bodies

Quarterly disaggregation of Actual Social Contributions (ASC) are produced by using the following method:

- Phase 1: Calculation of total quarterly shifted ASC collected by Social Security Funds by using direct information.
- Phase 2: Utilisation of quarterly wages and salaries paid by government units as indicator for ASC collected by State and other public bodies⁶.
- Phase 3: The optimal indirect Chow-Lin method (1971) is used to produce the final data. Before applying the method, an annual regression is carried out between the indicator and its subject, and statistical tests are carried out to check the appropriateness of the identified model.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 7.6 %)

In the Central Government the amounts concerned are of two types: 1) imputed Social Contributions; 2) other Social Benefits. The former consist of the payment of retirement or survivors' pensions to ex-employees or their survivors, the payment of family allowances, subsidies and other direct benefits. Each of these parts is quarterly disaggregated separately because the basic information for each one is of a different nature.

1) Imputed Social Contributions

Quarterly cash data are available from the Ministry of Treasury relating to payment of retirement or survivors' pensions to ex-employees

Information are available for subsidies and other benefits in the quarterly publication made by the Ministry of Treasury entitled 'Relazione Trimestrale di Cassa' (literally 'quarterly cash report', normal abbreviation being RTC).

No direct data are available for family allowances so a simple calculation is made to obtain the quarterly indicator that is the average amount of the allowances multiplied by the numbers of beneficiaries. However the amount involved is negligible (0.1 % of the total).

⁶ The ASC paid by employees to the State and to the other institutions except Social Security Funds were relevant until 1995. In 1996 INPDAP, a Social Security Fund, was created in order to collect the contributions of public employees.

2) Other Social Benefits

Other Social Benefits include assistance pensions paid for civil disability and war pensions. Quarterly data are available; they are published by Ministry of Treasury in the RTC.

Local Authorities (Weight of D62: 0.9 %)

From the Ministry of Treasury, quarterly cash data are available for benefits paid by local administrations as 'Transfers to Households'. The Local Government data include social benefits in kind (information to disjoin them are not obtainable).

Social Security Funds (Weight of 91.5 %)

Social Security Funds benefits include both Social insurance and Social assistance benefits. From the Ministry of Treasury, quarterly cash data are available for benefits paid by Social Security Funds as 'Transfers to Households'.

Methods

Central Government

Quarterly data on Social benefits other than social transfers in kind are calculated by using the Chow-Lin procedure; the time series used as indicators are the total of items described above for which quarterly data are provided.

For civil disability and war pensions: significant delays exist until the costs associated with these pensions were recorded in State budget⁷. It follows that the expenses recorded in the State budget and the effective or real expenses involved departed widely. Budget flows are therefore rectified by using the quarterly balance of Treasury accounts: the necessary data are available in the RTC (quadro di costruzione settore statale).

Local Authorities

Quarterly data on Social benefits other than social transfers in kind are estimated by using the Chow-Lin procedure.

The infra-annual pattern identifiable for the 'Transfers to households' item (see sources above) is used as indicator for social benefits other than social transfers in kind of the Local Administrations. It must be noted that such social benefits do not exceed 0.7% of the total item for each year for General Government as a whole.

Social Security Funds

Quarterly data on Social benefits other than social transfers in kind are calculating by using the Chow-Lin procedure.

⁷ It should be noted that since the end of 1998 civil disability pension payments fall in the responsibility of Social Security Funds. It follows that the problem of the pension time lag no longer exists

Future Developments

No specific observations.

LUXEMBOURG

Description of Luxembourgish practice, Year 2000

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criterion set out in Article 3 is fully respected for taxes (D2, D5, and D91) and for social contributions (D611). For social benefits in kind (D62) however the coverage is less than 90%.

1996

	% OF DIRECT INFORMATION
D2 Taxes on Production and imports	98.3
Of which: D211 VAT	100.0
D5: Current taxes on income and wealth	99.9
D91: Capital Taxes	100.0
D611 Actual Social Contributions	96.9
D62 Social benefits, other than social transfers in kind	89.2

2. COMPLIANCE WITH ESA 95 RULES

Data are adjusted to an ESA 95 basis.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

In Luxembourg, the compilation of quarterly and annual General Government accounts is done by the National Accounts Department. This ensures that the quarterly accounts and annual accounts are automatically co-ordinated as they use the same sources and methods. The compilation of annual figures can be regarded as the primary goal to be achieved.

The annual tax and social contribution data are recorded on a time-adjusted cash basis. The quarterly data are recorded following the same principle.

As the compilation of quarterly national accounts is still “under construction” the first exercise on quarterly data on General Government (taxes, social contributions and social benefits) has been prepared by the staff member in charge of the annual General Government accounts together with the staff member in charge of quarterly accounts.

4. REVISION POLICY

In general, quarterly data are revised to the annual account when this is available. Revisions for earlier quarters will arise at each point a new quarter is published, as new data in the basic sources becomes available.

Sources And Methods By Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 98.7%)

Taxes on production and imports are collected by 2 different tax administrations: the customs and excise administration (administration des douanes et accises) which collects most taxes on products

The registry and public property administration (administration de l'enregistrement et des domaines) which collects the VAT, the stamp taxes, registry taxes and subscription taxes as well as other Central Government receipts (rents, service charges etc.).

Both administrations provide monthly statistics on a cash basis for nearly all types of taxes 15 to 31 days after the end of the month.

Furthermore, the registry and public property administration provides monthly turnover statistics based on monthly, quarterly and yearly VAT returns and covering information on turnover and the VAT due for payment. This statistic has a delay of about 4 months.

Local Government (Weight of D2: 1.3%)

The main taxes attributed to Local Government are taxes on real estate and taxes on gambling and public amusement. Direct monthly cash data are only available for the gambling tax.

Methods

Central Government

3 methods are used:

- The annual time adjusted cash data are calculated by the tax administration. The quarterly estimates are calculated on the basis of monthly cash data using the “best fitting” time delay between the assessment and the payment of the tax (.5 to 3 months). The quarterly data are adjusted to the annual data.
- The annual and quarterly time adjusted cash data are calculated on the basis on monthly cash payments taking into account a delay of 0.5 to 3 months.
- For VAT the annual time adjusted cash data are calculated on the basis of information about the “year of economic origin (or assessment)” of the current payments and the amounts still due for payment by type of enterprise (in activity, in bankruptcy, in liquidation etc.). The quarterly data are estimated on the basis of the monthly and quarterly assessed VAT from the turnover statistics.

Local Government

See the second method above.

2. D5 TAXES ON INCOME AND WEALTH

Sources

D51 represents 95% and D59 5% of D5.

Central Government (Weight of D5: 85.0 %)

The taxes included are Personal Income tax (Impôts sur les salaires, Impôt sur le revenu des personnes physiques), Corporation Income tax (Impôts sur le revenu des collectivités) and some other less important taxes (see annex 1). The income taxes are collected by the Central Government direct tax administration (Administration des Contributions directes). Monthly data for nearly all types of taxes are available on a cash basis 15 to 31 days after the end of the month.

Local Government (Weight of D5: 15.0%)

The taxes included are the local tax on enterprise revenue (impôt commercial) and other less important taxes.

The local tax on enterprise revenue is collected by the Central State Direct Tax Authority (Administration des Contributions directes) together with the corporation income tax. Monthly cash data are available.

Methods

Central Government

The annual time adjusted cash data are calculated on the basis of information about the “year of economic origin (or assessment)” of the current payments. The quarterly estimates are calculated on the basis of monthly cash data using a time delay between 1 and 3 months. The quarterly data are adjusted to the annual data.

Local Government

See Central Government

3. D91 CAPITAL TAXES

Sources

The inheritance duty tax is the only one collected in this category. This tax is only collected by the central government.

Central Government (Weight of D91: 100.0%)

The amount collected by the Central Government is available on a monthly basis.

Methods

Central Government

The coverage of the tax is 100 % and the amount collected is available on a monthly cash basis. The methods are the same as under D.5.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government (Weight of D611: 1.9 %)

Only annual data are available in the central government account for the contribution of Central Government employees to their pension scheme.

Social Security Funds (Weight of D611: 98.1%)

The social contributions are available on a quarterly basis from the “general social security inspection” (Inspection générale de la sécurité sociale) and cover the following social security systems

- Health insurance (Union des caisses de maladie et les caisses de maladie)
- Private sector and Local Government pension schemes (régimes contributifs des pensions)
- Accident insurance (assurance contre les accidents, section agricole et section industrielle)
- Family allowances (caisse nationale des prestations familiales)
- Disability insurance (assurance dépendance) since 1999

Furthermore the monthly employment and wage statistics provided by the “general social security inspection” contain information on gross wages/salaries or earnings and the social contributions by category of employee (State Agents, Local Government Agents, white collar workers, blue collar workers) and for some categories of self employed.

Methods

Central Government

The quarterly data for social contributions to the pension scheme of Central Government are calculated on the basis of the monthly data from the compensation of employees statistics (3% of gross wages until 1994, 4% in 1995, 5% in 1996, 6% in 1997, 7% in 1998 and 8% from 1999 onwards).

Social Security Funds

The social contributions are recorded on a time adjusted cash basis with a one-month delay (the amounts that are not perceived are considered as irrecoverable losses). The period of

registration is the same as the period when the contributions are to be paid; the moment of registration is in line with ESA 95.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 15.2%)

The main items of this category are the pensions paid directly by Central Government to his employees. The source is the "General Finance Inspection" (Inspection Générale des Finances). The pensions are paid *praenumerando*.

Local Authorities (Weight of D62: 0.2 %)

Direct social benefits from Local Government are insignificant.

Social Security Funds (Weight of D62: 84.6 %)

The information is obtained directly from the Social Security Fund and cover private and Local Government pensions and some social benefits from the health insurance.

Methods

Central Government

Monthly or quarterly data are available since 1998.

Local Authorities

Monthly or quarterly data are not available.

Social security funds

The social benefits are recorded on an accrual basis.

Future Developments

Improve the percentage of direct information for Social benefits other than social transfers in kind.

Back calculations until 1991 (where possible)

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 is fully respected for taxes data (D2, D5, D91). An exception is the data for Actual Social Contributions (D611) and social benefits (D611, D62). In these cases the data required under the Regulation are currently provided using best estimates.

2. COMPLIANCE WITH ESA 95 RULES

Basic data are transformed to fully comply with ESA 95 concepts.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

The compilation approach of the Dutch reporting in June 2000 is geared to the availability of the source data. The source data on taxes for Central Government are basically monthly data on cash receipts. These cash data are used for both quarterly and annual reporting. The quarterly and annual compilation methods are similar, so the results are perfectly consistent. The other elements of the reporting in June 2000 will be based on estimates. The quarterly estimates for taxes of Local Government will be derived from annual data. The consistency with annual data will be pretty good. The estimation method for social contributions and social benefits will be based on indicators. Annual data are compiled on the basis of annual financial reports of the government institutions involved. The indicators used for quarterly estimates are partly extracted from the financial administration of the same government institutions, and for a part based on different sources. Quarterly data and annual data are not yet integrated.

4. REVISION POLICY

As soon as annual data are available the quarterly data reported earlier on the same year will be revised. By analysing the causes of the differences the estimation method can hopefully be improved. The size and the nature of the revision will depend on the results of the analysis. So are the explanation that can be given and the consequences drawn for the use of sources.

Sources And Methods By Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 94%)

Nearly all the source information used comes from fiscal information available monthly from the Dutch Ministry of Finance (99%). A small amount of information comes from the public organisations dealing with industrial and commercial matters.

Local Government (Weight of D2: 6%)

The annual budget information is transformed to an ESA 95 basis in three steps. 1) Adjustments are applied to reflect actual outcomes rather than planned data. The pattern of excess receipts over budgetary expectation is established and the average pattern discernible for a number of years is used to make the adjustment. 2) Given the nature of the local taxes and the rules for time recording the quarters of a year must be equal. Thus the yearly estimate is allocated on the basis of a 25%, 25%, 25%, 25% split over the quarters. Finally, specific indicators are used to distinguish taxes, which are deemed appropriate to production units as against householders.

Methods

Central Government

Monthly information of cash receipts are received. These are first time adjusted (differentiating by tax deadline). Certain taxes, which are levied on both production units and households, are analysed and allocated to the correct ESA heading.

A small part of the taxes (those collected by industrial and commercial bodies) are available only on an annual basis. 25% of the resulting annual estimate is allocated to each quarter.

Local Government

The annual budget information is transformed to an ESA 95 basis in three steps. 1) Adjustments are applied to reflect actual outcomes rather than planned data. The pattern of excess receipts over budgetary expectation is established and the average pattern discernible for a number of years is used to make the adjustment. 2) The seasonal nature of Local Government receipts under this heading is established by a small study. Thus the yearly estimate is allocated on the basis of a 20%, 30%, 30%, 20% split over the quarters. Finally,

specific indicators are used to distinguish taxes, which are deemed appropriate to production units as against householders.

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government (Weight of D5: 95%)

Monthly information of current taxes on income and wealth are available from the Dutch Ministry of Finance.

Local Authorities: (Weight of D5: 5 %)

Methods

Central Government

3. D91 CAPITAL TAXES

Sources

Central Government (Weight of D91: 99.5%)

Monthly information of capital taxes receipts are available from the Dutch Ministry of Finance.

Local Government (0.5%)

Annual budgetary planning information is the main source.

Methods

Central Government

The taxes collected under this heading are time adjusted.

Local Government

The annual budget information is transformed to an ESA 95 basis in three steps. 1) Adjustments are applied to reflect actual outcomes rather than planned data. The pattern of excess receipts over budgetary expectation is established and the average pattern discernible for a number of years is used to make the adjustment. 2) Given the nature of the local taxes and the rules for time recording the quarters of a year must be equal. Thus the yearly estimate is allocated on the basis of a 25%, 25%, 25%, 25% split over the quarters. Finally, specific indicators are used to distinguish taxes, which are deemed appropriate to production units as against householders.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Social Security Funds (Weight of D611: 100 %)

Of relevance to this subsector are the three components of Actual Social Contributions: Employers' actual social contribution (D6111); Employee's social contributions (D6112); and Social contributions by the self-employed and non-employed persons (D6113).

In general, no quarterly data is currently available in a fully suitable form for D611 items in the Netherlands. However, some infra-annual accounts data will be collected from some of the main executive bodies with responsibility in the field of Social Security in time for the June 2000 report. The remaining parts of D611 will be estimated, partly based on preliminary estimates on the year 2000 from the executive bodies.

Methods

Social Security Funds

The accounts information supplied by some executive bodies will be used to support estimates of the ESA 95 items. The methods are subject to ongoing review in this area.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 15 %)

Quarterly data are not available. Related monthly data received by the Ministry of Finance is being examined.

Local Authorities (Weight of D62: 15 %)

Quarterly data are not available. From annual data, the following is discernible. The relevant elements are Social assistance benefits in cash (D 624) and Unfunded employee social benefits (D623).

Social assistance benefits in cash (D 624) are paid almost exclusively by the municipalities in the Netherlands. This is estimated at 73% of all Local Authority payments under D62. The other social assistance payments are distributed over a wide range of other Local Authority institutions.

Social Security Funds (Weight of D62: 70 %)

See 4.

Methods

Central Government

The methodology to relate this to the required quarterly data is under consideration. Assuming positive results, this will deliver approximately 95% of the required data. For other units in Central Government no direct source exists. A uniform 5% is assumed, and the trend identified for Central Government to these other units within S.1311.

Local Authorities

The method to estimate D623 for Local Government will make use of the information on D623 for the Central Government. The trend of quarterly data for the state will be applied to Local Authority sub sector, using the latest available annual information for the state and S1313. Estimates for D624 are based on annual budget information of the municipalities and assume an even spread over the quarters (excepting certain special allowances).

Social Security Funds (Weight of D62: 70 %)

The accounts information supplied by some executive bodies will be used to support estimates of the ESA 95 items. The methods are subject to ongoing review in this area.

Future Developments

Improvement of data on D623 and D624 for State Government

Improvement of data on D611 and D62 for S1314

Research to improve the quarterly data for D624 for the municipalities

Consultations to improve the administrative system of Local Government in the very long run.

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 is met for taxes data (D2, D5, D91) and for actual social contributions (D611) and social benefits other than transfer in kind (D62).

2. COMPLIANCE WITH ESA 95 RULES

Data is adjusted to comply with ESA 95 rules.

Estimates are used to make up for missing information for the current quarter, especially where the Q1 (especially concerning D.611 and D.62) of a year is involved. When this information becomes available the quarterly results are adjusted (see Consistency between annual and quarterly data below), after which aggregates D.211, D.2, D.5, D.91, D.611 and D.62 are more than 90 % derived from basic statistics.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

The annual account is a central component in all calculations for the general government sector in Austria. The figures for the quarters are calculated continuously and adjusted to bring them into line with the annual results when these become available.

A pattern of principal adjustments by category is as follows:

1. Adjustments which arise for Q1 of a year (e.g. D611, D62)

Since the availability of data improves as we move towards the second half of the year (for example, bi-annual financial statistics of the social security bodies become available), the aggregate D.611 figure for the first quarter is normally revised at the same time as the figures for the second quarter are being produced.

2. Adjustments following the availability of annual data

(For D2, D5, D91) Adjustments for all quarters of a certain year arise when definitive annual results for Federal taxes and communal Federal levies become available (in March of the following year, in August of the following year);

For D62 , D.611) adjustments for all quarters but especially for the fourth quarter of a certain year arise when the annual results of the social security bodies become available (in a provisional version in March of the following year, in the final version in August of the following year).

Typically these principal adjustments can be supplemented by changes which arise when the final accounts of the State and Local government (Länder and municipalities) become available (in March of year t+2).

Resuming the explanations above, revisions take place in the following intervals:

1. September of the current year: (1st quarter; D611, D62)
2. March of the following year (8 quarters of the previous years, all aggregates)
3. August of the following year (4 quarters of the previous year; all aggregates).

Revisions do not depend on the national publication policy but on the availability of data and legal transmission obligations.

Our future national publishing policy is just in a planning stage this time. One component already fixed is the publication of short time series on the website of Statistics Austria (www.statistik.at).

Besides the usual revision policy the implementation of Council Regulation Nr. 2516/2000 led to a break in time series concerning all quarters 2000. All figures from 2000 onwards are compiled following the time adjusted cash principle, all figures before include not only cash data but also net changes of due to be paid values.

The backwards calculation according to the time adjusted cash principle will be done in August 2001 for all quarters 1997 – 1999.

Sources And Methods By Category

In the Austrian case it is possible and helpful to distinguish between sources and methodologies used when compiling the latest quarter, and to show the differences with the approach that arise as compared with against earlier quarters. Further, when one speaks of the current quarter, it is important to bear in mind that when the current quarter is a first quarter in a year (Q1), that the approach for the aggregates D611 and D62 of Q1 will differ from that adopted for the same aggregates for Q2-Q4 (as data sources typically become more available from Q2 onwards during a year).

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 90 %)

Central Government levies the predominant part of Austrian Taxes on Production and Imports (D2). In describing the methodology we can distinguish between earlier quarters and the latest reference quarter.

For the earlier quarters, the sources of direct information data typically available can be described as follows:

Monthly figures (cash and amounts due for a reporting period; as of 2000: cash amounts) from the database of the Federal Ministry of Finance [BVI]

Annual figures from the Federal Ministry of Finance on EU own resources

When seeking to compile the latest quarter, the quarterly information is available from these sources as follows:

Monthly data (cash amounts) from the database of the Federal Ministry of Finance [BVI].

Quarterly figures on EU own resources are derived from the Ministry of Finance's annual EU own resources estimate.

State and Local Government (Weight of D2: 10%)

The remaining 10% of D2 is levied by State or Local Government sub sector authorities.

For these sub-sectors, no monthly data is available. For the earlier reference quarters, information is available from the annual accounts of Länder, municipalities and publicly owned funds. For any given current reference quarter, an estimate of the taxes levied is made using known benchmark data for the sub-sectors (i.e. the annual accounts).

Methods

The methodology differs between the current and earlier quarters.

Central Government

For earlier quarters

Using the additional source material available for the earlier quarters, the following typical outline steps can be described:

- A calculation of monthly figures on accrual basis (cash values + net change in amounts due in a reporting period; as of 2000: cash amounts)
- A time-adjustment for VAT and a duty on vehicles based on fuel consumption (phase shift of 2 months)
- Deduction of under-compensation of VAT (flat rate system) concerning the Agricultural sector

- Apportionment of EU VAT own resources: the annual figure is decomposed into a quarterly pattern based on quarterly tax revenue under D211 (itself, already time-adjusted and accrued) and is subsequently deducted from total VAT revenue for the various quarters.
- The EU share of customs duties: the annual figure is decomposed into a quarterly pattern in line with the quarterly revenue (cash values + net change in amounts due in a reporting period; as of 2000: cash amounts) and deducted from the total quarterly revenue.
- Taxes levied by other public authorities (Länder, municipalities and funds): A variety of approaches can arise. Some annual figures are broken into a quarterly pattern which follows the pattern evidenced from similar or equivalent levies, showing a similar seasonal pattern, for example: The tax on sum of wages [Kommunalsteuer]; and a tax on employment concerning the Vienna underground [U-Bahn-Abgabe]), which are both adjusted on the basis of the trend in the employers' contributions of family burdens [Ausgleichsfonds für Familienbeihilfen]. This adjustment arises because all three taxes cited have the same basis for assessment (payroll total). Alternatively, some taxes levied by other public authorities are simply spread equally over the 4 quarters.

For the current quarters

The following adjustments to cash data arise:

- Time-adjustment for VAT and a duty on vehicles based on fuel consumption (phase shift of 2 months);
- Deduction of under-compensation of VAT (flat rate system) concerning the Agricultural sector on the basis of an annual estimate
- Estimation of quarterly proportion of EU own resources derived from the Ministry of Finance's annual EU own resources estimate and deduction from quarterly VAT revenue (itself, already time adjusted).

State and Local Government

The general process described for earlier quarters is in principle followed for the calculation of the current quarter(s) with the exception that the corresponding annual figures are not available and therefore the quarterly figures are estimated or – in case of having the same basis for assessment as described above, they are compiled using that information.

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government (Weight of D5: 95 %)

For earlier quarters

The sources available are:

Monthly figures (cash and amounts due for a reporting period; as of 2000: cash amounts) from the database of the Federal Ministry of Finance [BVI]

Reimbursements (tax allowances representing social benefits (D.62)): monthly figures from the BVI relevant to trade tax, wage tax, income tax and corporation tax)

For the current quarter

For taxes on income and wealth (D5), data availability is the same for both earlier and current quarters

State and Local Authorities (Weight of D5: 5 %)

The main sources are annual figures from the final accounts of the *Länder*, municipalities and chambers. For the calculation of the current quarter, these figures are estimated.

Methods

Central Government

For earlier quarters

Compilation based on monthly figures (cash values + net change in amounts due in a reporting period; as of 2000: cash amounts)

Time-adjustment for wage tax (phase shift of 1 month)

Attribution of reimbursements for the following taxes (converting into gross terms): trade tax, wage tax, income tax, corporation tax

For the current quarters

For taxes on income and wealth, the procedure in calculation is the same for both earlier and current quarters.

State and Local Authorities

For compiling earlier quarters, annual amounts of taxes levied by other public authorities are broken down into a quarterly pattern (in terms of the seasonal patterns exhibited by partial monthly social security figures in the case of contributions to chambers; in the case of contributions to students associations spread equally over 4 quarters); for compiling the current quarter, quarterly values are estimated (in the case of contributions to chambers, partial monthly social security figures are used for identifying the seasonal pattern).

3. D91 CAPITAL TAXES

In Austria this category consists of a single tax (inheritance and gift tax).

Sources

Central Government (Weight of 100%)

For both earlier and current quarters, monthly figures (cash and amounts due in a reporting period; as of 2000: cash amounts) are available from the database of the Federal Ministry of Finance [BVI]

Methods

Figures for earlier quarters are based on a calculation of monthly cash amounts + net change in amounts due in a reporting period. As of 2000 and for current quarters, the compilation is based on cash figures on a monthly basis.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government (Weight of 17% of overall D.611)

The social contributions of the Federal Government are approximately 17% of overall D.611. Monthly figures (cash and net changes of due to be paid amounts in the respective reporting period; as of 2000: cash amounts) are obtained from the Federal Ministry of Finance's database (BVI). Other public authorities (2% of D.611)

Annual information from the final accounts of the Länder, municipalities, funds and chambers are the main basis for this smaller element.

Social Security Funds (81% of D.611)

Regarding both earlier reference quarters and current quarters: For the Q1, monthly reports of social security contributions payable and forecast of the central association of social security bodies (Hauptverband der Sozialversicherungsträger) are available. For Q2-Q4 the calculations are based on a bi-annual finance statistics and of a finance statistics comprising the first 3 quarters of the central association of social security bodies, which is more comprehensive than the monthly reports mentioned above, and the provisional and, later, the final annual finance statistics of the central association of social security bodies.

Methods

Central Government

The methodology used is based on a different approach depending on the amount of data available.

For both earlier reference quarters and current quarters, monthly figures from the BVI recorded on cash basis (unemployment insurance contributions, pension contributions of civil servants, pension insurance contributions) are used.

Social Security Funds

For both earlier and the current quarters, the main sources used are data on health insurance contributions, pension insurance contributions, accident insurance contributions, other social contributions, e.g. under the law on continued payment of wages/salaries in case of sickness (Beiträge nach dem Entgeltfortzahlungsgesetz) or the law on insolvency (Beiträge nach dem Insolvenz-Ausfall-Gesetz): for Q1, monthly reports containing compulsory and supplementary social security contributions of the social security bodies for employed persons are supplemented by estimating partial aggregates and the quarterly contributions of the social security bodies for self-employed persons (which are adjusted in line with the annual forecast and with the half-yearly financial statistics as from the second quarter). If Q1 is the latest quarter, it is revised with the availability of the half-yearly financial statistics at the same time the second quarter is calculated. For Q2-Q4 of every year bi-annual financial statistics, financial statistics comprising the first 3 quarters of a year and the provisional annual financial statistics of the central association of social security bodies are available. With the availability of the final annual financial statistics the 4th quarter is revised.

In the first quarter of a given year the proportion of total estimates in aggregate D.611 is therefore around 16% because the availability of data of the social security bodies is limited; this aggregate is, however, revised in the second quarter as indicated when a larger body of data becomes available). The total estimate percentage for Q2-Q4 (and Q1 after its revision which is done at the same time Q2 is calculated) is a significant lower 6%.

Other Public Authorities

Some estimation of health insurance contributions for local government employees and various contributions of other public authorities arise. For earlier quarters, annual social contributions data of other public authorities are spread equally over the quarters, for the current quarter, quarterly data are estimated.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

General Government (Weight of 31% of D.62)

One of the main sources to compile both quarters earlier in time and current quarters are monthly cash figures coming from the bookkeeping system of the Federal Ministry of Finance, dealing with a variety of Federal Government social benefits payments and reimbursements.

Other Public Authorities (Weight of 9% of D.62)

Information is available from the annual final accounts of the Länder, municipalities etc.

Social Security Funds (60% of D.62)

Monthly reports of social insurance bodies, bi-annual financial statistics and financial statistics comprising the first 3 quarters of a year, furthermore a provisional and a final annual financial statistics are available.

Methods

General Government

For both the quarters earlier in time and the current quarter, compilation of Federal Government social benefits is, made using monthly cash figures recorded for all Federal Government social benefits and total reimbursements (e.g. tax allowances representing social benefits (D.62)) on cash basis).

Other Public Authorities

Social benefits of other public authorities are estimated, with the resulting annual estimate for current quarters and – for earlier years – the results of the annual final accounts - being spread equally over 4 quarters.

Social Security Funds

When looking at reference quarters earlier in time, the methods used rely on a recording of the information contained in the monthly reports of the social insurance bodies, the half-yearly financial statistics and the financial statistics comprising the first 3 quarters of a year and the provisional and, later in time, the final financial statistics of the social insurance bodies; account is also taken of the 13th and 14th monthly payments in the case of pensions and compensatory supplements and accident benefits paid in April and September, they are recorded when they are paid.

Such detailed information is not normally available within the Q1 of the current year. It follows that the methods available are based on the relevant annual forecast, as follows:

For compiling social benefits for sickness and maternity for Q1, a re-allocation on the basis of the annual forecast according to the quarterly distribution of reported cases of illness or births for the current and previous year is done; for other social benefits, account is taken of the information contained in the monthly reports of the social insurance bodies.

The data position improves as we move from Q1 through to Q2 of a calendar year, with Q2 and the later quarters typically based on the following picture: account is taken of the information contained in the half-yearly financial statistics and the financial statistics comprising the first 3 quarters of a year and the provisional and, later, the final financial statistics of the social insurance bodies and of the 13th and 14th monthly payments in the case of pensions and compensatory supplements and accident benefits paid in April and September (they are recorded when they are paid). After availability of the half-yearly financial statistics (and Q2) the Q1 is revised.

Future Developments

Starting with 2002 data covering quarterly periods from the bookkeeping systems of State and Local Governments will be made available (a national legal basis is being prepared).

PORTUGAL

Description of Portuguese practice, Year 2000

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The analysis of the coverage coming from direct information has been calculated on the basis of the detailed list of taxes, social contributions and social benefits from the annual account of 1996. The calculation of the 90% criteria is done for each category (D2, of which D211, D5, D91, D611, D62) taking the total of the category in the 1996 account and verifying in each case what are the components available in quarterly basis.

The weight of the selected components has been expressed in percentage of the total of the category in 1996 (the results of this calculation are summarised below). This list of components selected in 1996, will, therefore, be observed in the first quarter of 2000 and reported to Eurostat. In some cases, it is necessary to introduce adjustments in order to arrive to more consistent figures in terms of the time of recording and the valuation basis.

The situation, for each category, regarding the 90% criteria is as follows:

1996

	% OF DIRECT INFORMATION
D2 Taxes on Production and imports	89.9
of which: D211 VAT	100.0
D5: Current taxes on income and wealth	
D91: Capital Taxes	98.5
D611 Actual Social Contributions	98.3
D62 Social benefits, other than social transfers in kind	91.4

2. COMPLIANCE WITH ESA 95 RULES

It must be stressed that the description provided in this document may be improved in the near future. Considering the time available for the first transmission and some experimental characteristics of the work at this first stage of the project, it can happen that some improvements have to be introduced in the future. The main problems concern the valuation basis, because the general practice of public accounting is the use of the cash basis. Some exceptions, whose availability is possible for annual accounts (social security funds and taxes using a special information from the fiscal authorities), are very difficult or even impossible in quarterly basis. This is the main problem because, as far as timeliness is

concerned, the situation is good (very good for the State budget), except for Local and Regional Government. It is our intention to improve the methods of determination of these categories of transactions, mainly in the field of the correct attribution to each quarter of some amounts whose distribution along the year is not regular. For this purpose, the conclusions of the work presently developed in the framework of the Eurostat working party, will be an important input.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

In Portugal, the compilation of quarterly and annual macro-aggregates (quarterly and annual accounts) is done by different units of the Department of Co-ordination and National Accounts. The work performed by these units is co-ordinated, in such a way that quarterly accounts respect annual accounts when available and they use the same methods of annual accounts whenever it is possible in infra-annual terms.

Concerning General Government data, the option chosen is the attribution of the quarterly calculation of the aggregates to the same unit in charge of the annual work. It has been considered that the conceptual approach should be determinant in this case over the current know-how about the methods of infra-annual estimation. Therefore, this first set of data about general government (taxes, social contributions and social benefits) has been prepared as close as possible of the methods used in annual national accounts.

In practice, it means that higher importance is given to annual figures due to irregular pattern of some taxes.

This is more evident in the case of taxes that are collected in more than one time a year and not related with the economic activity. In this case, it is considered that, only looking at the annual amounts of a given tax and its quarterly behaviour in previous years it is possible to arrive to a more reliable estimation for a given quarter. It is mostly the case of the first quarter of the year. Therefore, the determination of the figures of each quarter is done always having in mind the annual figures. More detailed elements about the options used can be reached below.

4. REVISION POLICY

Considering the points elaborated in the previous paragraphs, it follows that each quarter can be revised each time that more up-dated information is available, usually in the determination of the next quarter. At the end of the year, the sum of the four quarters must be equal to the annual amount, but the last one is determinant. This seems the best way to conciliate the annual and quarterly figures; however, as the experience concerns only one quarter, it can happen in the future that, other procedures can be accepted as better approaches to the quarterly determination of data.

Sources And Methods By Category

The percentages presented below have been calculated on the basis of 1996 figures.

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 86.9%)

The main source for D2 taxes is the monthly bulletin published by the Budget General Direction (Boletim Mensal da Direcção Geral do Orçamento - DGO), also published in the site of the DGO on the Internet.

For D211 it is used information directly compiled by the Tax General Direction.

Local Government (Weight of D2: 9.4%)

The information used is not collected directly from the local units, but it is provided by the agencies of the State collecting all the taxes, because the payment is centralised and only after it is transferred to the local units.

Social Security Funds (Weight of D2: 3.7%)

The information comes from the Tax General Direction and it refers mainly to D211.

Methods

A special reference should be done about D211 (VAT). D211 in 1996 represents 51% of total D2.

As referred above, the recovery of the tax is centralised in the same agency (SIVA), which transfers part of the total amount to other units, according some percentages fixed by law. In annual accounts, VAT is registered in terms of assessed amounts, after a cleaning process realised by the respective services, aiming the elimination of the cases whose recovery is considered unreliable. In quarterly basis only the cash figures are available. Then, considering the annual assessed amount in 1999 divided by the 4 quarters as "D211 99 Q", the adjustment (a) for the first quarter of 2000 is calculated in the following terms: (a) = "D211 99 Q" / D211 collected in the 1st Q 99

The amount of D211 to be considered for the 1st Q of 2000, consistent with the annual method, is calculated by: D211 collected (cash) in the 1st Q * (a)

The attribution to each sub-sector is realised taking into account the legal rules to distribute the total amount. After the attribution to each sub-sector, it is deducted, from the State, the

amount transferred to the EU. The cash amounts paid to the EU are annualised (e.g. an annual cash estimate is divided by 4) rather than recording the actual amount paid each quarter to the Treasury.

Central Government

Concerning D211, it should be considered the summary description above. For the other taxes, in similar terms with the method used in the annual accounts, there are no reasons to consider any difference between the accrued amounts and the cash amounts. Therefore, there is no adjustment due to the conceptual basis of valuation.

Local Government

For this sub-sector the main taxes are the VAT, the real estate tax (Contribuição Autárquica) and real estate transfer tax (Sisa). Real estate tax is collected according the following rules:

Below a certain amount, it is paid once a year. Above that amount, it may be paid once or twice a year. The attribution to the first quarter of 2000 has been calculated on the basis of:

- The division by the 4 quarters of the total amount of 1999
- The comparison between the receipts from this tax in the 1st quarter of 1999 and the 1st quarter of 2000

The same method has been applied for motor vehicles tax, which shows a lower weight in the local taxes of this category.

Social Security Funds

For this sub-sector, the most important D2 tax is VAT, which represented 85% of the D2 taxes collected by Social security funds. The method used is described above.

2. D5 TAXES ON INCOME AND WEALTH

Sources

In Portuguese national accounts, D5 is constituted by D51 (99%) and D59 (1%).

Central Government (Weight of D5: 95.6 %)

The taxes included are Personal Income Tax (PIT), Corporations Income Tax (CIT) and other less important taxes.

Local Government (Weight of D5: 4.4%)

The taxes included are Personal Income Tax (PIT), Corporations Income Tax (CIT) and other less important taxes.

This category is considered as coming from direct information, because the taxes are paid in the Treasury agencies of the State, whose information is available, and after transferred to local units.

Methods

Central Government

The income taxes registered in the annual accounts are in terms of assessed amounts. This information is not available in quarterly basis. There is another problem, mostly with the corporation income tax, which has not a regular pattern along the year. We have, therefore to adjust in terms of accrued amounts and to try to attribute to each quarter the best amount, reflecting the annual method.

The method used (applied both to PIT and CIT) takes the annual assessed amount of 1999, which is divided for the four quarters in order to have an average quarter. This information comes from the fiscal services and covers all the income taxes paid by taxpayers in the whole country. The percent change between the cash figures of the first quarter of 1999 and the first quarter of 2000 is applied to the average quarter of 1999, allowing to the figures considered as the best application of the annual methodology to quarterly amounts.

The amount considered for Central Governments are obtained after the transfer to Local Government (Municipalities and Regional Governments of Madeira and Azores) of certain amounts, according rules fixed by law.

Local Government

According with the description above, the amounts considered in the Local Government come from the information about the amounts transferred to such units.

3. D91 CAPITAL TAXES

Sources

Tax on inheritance and gifts – this is the only tax considered in this category, collected in large majority by the State budget.

Central Government (Weight of D91: 98.5%)

The amount collected by the State budget is available in quarterly basis, but included in a residual item (Other direct taxes), in which it represented, in 1996, 98% of this item.

Local Authorities: (Weight of D91: 1.5 %)

There is no direct information for this sub-sector.

Methods

Central Government

For the first quarter of 2000, it has been calculated 98% (see sources) of the item Other direct taxes, published in the monthly bulletin of the DGO:

Local Authorities

This component is estimated considering the relative weight in D91, verified in the 1996 account.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government (Weight of D611: 0.8 %)

The main source is the State budget for the contribution of public employees for health scheme (ADSE), which is receipt of the State.

Social Security Funds (Weight of D611: 99.2%)

Available in quarterly basis - Social contributions of:

Public employees (Caixa Geral de Aposentações – CGA) and

Employees of the other schemes (non public employees) (Regime Geral da Segurança Social)

For the public employees the main source is the information directly provided by CGA. For the non-public employees the information comes directly from the entity that manages this scheme (Instituto de Gestão Financeira da Segurança Social – IGFSS).

Methods

Central Government

The amount considered in this item is obtained directly from the State budget and concerns the contributions paid by public employees to ADSE.

Social Security Funds

The information provided monthly by the statistical sources is in cash basis. For the annual accounts, the scheme covering the non-public employees provides data in accrual basis. It is introduced an adjustment on the accrued amounts, aiming the elimination of those contributions whose recovery is unreliable. This adjustment is based on the average difference between assessed figures and cash figures observed during a certain number of years (the adjustment is either positive or negative depending of the year). It has not been possible, for the time being, to study a reliable method for the quarterly contributions. As in the long term the amounts registered are equivalent to the cash figures, in quarterly basis it has been decided to register the cash amount until the question could be analysed more deeply. It is a question requiring additional investigation.

For the public employees, even in the annual accounts, there are no reasons to introduce any time adjustment. It means that the social contributions are considered as they are registered in the accounts of the CGA.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 7%)

This transaction covers the social benefits provided directly by central government units to their employees. The information is not available in quarterly terms. For the State budget, the information is published, but integrated in a more aggregated item.

Local Authorities (Weight of D62: 0.4 %)

The content is similar to central government and the quarterly values are not available.

Social Security Funds (Weight of D62: 92.6 %)

The information is obtained directly from CGA and IGFSS, in cash basis.

Methods

Central Government

The estimation of the missing values, belonging to central government units and local government units, is done as a whole. It is calculated taking into account the relative weight (7.4%) in the total of D62, from 1996.

Local Authorities

See Central Government.

Social Security Funds

The information available in quarterly basis covers D621 and it belongs entirely to social security funds. As referred above, the information is obtained directly from CGA and IGFSS, in cash basis. As in the annual accounts there is no adjustment from the cash to the accrual amounts, such adjustment is not introduced, also, in quarterly terms.

Future Developments

As mentioned at the beginning of this country note, there are two important difficulties in the set up of this work. One is the lack of time to extend the work for the previous years and, as a consequence, to have the temporal comparisons between quarters. The other is the difficulty, not only in Portugal, to reach the best rules to spread some amounts, whose distribution along the year is not regular. Our purpose is to give priority to these topics:

- Determination of the previous quarters, if possible before the calendar foreseen in the Regulation.
- Improve the methods of attribution to each quarter of the most irregular flows along the year, following the work performed by the Eurostat working party.
- Study more detailed methods to estimate the missing amounts. However, we consider that this point can be less relevant in the case of Portugal, because, in general the percentage of the direct information is high.

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 is fully respected for taxes data (D2, D5, D91) and social benefits (D62). An exception is the data for Actual Social Contributions (D611). In that case the data required under the Regulation are currently provided using best estimates.

Statistics Finland is presently calculating the quarterly figures for general government for the first time. Some of our infra annual data is actually collected for the first time, so they are not fully utilised until next year, when we can establish an infra annual pattern of these data. The year 2000 will be 'a test year' for our compilation system.

2. COMPLIANCE WITH ESA 95 RULES

Basic data are transformed to fully comply with ESA 95 concepts.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

In the Finnish system, when compiling general government short term indicators, the basic idea is that quarterly data and methods used will add up to annual figures. We expect that at least for taxes, and to a substantial extent social benefits, the annual result will be assembled from quarterly data.

Actual Social Contributions is somewhat more complicated, because new sources of infra annual data have been available only from the beginning of the year 2000. As for social security contributions the current best estimates are used, and these results are effectively independently derived and not fully integrated with the annual data. An exception here are contributions by National Insurance Institution. Therefore we have a mixed use of infra annual direct data and a current best method based on percentage shares of quarterly wages.

Our earlier experiences are based on compiling quarterly NA (main aggregates). These calculations for Quarters I-III see quarterly data as central to the compilation system, with annual data assembled after quarterly data are compiled. For the fourth quarter, a mixture of approaches arises with some quarterly aggregates derived from annual results which are first established as part of the process of compiling the first annual set of NA results (to be published by the end of February, t+1).

General government short term indicators will be compiled as far as possible to sum up the annual figures. How well we succeed in this will remain to be seen. We will also try to integrate the quarterly public finance calculations to quarterly National Accounts as far as possible during the next year (after we have experience from all quarters accounting and the first annual figures).

4. REVISION POLICY

We expect that there will be no need to backwards revisions where D5 and D9 are concerned, perhaps some smaller revisions will arise for D2; backwards revisions are expected to be needed to D62 and especially to D61.

Revisions will mostly be due to annual NA (as it is common for annual national accounts figures to be revised, because we want the figures of the two systems be consistent), but also in some cases where quarterly data is insufficient for the first estimates (examples could be time adjustments as well as absence of the latest month, especially the fourth quarter of the year) - We have not yet made final decisions on this subject.

Sources And Methods By Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 99.99 %)

D2 (excluding VAT):_Cash data are available at a time lag of 4 weeks. The process of moving such data to a satisfactory time adjusted cash basis adds a further 4 weeks.

VAT type taxes: The data on VAT receipts of central government is available monthly on a cash basis. For VAT type taxes, the ESA 95 basis requires a period of 8 further weeks to transform the cash data to the required basis.

Local Government (Weight of D2: 0.01 %)

In principle, there exist only very limited D2 (non VAT) taxes levied by local authorities, so the direct data on this item is not a priority.

Methods

Central Government

Data are recorded in the national accounts on a time adjusted cash basis. Same adjustments are applied on quarterly basis.

In central government bookkeeping the VAT heading includes also VAT payments to the EU. We apply a time adjustment of two months on VAT figure in central government bookkeeping and then subtract VAT- payments to the EU. We can add that because the EU VAT element is not a specific proportion of the overall VAT receipts, but defined on a theoretical basis an element of estimation arises here (budget figure divided by four as a

current best method at this stage – the possibility of direct infra annual data will be examined after we have the 1999 final bookkeeping data available). There are about ten excise type tax-items on which a one month time adjustment is made just like in annual accounting.

Local Government

As this is a small item, it is included in coverage adjustment.

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government (Weight of D5: 43.1 %)

The data of Monthly Allocation of Income Taxes by National Board of taxes is the basis of taxes on income and wealth both to central government and to local government; this source is available with a time lag of 23 days. The source is the same as on local government taxes and as on annual NA.

Local Government (Weight of D5: 56.9 %)

D51: The data of Monthly Allocation of Income Taxes by National Board of taxes is the basis of taxes on income and wealth both to central government and to local government; this source is available with a time lag of 23 days. The main tax under D51 is the municipal tax.

D59: (taxes on real estate etc) From the beginning of 1999 the data of Monthly Allocation of Income Taxes of National Board of Taxes includes also tax on real estate.

Data on smaller items, such as dog licences, are not available. Such small items are now included in coverage adjustment.

Some additional annual information is available from local government related to annual financial statements of municipalities and joint municipalities. It currently suffers a long time delay (10 months).

Methods

Central Government

For central government D51 transactions, adjustments are necessary due to the time of recording used in the Monthly Allocation of Income Taxes source. The method used is the same as on annual NA. For D59 transactions the method are the same as on annual NA. But as the final classification on taxes between D59 and D29 will be based on annual data some revisions backwards are expected (not likely to be significant; on quarterly calculations for 2000 the split to D59/D29 of two taxes the data of 1999 is used).

Local Government

For local government D51 transactions, adjustments are necessary due to the time of recording used in the Monthly Allocation of Income Taxes source. The method used is the same as on annual NA.

3. D91 CAPITAL TAXES

Sources

Central Government (Weight of D91: 100 %)

All capital taxes are collected by central government. Direct data from central government bookkeeping fully covers the transactions on an infra-annual basis with a 2-3 week time lag (except December, where the time lag is about 4 months).

Methods

Central Government

The methods for this one item - recorded in central government bookkeeping data system - follows the same method as annual NA.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Direct data on Actual Social Contributions covers now almost 59% of total transactions (in our last report only 34%).

Central Government (Weight of D611: 7.1 %)

Almost complete data (97% of this sub sector) were available from the bookkeeping system of central government.

Local Government (Weight of D611: 0.1%)

No direct infra annual data, but the item is insignificant.

Social Security Funds (Weight of D611: 92.7 %)

These bodies account for the vast bulk of actual social contribution transactions (some 92.7%) of total transactions. Direct data covers 29% (our report in February 2000) of Actual Social Contributions collected by social security funds. This data is provided by the National Pension Institute (monthly data with delay of one month) on National Health and Pension Schemes (covered by 100%) for which some adjustments may arise due to time of recording. From the beginning of 2000 we have direct data also on other Actual Social Contributions (on unemployment schemes, covered fully by direct data; and on some occupational pension schemes) so that direct data now covers 56.8 % of total transaction, Please note also our summary remark relating to 2000 as a test year (see Section 1).

Methods

Central Government

Only one item from central government bookkeeping.

Local Government

No method at the moment for such a small item (coverage adjustment).

Social Security Funds

Estimates are required side by side with the direct data because the infra annual data in many cases is available for the first time and in many cases on cash basis, at the moment estimation covers some 60 % of transactions. These estimates relate principally to estimates on contributions to Unemployment Schemes and Occupational Pension schemes. They are based on %-share of wages and salaries on quarterly basis (partly quarterly national accounts or related data sources). The methodology is itself still under review.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Direct information on infra-annual basis available on social benefits covers some 95% of total transactions.

Central Government (Weight of D62: 11.8 %)

The main source is the Monthly Report on State Receipts and Expenditure by State Treasury. This provides information on a cash basis and is based on administrative (e.g. budget) classifications. It is normally available at a time lag of 1 month and 10 days.

Social benefits paid by central government represent some 11.7% of the total transactions. Coverage within the sector is considered complete.

Local Authorities (Weight of D62: 3.9 %)

No direct infra annual data is available on local government accounts. Some limited annual information is available from local government related to annual financial statements of municipalities and joint municipalities. Also some infra annual data is available from National Pension Institute monthly data (in many cases National Pension Institute is the actual operator on behalf of local governments).

Social Security Funds (Weight of D62: 84.3 %)

Social benefits paid by social security funds are the major part of social benefits (some 84.3% of total transactions). The coverage achieved is quite complete and such that estimation is hardly necessary. The data is provided by Social Insurance institutions, monthly with a delay of one month, coverage of direct data being 100%.

Methods

Central Government

Adjustments arise in order to transform the basic data to an ESA 95 basis (classifications of central government bookkeeping differ from those of ESA95, in some items that split to several ESA95 categories, 1999 structure is used, also note our summary remark of a test year – see Section 1).

Local Authorities

No estimation was used (see sources above), data not covered was taken into account as a coverage adjustment.

Social Security Funds

The data on this item is principally the same as will be on annual level so is the method. But as there are some uncertainty on basis in recording on quarterly basis compared to that on annual basis, there may later on arise a need to revise quarterly data after annual figures are available (note our summary remark of a test year).

Future Developments

1. Significant changes to the system of central government bookkeeping occurred in 1998. This required the reconstruction of the data system of central government finances for annual National Accounts purposes; establishing the data system on a quarterly basis will be a new challenge.

In principle, it should be possible to elaborate the short term data in more or less the same way as the annual data for National Accounts purposes (reclassification of bookkeeping data and other adjustments). Our aim is that central government short-term indicators could be based on this system during 2000 as well as the future quarterly accounts for central government. Also when it comes to using central government bookkeeping data on infra-annual basis, one must keep in mind that we will have 1999 data on quarterly basis later in the year 2000 classified according to public account bookkeeping categories as well as ESA95-categories (this will be more important in the second stage of quarterly public finance statistics).

2. There are gaps and problems in local government short-term data. We have focused on shortening the time lags of annual data and have now collected for the first time preliminary data on financial statements of municipalities and joint-municipalities (January 2000) to facilitate more reliable first estimates on local government National Accounts for 1999 published in February 2000. Our next step is to concentrate to improving the quarterly data on local government.

3. The limited extent of information on Social Security funds has improved already from the beginning of this year and will go on next year, as quarterly data is available for the first time the infra annual pattern of data is known at later stage to be fully utilised in this compilation process.

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 is fully respected for taxes data (D2, D5, D91), Actual Social Contributions (D611) and the social benefits (D62) for central government and city councils (66% of total social benefits year 1996). In contrast, Social benefits (D62) for the other sectors are not based on direct information available on a quarterly basis. In this case the data required under the Regulation are currently provided using best estimates.

2. COMPLIANCE WITH ESA 95 RULES

Basic data are transformed to fully comply with ESA 95 concepts.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

The National Financial Management Authority (ESV) compiles data over the incomes and expenditures of the central government sector principally based on the statement of accounts from the units involved. The years earlier than year 2000 the data was compiled every half-year. From year 2000 the data is compiled quarterly. ESV makes adjustments to the data, as far as possible, to get them in line with ESA 1995. For some taxes and social contributions, which are co-ordinated with the collection of the income tax, forecasts are used. The quarterly data are fully in line with annual data. The data for earlier quarters can be corrected during a year. Normally there are no revisions more than twelve month after the end of a period. Where forecasts have been used, revisions can be made later than twelve month. The revisions are usually minor.

Some of the data needed for the social security funds are available through the source mentioned for the central government. The reason for this is that the collection of, for example, the social contributions are co-ordinated. For other incomes and expenditures of social security funds we only get annual figures. These figures we divide with four to get the quarters. Before we have annual figures we use forecasts made of the National Social Insurance Board.

The local government sector is subdivided into city- and county councils. City councils are mainly responsible for public utilities, community amenities, schooling and care for elder people. The county councils main responsibility is mainly health and hospital care. On city council level, Statistics Sweden (SCB) collects information on a quarterly basis (this year it will be after three of the quarters, but from 2001 and onwards information will be collected all four quarters). Information is adjusted as far as possible to get them in line with ESA95. The first full year figures are based on these quarterly calculations. The same department of SCB also collects information on a yearly basis. The information collected in the quarterly surveys can also be found in surveys made on a yearly basis, but in yearly surveys, information is on a much more detailed basis. Yearly data are in line with quarterly.

4. REVISION POLICY

Sources And Methods By Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

Central Government (Weight of D2: 100 %¹)

(D212, D214, D29 – Non ‘VAT’): Source: The National Financial Management Authority. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. For some taxes forecasts are used. Accrual data is available. Cash data can be derived.

(D211 – ‘VAT’): Source: The National Financial Management Authority. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. Accrual data is available. Cash data can be derived.

Methods

Central Government

(D212, D214, D29): Cash data are time-adjusted.

(D211): Declarations are used. The figures are time adjusted. No corrections are made for taxes assessed but not paid, which will be dealt with in a near future.

2. D5 TAXES ON INCOME AND WEALTH

Sources

Central Government (Weight of D5: 24 %)

D51: Source: The National Financial Management Authority. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. Accruals data are available.

¹ Percentage estimates shown refer to the year 1996 unless otherwise indicated.

D59: Source: The National Financial Management Authority. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. Accruals data are available. D59 taxes are only relevant to the Central Government sector.

Local Authorities: (Weight of D5: 76 %)

D51: Source: The National Financial Management Authority provides data on quarterly and yearly basis. In addition to that, SCB calculates D51 on a yearly basis. D51 are levied predominately on local government level. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. Accruals data are available.

No D59 taxes exist at the level of Local Authorities.

Methods

Central Government

D51: Declarations and assessments are used. The figures are time adjusted. No corrections are made for taxes assessed but not paid, which will be dealt with in a near future.

D59: Cash data are time-adjusted.

Local Authorities

D51: As above. On yearly basis the two sources checked for discrepancies.

3. D91 CAPITAL TAXES

Sources

Central Government (Weight of D91: 100 %)

D91 Source: The National Financial Management Authority. Capital Taxes exist as levies charged by the Central Government alone. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. Cash and accrual data are available.

Methods

Central Government

Cash data are assumed equal to accruals. No time adjustment to the cash data arises.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government (Weight of D611: 67 %)

D6111, D6112, D6113: Source: The National Financial Management Authority. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. For some social contributions forecasts are used. Accrual data are available. Cash data can be derived.

Social Security Funds (Weight of D611: 33 %)

D6111, D6112, D6113: Source: The National Financial Management Authority. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. Accrual data are available. Cash data can be derived.

Methods

Central Government

D611: Cash data are time-adjusted.

Social Security Funds

D611: Cash data are time-adjusted.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Central Government (Weight of D62: 61 %)

D62: Source: The National Financial Management Authority. Data is available quarterly. The deadline by which it becomes available is the end of the quarter plus 60 days. Accrual data and cash data are available.

Local Authorities (Weight of D62: 6 %)

D623, D624: For city councils (5 of the 6 % weight) information is available quarterly from a SCB survey. Information is available end of quarter plus 60 days. For the rest of the local government sector, no information is available on an infra annual basis. Quarterly information is available with a time lag of year t+1.

Social Security funds (Weight of D62: 33 %)

D621: Estimates are available which are based on a yearly basis divided by 4 to obtain the quarterly estimate. Social Security funds have no relevance for D623 or D624.

Methods

Central Government

D62: Cash data are assumed equal to accruals. No time adjustment to the cash data arises

Local Authorities

D623, 624

Social Security funds

D621: Cash data are assumed equal to accruals. No time adjustment to the cash data arises

Future Developments

Local Authorities, part City councils: As mentioned above, quarterly data is at the moment collected by SCB quarter 1, 3 and 4 and available end of quarter. plus 60 days. From 2001 and onwards, data will be collected from county councils every quarter.

UNITED KINGDOM

Description of United Kingdom practice, Year 2000

Compliance with Commission Regulation 264/2000 (Articles 3 and 4)

1. USE OF DIRECT INFORMATION (90% CRITERIA)

The 90% criteria set out in Article 3 is fully respected for taxes data (D2, D5, D91) and for also for Actual Social Contributions (D611) and social benefits (D611, D62).

2. COMPLIANCE WITH ESA 95 RULES

Basic data are collected or compiled on an ESA95 basis.

3. CONSISTENCY BETWEEN ANNUAL AND QUARTERLY DATA

Compilation of general government data in the UK are done on a quarterly, or for some items monthly, basis. The quarterly data are the basic unit of the accounts, with the annual data being aggregated from them.

4. REVISION POLICY

Revisions to quarterly data are generally made no further back than 2 years during any one quarterly compilation round. During the annual national accounts compilation round a different revisions policy will exist. This is decided separately for each annual round depending on the magnitude and importance of bids different compilers wish to make balanced with other management issues. The time scale could be just 2 years again, or it could be longer - for example, when we converted to ESA95 in 1998 we reconstructed the data all the way back to 1987. One of the issues that limits the scope of the annual revisions period is the fact that we have income, capital and financial accounts that are both fully integrated with themselves, but also with GDP. Any changes to GDP components made in the income and capital accounts will affect current and constant price GDP, and because our current KP base year is 1995, revisions before that to GDP components cause a lot of work.

Sources and Methods by Category

1. D2 TAXES ON PRODUCTION AND IMPORTS

Sources

In the UK, this item mainly consists of VAT and excise duties on alcohol, tobacco, hydrocarbon oils, betting and gaming duties etc.

Central Government (Weight of D2: 99.9%)

Data for VAT is available monthly from Customs & Excise (one of the UK's tax collection agencies) on both cash and accrued bases. Quarterly data is also available from this agency relating to the VAT refunds to public bodies. The finance ministry (Her Majesty's Treasury) supplies quarterly data on the VAT payments to the EU.

Data for duties other than VAT are available monthly on a cash basis from Customs and Excise.

Data for Vehicle Excise Duties (VED) duties paid are obtained from the Driver and Vehicle Licensing Agency (part of central government) on a monthly basis. The breakdown between payments by businesses (D29) and households (D59) is obtained quarterly by subtracting from total VED a quarterly series from consumers' expenditure compilers showing consumers' expenditure on motor vehicle licences.

Data on the Fossil Fuel Levy (levied on power generators using fossil fuels to fund alternative energy) are available annually from the Treasury.

Other taxes are available on a quarterly (e.g. consumer credit fees, cash basis) or annual basis (e.g. regulator fees, financial year basis).

Stamp duties data are obtained on a cash basis monthly from the Inland Revenue.

Monthly data from Her Majesty's Treasury (the UK's finance ministry) relating to television franchise payments.

Data for payments from the National Lottery operator (Camelot) to the National Lottery Distribution Fund are obtained on a quarterly basis from the Office of the Lottery Regulator (OFLOT).

Local Government (Weight of D2: 0.1%)

The local government contribution consists of National Non-Domestic Rates - effectively business rates. Quarterly cash data are obtained from a survey of local authorities (who act as central government's agents, collecting about 80% of the tax) run by the Department of the Environment, Transport and the Regions. Other data are from the Scottish Executive, Welsh Assembly and HM Treasury. This tax is levied by central government by reference to a valuation category assigned to business premises and the proceeds are distributed back to local authorities in proportion to their populations and other social needs indicators.

Methods

VAT: cash receipts data are used to estimate the VAT accrued figures. The accrued figure for the current month is the average of the following three months cash receipts. The estimates are adjusted further to take account of refunds to public bodies (added) and payments to the EU (deducted).

Other excise duties: either accrued data is defined to equal the cash receipts, or accrual estimates are made by the ONS time adjusting the cash data. The exception is tobacco duties where estimated accruals data are supplied by Custom & Excise who take account of the effect of forestalling - the practice of manufacturers paying tobacco duty on existing stocks some months ahead when changes in rates to be applied are known.

ONS adjusts the monthly cash data relating to television franchise payments to a quarterly accrual basis.

Fossil fuel taxes: estimates are made by the ONS of the quarterly pattern using the data available on an annual basis from the Treasury.

National non-domestic rates: the accrued amounts for each quarter of the financial year are set equal to a financial year total divided by 4. Figures for the latest year are estimated. The approach is to use budgetary data and to compare these with actual out turn.

2. D5 TAXES ON INCOME AND WEALTH

Sources

In the UK, this item consists of income tax, corporation tax, capital gains tax, petroleum revenue tax and windfall tax.

Central Government (Weight of D5: 91 %)

Pay As You Earn (PAYE) and tax on bank interest: Cash data are available monthly. Inland Revenue provide accruals adjustments to take account of the amounts collected by employers but not yet paid to government.

Corporation Tax, Capital Gains Tax, Petroleum Revenue Tax, Windfall Tax: For these taxes monthly cash data are available from the Inland Revenue. However, since April 1998 quarterly data for Income Tax and Capital Gains Tax have only been available in a combined cash figure. Data, which separate these two categories, are available annually.

Data for Motor Vehicle Duty paid are obtained from the Driver and Vehicle Licensing Agency on a cash basis. Only the duty paid by households is included under D5 (i.e. D59).

Local Government: (Weight of D5: 9 %)

Council Tax: cash data are available quarterly from administrative local authority data returns. Quarterly accrued figures are the annual amounts (actual out turn or estimated total for current year) divided by four.

Methods

Central Government

Inland Revenue is a key institution providing accruals estimates to the ONS. In general, the accruals estimates made take account of three features of the tax collection system. Firstly, the 'pay over gap'. This is the difference between Inland Revenue receipts in each period and the payments made into the government's Consolidated Fund.

Secondly, 'PAYE withheld' is taken account of. This represents the PAYE deducted from wages in a particular month but not paid to Inland Revenue until the following month.

Finally, certain tax credits are allowed against UK income tax, which are properly D624, social benefit. It follows that the data obtained from the Inland Revenue do not include the tax revenue forgone due to the existence of these social benefits paid via the tax collecting mechanisms. ONS increases the accrued tax data to take account of value of these types of tax credits (e.g. mortgage interest relief) using monthly data from IR.

Tax on bank interest: an accruals adjustment is applied to take account of the amounts deducted at source by financial institutions but not yet paid to government.

Corporation Tax, Capital Gains Tax, Petroleum Revenue Tax, Windfall Tax: for these taxes accrued quarterly estimates are set equal to the sum of the monthly cash figures.

3. D91 CAPITAL TAXES

Sources

Capital taxes mostly consist of Inheritance Tax, (which include death duties).

Central Government (Weight of D91: 100 %)

Data for capital taxes are obtained on a cash basis quarterly from the Inland Revenue.

Methods

Central Government

Capital taxes: The accrued data are set to equal the cash data provided.

4. D611 ACTUAL SOCIAL CONTRIBUTIONS

Sources

Central Government (Weight of D611: 99%)

Central Government Actual Social Contributions covers National Insurance Contributions (NIC's) and actual and imputed contributions to public sector occupational pension schemes for the National Health Service, teachers', UK Atomic Energy Authority, the civil service and armed forces.

Monthly cash data estimates for NIC's are obtained from the Inland Revenue. Quarterly cash and accrued data are supplied by the Government Actuaries Department, to which the monthly Inland Revenue data is then aligned. Quarterly cash and accrued data are available for the public sector occupational pension schemes.

Local Government (Weight of D611: 1 %)

Local Government Actual Social Contributions are those to police and fire-fighters' pension schemes. This data is obtained from the Home Office (for England and Wales), the Scottish Executive and the Fire and Police Authorities for Northern Ireland.

Social Security Funds

For the purposes of national accounts, there is no separate Social Security Funds sector. The reason is that any funds of money that are used for social security purposes do not have sufficient autonomy either over raising funds, managing them or distributing them to justify them being a separate sector. In reality, although there are some benefits, which are, funded directly from NIC's, there is too close a relationship between the funds themselves and other government monies to show a clear divide. Many benefits are just funded from general taxation revenue.

Methods

Central Government

Data for NIC's are obtained from the Government Actuaries Department. An economic model is used to estimate accrued data. This model uses a variety of data including the number of employees and self-employed persons, the level of contracting out and earnings distribution. These variables are combined with earning limits and contribution rates, which define the amount of NIC's due, to estimate accruals of NIC's.

The accrued figures for other Actual Social Contributions made by central government (National Health Service, teachers', UK Atomic Energy Authority, civil service and armed forces pension schemes) are the same as cash data, except for the imputed contributions which use estimates of the accruing cost of the pension liability.

Local Government

Cash data are used.

5. D62 SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND

Sources

Data for all social benefits, except statutory sick and maternity pay are supplied on a cash basis which is assumed to equal accrued in national accounts.

Central Government (Weight of D62: 89 %)

D621: social security benefits in cash: the data are available on a monthly cash basis from the Department of Social Security In-year Monitoring of Benefit Expenditure (IMBE) data return, except for Northern Ireland pensions (obtained from NI Department of Finance & Personnel) and benefits paid abroad like war pensions etc. (obtained from the quarterly HM Treasury expenditure return called GEMS). Data for expenditure on Widows & Guardians Allowance, Job Seekers' Allowance, Incapacity Benefit and Maternity Benefit are also obtained from the IMBE data return.

Data for Statutory Sick Pay and Statutory Maternity Pay are obtained from the Government Actuaries Department.

D623: unfunded employee social benefits: central government unfunded schemes relate to civil service, armed forces, NHS, teachers' and UKAEA pension schemes. Data are obtained from government departments.

D624: social assistance benefits in cash: data for Great Britain social security benefits and other grants to households are obtained from GEMS. Data for Northern Ireland are obtained from the Northern Ireland Dept. of finance and Personnel. Some social benefits are delivered through the tax system e.g. MIRAS (mortgage interest relief) and LAPRAS (life assurance premium relief). Data for these are obtained from HM Treasury's audited Appropriation Accounts.

Local Government (Weight of D62: 11 %)

D623: unfunded employee social benefits: local government unfunded schemes relate to police and fire-fighters pensions schemes - data for which is obtained from the Home Office (England and Wales), the Scottish Office, and the Fire and Police Authorities of Northern Ireland.

D624: social assistance benefits in cash: relevant elements are student grants, rent rebates and allowances. Data for these items are obtained from DETR (for England), the Scottish Executive and Welsh Assembly.

Methods

Data for all social benefits, except Statutory Sick Pay and Statutory Maternity Pay, are supplied on a cash basis, which is assumed to equal accrued in national accounts.

Statutory Sick Pay and Statutory Maternity Pay are paid by employers to employees, and deducted from the employers' NIC's paid to central government, recorded in D611.

Central Government

The cash data are assumed to equal the accrued, except for Statutory Sick Pay and Statutory Maternity Pay. For these benefits - Statutory Sick Pay and Statutory Maternity Pay - data are obtained basis from the Government Actuaries Department based on the amounts withheld from contributions by employers to fund the benefits.

Local Government

The cash basis is assumed to equal accruals.

Future Developments

An on-going project across the whole of government in the UK is currently working to produce accrued accounts for the whole of the public sector. The starting point is the central government sector. The project has a fairly long time scale, with full implementation expected within the next 5 years. This will mean that accrued data produced to Generally Accepted Accounting Principles (GAAP) will be available, ultimately on a quarterly, even monthly basis. The ONS is involved in the development of this (led by HM Treasury); to ensure that data produced is suitable for national accounts use.

PART III

GUIDANCE NOTES

III.0 INTRODUCTION

The principle of accrual accounting

Quarterly compilation methods – nature of the issues

Organisation of guidance notes related to quarterly taxes and social payments

III.1 GENERAL ISSUES

- a. Consolidation
- b. Direct information
- c. D611 Actual social contributions (compilation approach)

III.2 RECORDING OF D5 TAXES ON A QUARTERLY BASIS

- a. Recording of D5 taxes on a quarterly basis

III.3 ABSENCE OF CLEAR ECONOMIC LINK– QUARTERLY ISSUES

- a. Wages taxes – arrears
- b. Taxes paid where the link between the payments and the underlying period to which they are attributable cannot be established
- c. Forestalling/pre-payments (D214)

III.4 THE TIME OF RECORDING ISSUE – QUARTERLY ISSUES

- a. Regulation on taxes and social contributions – uncollectable amounts: quarterly aspects
- b. VAT type taxes – nature of time adjustment (D211)
- c. Taxes related to motor vehicles paid by households (D2.D59)
- d. Taxes related to property (levied annually)(D29, D59)
- e. Inheritance taxes and succession taxes (D91)

INTRODUCTION

This part of the manual presents a summary of guidance notes for the compiler, developed by the STPFS Working Group.

These notes mostly consider a range of practical questions affecting comparability across Member States and the need for a common application of ESA 95 principles given the context of a quarterly reference period. The guidance found here should be seen as supplemental to other texts such as ESA Manual on Government Deficit and Debt and the Quarterly Handbook on Quarterly National accounting.

The principle of accrual accounting

The principle of accrual accounting is a key principle for recording transactions in the national accounts. In ESA 95 the accrual principle is as follows: Taxes and social payments should be recorded at the time when the underlying activities occur which create the liabilities to pay (ESA 95 §4.82).

In general the accruals principle is followed when compiling quarterly accounts. However, some limited need arises to depart from a pure application of this principle when considering the possibilities for recording given available data. In general, these departures can only arise for short term reasons (i.e. insufficient data) and do not dilute the central principles established in ESA 95 for recording transactions.

Where flexibility allowed under ESA 95 is used by quarterly compilers, it requires a consideration of:

- The economic nature of the tax
- Practical reasons

Quarterly compilation methods – nature of the issues

The principal of accruals contained within the ESA 95 text is central to the quarterly compilation approach. In practice, it requires a link to be established an economic event (e.g. the payment of an income tax) and the period in which it is recorded (e.g. the earning of income). Whilst the theoretical framework being applied by quarterly compilers and annual compilers is therefore identical, the nature of the quarterly data problem gives rise to unique problems which must be considered in order to arrive at a common method which can be applied by Member states.

A first set of problems arise where there is no clear link between the economic events giving rise to a tax or social payment, and the quarterly reference period in which it should be recorded. This link is essential to implement the accruals principle fully and where it does not exist other solutions must be identified which can be applied in practice. Many situations

arise where a tax or social payment is recorded in basic statistics (so it is quantified) but it is unclear as to which quarter it should be associated.

Related to this problem is the fact that many legal or administrative events are expressed in annual terms only. Data relating to these events are therefore normally available only in an annual form. For example, tax levied on an annual basis must be recorded in the quarterly reference periods following the ESA 95 rules. The lack of direct information is then a major problem.

A further problem is to identify a correct time of recording in particular quarters of transactions. For example, for important Income Taxes (recorded under D5) a flexibility exists within ESA 95 to allow:

- They can be recorded in the period during which the income accrues. This can be referred to as a full accruals basis.
- They can be recorded when the tax liabilities are determined. This time of recording is called 'due for payment basis'.

The flexibility contained in ESA 95 is particularly important for income taxes for which the liabilities can only be determined in a later accounting period than in which the income accrues. Therefore time of recording issues represent a major problem for the quarterly compiler.

In summary, it is important to stress that the provisions of ESA 95 are fully appropriate for the quarterly accounts and are fully applied by the quarterly compilers. A need for guidance notes – beyond what is required at the annual accounts level - arises to ensure common quarterly methods are followed.

Organisation of guidance notes related to quarterly taxes and social payments.

Guidance notes address different types of quarterly problems or issues. They are therefore grouped under three broad headings related to type of problem they are most centrally seeking to resolve.

1. General issues
2. Recording of D5 taxes on a quarterly basis
3. Absence of clear economic link – quarterly issues
4. Time of recording – quarterly issues

GENERAL ISSUES

a. Consolidation

Consolidation rules applied to quarterly data follow the same rules applied in annual accounting.

Questions relating to consolidation or netting of basic data prior to their assembling into the components necessary to arrive at a common definition of general government revenue and expenditure were considered in the Commission Regulation 1500/2000 of 10 July 2000. That Regulation, in establishing clear definitions for the total aggregates involved within the ESA 95 text clarified that transactions within D.41, D.7, D.92 and D.99 are consolidated. Other transactions are not consolidated.

Taxes and special payments represent an important part of the overall general government revenue and expenditures defined in 1500/2000. The rules on consolidation established in that Regulation mean that data on Taxes and Social payments reported under the Commission Regulation 264/2000 are not consolidated. It means that the reported data can include taxes or social payments made by institutional units classified within the general government sector to a collecting or paying authority also located in general government.

b. Direct information

Within the text of the Commission Regulation, two important terms are used which fall to have particular meanings circumscribed by the legal text ('best estimates', 'direct information'). 'Best estimates' is a key concept highlighted in Part I, Introduction of this manual.

This note first considers the text of the Regulation to establish the boundaries within which the term is understood. This is followed by a definitional section wherein the characteristics of Direct Information are highlighted.

REGULATION TEXT (264/2000)

Article 3 reads as follows: (extract from the Commission Regulation text)

"Sources and methods to compile quarterly data

The compilation of quarterly data for the categories referred to in Article 2 shall respect the following rules:

- (1) Quarterly data shall be based on direct information available from basic sources, such as for example public accounts or administrative sources, representing, for each category, at least 90% of the amount of the category.*

- (2) *Direct information shall be completed by coverage adjustments, if needed, and by conceptual adjustments in order to bring quarterly data in line with ESA 95 concepts.*
- (3) *The quarterly data and the corresponding annual data shall be consistent.”*

SOME POINTS WHICH FOLLOW FROM THE WORDING OF ARTICLE 3

Over time, there exists a need for member states and Eurostat to take a view on the data quality of the infra-annual statistics and to decide if the quarterly data compiled provided meets 90% criteria amongst other elements.

Sub-section (1) indicates that direct information is based on basic sources, with public accounts or administrative sources offered as key examples. Direct information is not itself seen as necessarily complete nor immediately in line with ESA concepts (sub-section (2)). It is anticipated that transformation of basic data is required in order to arrive at the required ESA concept.

The description of direct information is such that it is not a concept in itself, but rather a characteristic which attaches to some basic statistics. The characteristic is that these basic statistics fundamentally allow the compilation of the ESA 95 category result and so they are described as direct information for this work.

CHARACTERISTICS OF DIRECT INFORMATION

Direct information consists of quarterly basic data sources which have the characteristic that they inform the final ESA 95 result for a category. Direct Information is a term normally associated with a direct measurement of the underlying economic activity and refers to data which normally originates from institutional units with operation responsibility for the tax or expenditure item.

Direct information is not information derived from economic model building. It is fundamentally to be measured statistical data, but allowing for techniques which have the purpose of estimating missing basic statistics.

In the context of General Government accounts, direct information is then normally to be understood as being information derived from basic sources provided by institutions with operational responsibilities in the tax or social payments area concerned (trivially, where a Finance Ministry publishes or republishes information collected from the operational departments, it does not lose its character as being direct information).

For compilation systems which rely upon the use of indicators, the direct information content of the indicator must be assessed when forming a view on the overall direct information content for a quarter.

General rule: Applying the direct information test for each individual ESA category is envisaged in the Regulation without exception.

c. D611 Actual social contributions (compilation approach)

ISSUE:

To describe aspects of the framework under which data on Actual Social contributions are to be compiled.

BACKGROUND

In considering the compilation approach for Actual social contributions (D611), it is important to keep in mind the question of data availability.

QUARTERLY ACCOUNTS APPROACH

Explanation of the problem: the question of establishing a common statement of how high quality results can be obtained on a quarterly basis in the case where direct information is unavailable on a sufficiently timely basis. It follows that the guidance provided here must remain rather general and be indicative rather than directive (especially in the transitional period).

The problem of identifying Actual Social contributions on an appropriate quarterly pattern presents a serious challenge for compilers. In general, member states who do not have fully adequate direct data on a quarterly basis for Social security funds have established strong estimation mechanisms which seek to complete the quarterly pattern.

The need for any estimation will recede as new data sources are developed with the Social security funds sector. No member states rely solely upon annual results for Actual Social contributions as the sole basis for estimating the quarterly actual social contributions category

Guidance

Actual social contributions should be based on direct quarterly information. Member States should seek to identify cash or adjusted cash data at a timeliness of t+3 months. Where it is necessary to estimate some part of the quarterly pattern, the estimation procedure should seek to take account of changes in wages and salaries information for the quarter and changes in contribution rates.

When estimation is required, the normal approach has been to select clearly related variables which measure some aspect of the quarterly activity and to build what can be termed a closed statistical model based on these variables. The key variables used are a) wages and salaries data and b) information on contribution patterns in the quarter being estimated c) changes in the legislation of the social security system (e.g. changes in the social contribution rates). As with all estimates, their basis should be revisited by the compiler for each quarterly compilation.

RECORDING OF D5 TAXES ON A QUARTERLY BASIS

a. Recording of D5 taxes on a quarterly basis

ISSUE

For some D5 taxes, the link between the taxation and the underlying economic event on which the taxation is based is not clear. This note considers this situation. In practice it means that basic taxes statistics are available to the compiler normally in aggregate form for a quarter but it is not possible to identify clearly the reference quarter in which the taxed income was earned.

Flexibility exists within the ESA 95 text to allow D5 taxes to be recorded on an accruals basis or a due for payment basis. The question then arises as to how to record the important D5 taxes for whom the link with the underlying economic activity is not established?

ESA 95 REFERENCES

Paragraphs 1.57; 4.24; 4.77- 4.82

BACKGROUND

This issue was central to detailed discussions within the Working Group. The taxes involved are highly significant and differences in treatment by Member States would give rise to incompatibilities between the comparability between Member States. The need to ensure that the needs of key Users (e.g. DGECFIN, ECB, general set of Users) were served was also apparent in discussions.

Further elements relating to the background were general issues related to the interpretation of the accruals principle under ESA 95 (of relevance to the work of the annual accounts compilers, with the need for the quarterly compilers to follow the interpretations used in order to assure coherence between quarterly and annual accounts).

It was noted that the large majority of Member States (based on a special questionnaire in late

2000) currently rely upon the flexibility allowed by ESA 95 and record these taxes on a due for payments basis, in both annual and quarterly accounts. There is thus no spreading of the payments over the four quarters of the year.

It was noted that the main difficulty in seeking to implement a full accruals basis in annual accounts is that amounts related to final balances are available a long time after the end of the year to which they relate and that they cannot usually be isolated from amounts related to pre-payments or deductions at source. For quarterly accounts the situation is even more complicated, as, in the case of quarterly pre-payments, these pre-payments cannot be considered as representative of the quarterly activity. These technical issues would be the subject of further study within the Working Group.

The Working Group considered that a common agreed approach to the quarterly accounts was a high priority. The conclusion reached was that, for practical reasons, these D5 taxes should be recorded on a due for payments basis, subject to the need to take special steps to inform Users of the effect that this treatment has for the quarterly pattern of D5 tax receipts. If an accruals basis was possible, then this approach should be applied. For this reason a special Annex is included to this manual identifying the main data patterns under D5 by Member States. The due for payment recording means that the technical basis on which D5 taxes are levied and collected in a Member State affects the quarterly data pattern that arises (typically: regular pre-payments during the year the income accrued or two or three payments in a period subsequent to the year during which the income was earned).

QUARTERLY ACCOUNTS

Guidance

For D5 taxes the basis for recording in the quarterly accounts should for practical reasons follow the due for payment basis, subject to any decisions by the annual accounts compilers to refine the treatments followed in the annual accounts. Where balancing payments arise under D5 taxes, these are recorded in the period in which they are due.

In general the need is for the quarterly accounting treatment to follow the annual accounts treatment ensuring consistency between the sum of the quarters and the relevant annual result. This follows the conventional rule that adherence to the annual accounts treatment provides a general parameter which must be respected by the quarterly accountants.

ABSENCE OF CLEAR ECONOMIC LINK - QUARTERLY ISSUES

a. Wages taxes - arrears**ISSUE**

Where wages taxes are paid in arrears, to what period is the associated tax and social contribution to be related?

BACKGROUND

Normally, Taxes or social contributions paid in respect of earning and recorded in the system as Compensation of Employment can be attributed to the underlying period in which the salary or wage is earned without difficulty.

SNA 93 (7.21) provides the following guidance when considering Compensation of Employees: "Compensation of Employees is recorded on an accruals basis: i.e., it is measured by the value of the remuneration in cash or in kind which an employee becomes entitled to receive from an employer in respect of work done during the relevant period, whether paid in advance, simultaneously or in arrears of the work itself".

The general rule is to then time adjust the taxes or social contributions to the period in which the income is earned (normally t-1). Special rules apply to 13th month or special holiday payments which have the effect of recording taxes or social contributions for these amounts on a due for payment basis.

One question which arises is how to deal in the quarterly accounts with wage or salary arrears when these are paid some time after they are earned.

Many European economies have a system of wage bargaining or wage negotiation, which lead to payments of incremental wage increases in arrears. This may be an occasional event or an institutionalised aspect of national or sectoral wage arrangements. Typically wage increases may be paid with retroactive effect. This involves receipt of a lump sum by the employee, which is normally subjected to tax (through PAYE or similar arrangements), in the later period.

In the situation described, it must be clear that households are aware of the impending wage increase. It can be said to affect their economic behaviour. Information will also normally be available. The legal position under the tax system is also commonly that the salary increase is taxable at the rates applicable in the earlier period.

These points suggest that the accruals adjustment should locate the wage increases involved in the period in which they are earned (i.e. the period in which the work took place).

QUARTERLY ACCOUNTS

Guidance

In this situation, the tax and social contribution receipts will best be attributed to the period in which the salary or wage was earned. However the quarterly detail to allow this treatment is not always available. Therefore in practice such taxes and social contributions need only be time adjusted to the period in which the associated income paid in arrears was earned when the taxes or social contributions are a) substantial in nature and b) information to allow this treatment is available.

b. Taxes paid where the link between the payments and the underlying economic period to which they are attributable cannot be established

ISSUE

Certain taxes, whilst levied in respect of gainful or economic activity in earlier periods, cannot be attributed to specific economic periods because of the nature of the tax assessment basis. The question arises as to what the accruals basis of ESA 95 means in these cases.

BACKGROUND

Some Member States noted that certain income taxes cannot be attributed to particular economic periods, either because the underlying economic period was not identifiable in practice or had no significance in practice for the tax imposed. Typically this involves certain income taxes imposed after the economic period with respect to it (i.e. marginal increases in tax rates arise or once off taxes are imposed).

QUARTERLY ACCOUNTS

Guidance

This type of taxes are assessed after the year during which the income accrue. The amounts assessed and collected during a specific year may relate to income accrued during two or more different years. There is no link in this case between amounts assessed/collected and the activities which create the liability to pay taxes.

No systematic spreading over the quarters of such amounts is recommended and they should normally be recorded on a due for payment basis. Note that the treatment offered here relates to only that part of the taxes which are found to be unattributable to the relevant economic period.

The quarterly accounting followed must however ensure a coherence between the annual and quarterly recording.

c. Forestalling/pre-payments (D214)

ISSUE

There can exist situations in the quarterly context where the basic statistics available to the compiler suffer from some external effect, such that the application of the ESA 95 accruals principle requires the compiler to consider the need to adjust the basic data to meet the accruals rule contained in ESA 95. A specific example is the case of what may be termed Forestalling/Pre-payments by producers as they affect D214.

ESA 95 REFERENCES

Paragraph 4.19; especially 4.20 a).

BACKGROUND TO THE ISSUE

Significant pre-payments of taxes can arise as part of tax minimisation strategies pursued by individuals or companies who sell products which are subject to excise duties and consumption taxes. This can lead to large once off increases in such taxes when the underlying rate of taxation is increased as a result of budgetary measures. Typically increases in excise or consumption taxes are announced as applying from a point in the future and a large degree of pre-purchasing of the products takes place (e.g. to forestall or avoid a need to pay the higher rate of tax).

Such once off large increases in taxation receipts may occasionally need to be adjusted to allow a better apportioning of receipts to the economic period in which the goods will ultimately be introduced to the consumer. However, there exist difficulties in seeking to identify minor forestalling/pre-payment events which means that it is not possible to apply this desirable adjustment in all circumstances (with precision).

QUARTERLY ACCOUNTS

Explanation of the problem: the question which arises is whether the quarterly compiler should adjust basic data to account for forestalling needs to be accounted for and what approach is to be taken by the compiler.

Guidance

In general, national accountants are rightly reluctant to change basic data without strong reasons i.e. a clear need to reflect an economic reality that is not shown if basic data are left unadjusted. Forestalling or pre-payments should not be specifically addressed by the compiler except where the amounts involved are highly significant and where information can be obtained. Where these conditions are met, a time shifting in the accruals calculation may be made.

Note: Expenditure based GDP on a quarterly basis.

Particular attention must be paid to the need to ensure consistency in the valuations used when deriving expenditure based GDP where such an adjustment is made. (The valuation rules for stock changes generally require that the taxes be recorded when the goods are purchased and not necessarily when they are sold to the consumer; a matching correction will be required).

TIME OF RECORDING – QUARTERLY ISSUES

a. Regulation on taxes and social contributions – uncollectable amounts: quarterly aspects

ISSUE

Where relevant for a Member State, to ensure a common interpretation of the co-efficient calculations shown in the Regulation.

ESA 95 RELATED REFERENCE

ESA 95 Manual on Government Debt and Deficit (Part III.1, p. 89, first edition).

BACKGROUND TO THE ISSUE

Regulation (EC) No 2516/2000 of the European Parliament and the Council addressed the scope and meaning of accruals for taxes and social contributions, and identified three possible approaches to recording accrued amounts. There were in brief:

- A time-adjusted cash recording basis or an accruals recording approach with two possible approaches
- Adjustments to assessed amounts are reflected within the ESA category involved (i.e. the tax or social contribution category involved).
- Adjustments to the assessed amounts are reflected as capital transfers.

The general principles and rules to be followed are outlined in the ESA 95 Manual on Government Debt and Deficit (Part III.1, p. 89, first edition). Comments here offer some further clarification given a quarterly reference period.

QUARTERLY ACCOUNTS

Explanation of the problem: the question which arises is to what quarterly period the amounts found to be uncollectable are to be allocated i.e. for which quarter does the adjustment arise?

Guidance

Adjustment for amounts not considered to be collectable are to be made in the quarter in which the principal sum (e.g. the underlying individual tax or social contribution total amount which is the subject of the adjustment) was recorded. Therefore adjustments will follow the quarterly pattern for the tax or social contribution heading involved where available.

If you know the quarterly pattern of uncollectable amounts (e.g. when they arise by quarter), this pattern is used when attributing annual uncollectable amounts to quarters. If the quarterly pattern of uncollectable amounts is unknown, adjustments will follow the coefficient adjustments applied for the annual amounts which are applied equally across each quarter of the reference period subject to the sum of adjustment made to quarters equalling the overall adjustment for the reference year.

b. VAT¹ type taxes – nature of time adjustment (D211)

ISSUE

Where the VAT to be recorded is the result of a time adjustment (accruals) calculation, a number of elements in the calculation can cause potential differences in treatment.

BACKGROUND

In general, data for these taxes is available on a cash basis, with a single month delay. They are typically self assessed by the taxpayer and paid over to the State within a short time frame (one month).

Cash data recorded in the public accounts must be adjusted to an accruals time of recording basis. Typically, this requires that the characteristics of the VAT system in question is examined in order to establish an appropriate time adjustment for the cash data.

Guidance

The purpose of the accruals adjustment is to allocate the VAT tax (or similar) arising to the quarter in which the economic activity occurred that gave rise to the tax liability. Conceptual adjustments may be needed in order to bring quarterly data in line with the ESA 95 concept, in particular if assessments and declarations information are used. Cash data as recorded in public accounts are time-adjusted. Amounts known during a specific quarter are allocated to the quarter they accrue taking into account the time lag between accrual time and time when amounts are assessed or collected.

The adjustment should take account of specific features of the VAT regime. Typically, the cash receipts data for a particular month are first analysed by the legal compliance rules applying to various classes of taxpayer. Where these are different (e.g. small firms allowed a one month timelag, agricultural producers allowed 6 months), the time adjustments applied will also differ.

¹ Note: Concerning the part of the VAT paid by MS to the Institutions of the EU, there was a consultation with the NAWP. The opinion of the majority responding NAWP members was that these payments should not be adjusted in the same way as the underlying VAT payment.

c. Taxes related to motor vehicles paid by households (D2, D59)

ISSUE

Businesses or household are commonly allowed to select the period for which they will prepay car taxes (i.e. licence payments by the household which provide a permission to driver a vehicle or a permission to own a vehicle during a specific period. These are treated as taxes in the system and reflected under D2 (business) or D5 (households).

ESA 95 REFERENCES:

Paragraphs: 1.57; 4.82; [D.29] 4.22; 4.23 b); [D.59] 4.77; 4.79 d)

BACKGROUND

Increasingly, a wide range of consumer friendly options are being developed by government to allow businesses or householders to pay these licence fees (i.e. taxes in the system) in a manner which avoids large once-off annual payments. It follows that many of the cash receipts data available from the local government sources typically indicates the cash generated in the period but does not offer any detail as to the degree of prepayments that may be involved.

QUARTERLY ACCOUNTS

Guidance

In theory, the tax receipts under this heading should be attributed in line with the pattern of rights obtained when the household makes the payment e.g. if the right is purchased for a 6 month period, it should be allocated evenly over the 6 months, subject to the need to agree with the amount shown in the annual account.

Where the tax is levied solely on a quarterly basis the link with a particular quarters economic activity will be apparent (time adjustment may or may not be necessary depending upon the nature of the rights purchased when paying the tax).

In practice this information is not available in most Member States. Whilst the accrual principle is clear the application of practical solutions is envisaged up to the end of the derogation periods. In practice this means accepting the cash receipts for a quarter as representative of the quarters underlying economic activity.

d. Taxes related to property (levied annually) [D29, D59]

ISSUE

Where taxes are raised on land or property and levied once in a fiscal year by General Government, in what quarterly period shall the annual tax be recorded?

ESA 95 REFERENCES

Paragraphs 1.57; 4.82; [D.29] 4.22; 4.23 a); [D.59] 4.77; 4.79 a).

BACKGROUND

A variety of property taxes exist which, whilst generating a small amount of revenue for the EU Member states, create difficulties for the quarterly recording. Such property taxes are treated in the system as Other taxes on production (D.29) when paid as a result of engaging in production activities or as Other current taxes (D.59) when paid as a result of ownership or use of land or buildings by owners.

Taxes on land and buildings when recorded under D.2. are normally spread over the four quarters (as these taxes are related to a process of production).

Identifying an appropriate quarterly recording when these are recorded under D5 requires that the underlying basis for levying these taxes be considered, in order to make a distinction between the moment of assessment and the accruing period.

This point can be highlighted relying upon the relevant ESA 95 paragraphs:

Paragraph 1.57 of ESA 95 establishes the accruals principle under ESA and provides:

‘The system records flows on an accrual basis; that is, when economic value is created, transformed or extinguished, or *when claims and obligations arise*, are transformed or are cancelled’.

From this we conclude that it is relevant to look at the moment in time when tax claims and obligations arise. This will include a consideration of the basis on which the tax is levied by the tax authorities. In these taxes the relevant feature is the fact of ownership [see further par. 4.82 which establishes the moment of recording of current taxes on income and wealth, etc and identifies that they are to be ‘recorded at the time when activities, transactions or other events occur which create the liabilities to pay’. Land taxes (when paid by owners) form a part of this ESA tax category. For such land taxes the ‘other events’ cited are the existence or non existence of ownership rights] and the relevant moment of registration can be distinguished between situations existing at a moment in time or which persists over time (e.g. ownership over a full year).

These points support a possible distinction based on whether the tax is levied with respect to a moment in time (record in that quarter) or for a situation persisting over time (record over the quarterly periods involved).

In arriving at conclusions here it was also felt relevant to consider the overall weight of these taxes in the system (not significant) to see if a common treatment could be arrived at. On this basis, the Working Group concluded that such D5 taxes should in practice be treated in a similar manner to the equivalent taxes recorded under D2. This conclusion was based on a strictly practical reasoning e.g. that the amount of the D5 taxes involved was relatively small.

QUARTERLY ACCOUNTS APPROACH

Guidance

The general rule for land and property taxes is that such annual taxes are accrued to the four quarters of the reference year, aligning with the amount recorded in the annual accounts. Normally, it means that the amounts are distributed over the 4 quarters equally. This solution is applied to land taxes regardless of whether they are levied in respect of ownership at a particular moment in time or for ownership over time or whether they are recorded under D2 or D5. In general, recording should be coherent with the equivalent annual treatment.

However, if the tax (under D2 or D5) is payable in lump sum payments for a global amount which is unknown at the end of the first quarter of the year to which the tax will relate, it is acceptable not to accrue to the four quarters. Rather the tax is recorded in the quarter when it is due for payment.

e. Inheritance taxes and succession taxes (D91)

ISSUE

To state the manner in which the accruals recording for inheritance taxes should be applied.

BACKGROUND

As with the general principle, cash data are normally time adjusted in line with the delay between the underlying event and the pay-over period involved by tax. In general, Capital taxes are recorded in the quarter when tax liabilities arise i.e. the making of an assessment for tax (normally after the legal administrative work is completed).

QUARTERLY ACCOUNTS APPROACH

Explanation of the problem: Clarifies that it is the moment when the tax liability is created that is relevant for the accruals adjustment. It follows that time adjustment calculations will seek to reattribute cash receipts in a particular reference quarter to the earlier quarter in which the assessment was raised.

Guidance

Two situations arise depending upon the degree of predictability of the legal processes affecting the assessment and pay-over of capital acquisitions or inheritance taxes.

Where taxes are attributable to an underlying economic period the accruals principle means that the taxes should be recorded for that period. This is typically the case where some

uniformity is identifiable in the average period of time between the relevant event and the payment of the tax.

Where no discernible or stable pattern is identifiable, the taxes should be recorded on a due for payment basis.

ANNEXES

ANNEX I

Implications on the quarterly pattern of the due for payment basis (main D5 income taxes only)

Tax on land and buildings

Tax on motor vehicle

Taxes on income from capital and taxes on capital gains

Taxes on household income and on income or profits of corporations

ANNEX II

Commission Regulation (EC) No. 264/2000 of 3 February 2000 on the implementation of Council Regulation (EC) No. 2223/96 with respect to short-term public finance statistics

ANNEX III

Commission Regulation (EC) No 1500/2000 of 10 July 2000 implementing Council Regulation (EC) No 2223/96 with respect to general government expenditure and revenue

ANNEX I

Implications of the quarterly pattern on the due for payment basis (main D5 income taxes only)

The Working Group on Short Term Public Finance Statistics reviewed the incidence of certain main income taxes as part of the work underlying preparation of this manual. The intention in this Annex is to provide detailed information by Member State and to highlight the quarterly pattern for D5 (main taxes). This information is an important element to be borne in mind by Users when reviewing the quarterly data flows flowing from the Commission Regulation on Taxes and Social Payments.

- Tax on land and buildings
- Tax on motor vehicle
- Taxes on income from capital and taxes on capital gains
- Taxes on household income and on income or profits of corporations

Tax on land and buildings

It seems that there are three types of collecting and recording this tax in Member States:

- Type 1: annual amount is spread over the 4 quarters of the year.
- Type 2: amounts can be collected each quarter and they are recorded as such (cash basis).
- Type 3: amounts are collected during specific quarters and they are recorded as such (cash basis)

MEMBER STATE	CHARACTERISTICS OF THE TAX	RECORDING IN ACCOUNTS
Belgium		Type 1
Tax on income from real property for natural persons and corporations	Paid once a year, no later than two months after the assessment which might take place all over the year	Cash payments time-adjusted by 2 months and annual amount spread over the 4 quarters with a smooth pattern
Denmark		Type 1
Land tax	Terms of payments differ from municipality to municipality Annual amount is available at the beginning of year n relating to situation on 1 January	Annual accounts: full accrual basis Quarterly accounts: Annual amount is spread over the 4 quarters
Germany		Type 2
Property tax (on land and buildings)	The tax is paid quarterly, for the current quarter	Cash payments ⇒ amounts are recorded each quarter
Spain		Type 1
Property tax (land and buildings)	Can be paid once a year or each quarter (depending on municipalities), time of payment decided by municipalities	Annual accounts: full accrual basis (due for payment basis) Quarterly accounts: spread evenly over the year
France		Type 3
Taxe d'habitation	Assessed on the dwelling occupied on the 1 January n; the tax is assessed during q4-n and due to be paid before 15/12/n (q4) About 50% of the tax is paid monthly (months of n); the rest is paid during q4	Cash basis (50% of payments are over the year, the rest during q4)
Ireland		Type 3
Tax on the ownership of buildings	Rate liability is assessed in q4 of year n-1; the rate is paid in year n, by: a) two moieties, the first on demand, usually in q1, and second on 1 July of year n. b) by instalments in year n (usually direct debit)	Cash basis ⇒ amounts are not recorded each quarter

(Continued)

Tax on land and buildings (continued)

MEMBER STATE	CHARACTERISTICS OF THE TAX	RECORDING IN ACCOUNTS
Italy		Type 3
Tax on lands	Tax definitively assessed at the end of year n To be paid in two payments (by end of June n for an amount of 45% and by 20 December n for 55%)	Annual and quarterly accounts: due for payment basis ⇒ amounts are not recorded each quarter
Luxembourg		Type 2
Local tax on land and buildings (impôt foncier communal)	The payments are due within the month of the notification. Amount of tax is based on the “unit value” of land and buildings and varies locally	Cash basis ⇒ annual amount is spread over the year
Netherlands		Type 1
Tax on the ownership and use of real estate	Assessed on situation at 1 January n, date of assessment and due for payment date(s) taking place in year n depend on municipalities	Annual amounts divided by four. Annual amounts calculated in advance using the actual budget figures and the average discrepancy between budget and realisation in the recent past
Austria		Type 1
Tax on land	Paid quarterly on the basis of the last assessment	Annual cash amounts are spread over 4 quarters
Portugal		Type 1
Real estate tax	To be paid once or twice a year (April and September)	Cash basis ⇒ amounts are spread over the 4 quarters
Finland		Type 1
Tax on real property for natural persons and corporations	The tax is due to be paid in September – November	The annual amount is spread over the four quarters
Sweden		Type 2
Tax on the use of buildings	Paid monthly in year n on the basis of preliminary charges, with a final balance in year n+1. Amounts paid are included in tax on income	Amounts are recorded each quarter
United-Kingdom		Type 1
National non-domestic rates	Assessment made in advance and covers 12 months ending month 3 of year n+1. Can be paid monthly (10 instalments) or in one annual amount.	Annual amount is spread evenly throughout the year

Tax on motor vehicle

Such a tax is collected according to different modalities in Member States: it can be collected once a year, or twice a year or on a quarterly basis. It can be due for payment at the same time for all taxpayers or it can be paid at any time in the year when it is linked to the registration or purchase of the vehicle.

Except for Finland and the United-Kingdom (situations to be confirmed), these taxes are recorded in Member States when paid or when due to be paid (with a time-adjustment), meaning that the profile of the quarterly amounts vary from one Member State to another, being linked to the collection system.

MEMBER STATE	CHARACTERISTICS OF THE TAX	RECORDING IN ACCOUNTS
Belgium		
Motor vehicle duty for natural persons and corporations	Paid once a year Date of payment linked to purchase of vehicle	Cash payments time-adjusted by 1 month ⇒ amounts are recorded each quarter
Denmark		
Motor vehicle duty	Two yearly payments, to be paid within 1 month	Annual accounts: full accrual basis Quarterly accounts: cash basis, without time-adjustment ⇒ amounts are not recorded each quarter
Germany		
Motor vehicle tax	The tax is paid in advance, for a year, quarter or other fixed period. The tax becomes due when the vehicle is registered. Amounts can be recorded every quarter	Cash payments ⇒ amounts are recorded each quarter
Spain		
Motor vehicle tax	Paid once a year, time of payment decided by municipalities	Annual accounts: full accrual basis (due for payment basis) Quarterly accounts: spread evenly over the year
Ireland		
Vehicle Registration Tax	Payment linked to the registration of a vehicle	Cash basis ⇒ amounts are recorded each quarter

(Continued)

Tax on motor vehicle (continued)

MEMBER STATE	CHARACTERISTICS OF THE TAX	RECORDING IN ACCOUNTS
Italy		
Tax on cars	Tax definitively assessed at the beginning of year n To be paid before end of January year n	Annual accounts: full accrual basis (due for payment basis) ⇒ quarterly accounts estimation of the trend
Luxembourg		
Motor vehicles tax	Payment linked to the registration of a vehicle; the tax is due within one month from the registration; Payments yearly, half-year or quarterly	Cash basis ⇒ amounts are recorded each quarter
Austria		
Motor vehicle taxes	To be paid on a quarterly basis (the quarter following the situation of taxation) with a final balance to be paid in the second quarter of the following year	Due for payment ⇒ amounts are recorded each quarter
Portugal		
Motor vehicles tax	Once a year (usually June)	Cash basis ⇒ amounts are spread over the 4 quarters
Finland		
Motor vehicle duty for natural persons and corporations	The tax is paid once a year in January/February for cars already in use, and when purchased for new cars	Duty on "old cars" is spread over the four quarters
Sweden		
Tax on the use of cars	Paid once a year, payment linked to the registration. Amounts can be recorded all over the year	Annual accounts: cash basis with time adjustment. Quarterly accounts: cash basis ⇒ amounts are recorded each quarter

Taxes on Income from Capital and Taxes on Capital Gains

Note:

The descriptions below refer to the time of recording taxes on income accruing in year n.

For some Member States taxes on capital gains are included in taxes on income from capital.
Missing: France, Spain, Greece, Netherlands

MEMBER STATE	CHARACTERISTICS OF TAX	RECORDING IN NATIONAL ACCOUNTS
Belgium		
Tax on income from capital (précompte mobilier)	Advance payments for households and corporations withheld by the bank when the coupon of a financial asset is presented for payment and transferred to the tax authorities the following month. Balances are included in the income tax by assessment (impôt sur le revenu global perçu par rôle) and recorded in year n+2.	Time-adjusted by 1 month Time adjusted by 2 months
Denmark		
Taxes on capital gains	Deduction at source when transactions take place.	Cash basis ⇒ No time adjustment
Germany		
Tax on income from capital	Payments for households and corporations withheld by the bank when the coupon of a financial asset is presented for payment and transferred to the tax authorities the following month.	Time-adjusted by 1 month for households No time adjustment for corporations
Ireland		
Taxes on capital gains - for individuals	For capital gains earned between 6/4/yr n...5/4/yr n+1, a preliminary tax (about 90%) is due 1/11/yr n+1 and the final return is due 31/1/yr n+2. Any outstanding balance of tax is due no later than 1 month after the issue of assessment	Cash basis
- for companies	A preliminary tax (90% of the ultimate liability) tax must be paid no later than six months following the end of the accounting period. The final return of profits must be submitted no later than 9 months from the end of the accounting period: the final balance should be then paid within 1 month.	Cash basis

(Continued)

Taxes on Income from Capital and Taxes on Capital Gains (continued)

TYPE OF TAX	CHARACTERISTICS OF TAX	RECORDING IN NATIONAL ACCOUNTS
Italy		
Tax on income from capital:		
- Deposits	Two pre-payments (by 20 June of year n and by end November of year n) Balance paid by the bank by January of year n+1	Due for payment
- Other financial instruments	Payment by the bank in the following month; the coupon of a financial asset is presented for payment	Time-adjusted by one month
Tax on capital gains:		
- Tax paid by substitute like a bank	Regular payment each month of year n	Due for payment
- Tax paid by a substitute like a financial intermediate managing an investment fund	Payment on February of the year n+1	Due for payment
- Tax paid by investors themselves	Payments during the year n and balance paid by the investors by the 20 June of the year n+1	Due for payment
Austria		
Tax on capital yield and interest for households and corporations	1. capital tax based on capital yield of shares is due to be paid on 15th of the following month the liability arises 2. capital tax based on interest yield is due to be paid in one prepayment covering 90 % of year n by Dec 15 th and an additional balance payment by Sept 30 th of year n+1 3. capital tax based on any other domestic capital yield: due to be paid within 1 week after receiving the yield	Cash basis ⇒ No time adjustment
Portugal		
Taxes on capital gains	Same characteristics as for taxes on income of households and corporations	Same characteristics as for taxes on income of households and corporations

(Continued)

Taxes on Income from Capital and Taxes on Capital Gains (continued)

TYPE OF TAX	CHARACTERISTICS OF TAX	RECORDING IN NATIONAL ACCOUNTS
Finland		
Tax on income from capital:		
- Tax on interest income for households and corporations	Tax at source paid by the payer of the interest (it is deducted from the interest)	Cash basis ⇒ No time adjustment
- Other taxes on income from capital for households and corporations	Are included on income tax by assessment	
Sweden		
Taxes on capital gains	The income of year n is declared by the taxpayer in year n+1; the final assessment is completed at the end of year n+1	Taxes on capital gains of year n are included in the assessment of year n+1 On a quarterly basis they are not spread over quarters
United Kingdom		
Taxes on capital gains	Any tax to be paid in respect of an assessment covering tax year ending in April of year n is due to be paid in January of year n+1	Cash basis ⇒ No time adjustment

Remark:

This type of taxes is recorded at the moment when they are due for payment or paid, except for Sweden where taxes on capital gains of year n are included in the assessment of year n+1.

Taxes on Household Income
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Belgium												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tax on Earnings	✓	✓	✓	✓					✓	✓	✓	✓
	Monthly deductions at source time-adjusted by 1 month								Balances time-adjusted by 2 months Amounts can be recorded all over the year depending on assessment dates			
Tax on Self-employed	✓ Small	✓ ~70%	✓ ~10%	✓ ~20%					✓	✓	✓	✓
	Quarterly pre-payments Without time-adjustment								Balances time-adjusted by 2 months Amounts can be recorded all over the year depending on assessment dates			
Denmark												
The graphs below show the way taxes are paid by taxpayers. However, in national accounts, balances paid in year n+1 are allocated to year n in annual accounts ("full accrual" basis). The method to do so for quarterly accounts is under investigation (with a spreading of the balance over the 4 quarters of year n).												
Note: advance assessment of the taxes is made in year n-1 (by reference to a progressive scale of wages and salaries for employees)												
Employees	✓	✓	✓	✓	✓	✓	✓	✓				
	Monthly deductions at source time-adjusted by 1 month				Balance (minor for Q3 and Q4)							
Self-employed	✓	✓	✓	✓	✓	✓						
	Monthly pre-payments (except in month 6 and 12)				Balance							

(Continued)

Taxes on Household Income (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Germany												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tax on Wages	✓	✓	✓	✓	✓				Balances: amounts can be recorded all over the year			
	Monthly deductions at source time-adjusted by 1 month				Balances: amounts can be recorded all over the year				Balances: amounts can be recorded all over the year			
Tax on Other income	✓	✓	✓	✓	✓				Balances: amounts can be recorded all over the year			
	Quarterly pre-payments based on assessments related to year n-1 or n-2...n-5 (no time-adjustment)				Balances: amounts can be recorded all over the year				Balances: amounts can be recorded all over the year			
Spain												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	✓	✓		✓				
	Monthly /quarterly pre-payments in the following month/quarter				Q1 Pre-payment as in year n							
					Balance Q2 and Q4							

Taxes on Household Income (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
France												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Income tax by assessment					✓ ¹	✓	✓	✓				
					Pre-payment on a monthly or quarterly basis, based on income accruing in year n-1		Balance when pre-payment on a quarterly basis					
“Contribution Sociale Généralisée”	✓	✓	✓	✓				✓				
	Monthly deductions at source time-adjusted by 1 month (for activity/substitution income)				1 payment for patrimony income							
<p><u>Note:</u> ¹ As income accruing in year n is not known in q1 and q2n+1, the first and second pre-payments are computed on income accruing in year n-1 and voted by the parliament. The two quarterly pre-payments for income tax by assessment represent 33% of the tax due in year n-1.</p>												
Ireland												
<p><u>Note:</u> the tax year starts on 6 April year n and ends on 5 April year n+1. ✓ are recorded above for accounting period starting the earliest in January of year n and the latest in December of year n.</p>												
Tax on household income	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employees		✓	✓	✓	✓							
	Monthly deductions at source time-				Without Adjustment							

(Continued)

Taxes on Household Income (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Ireland (continued)												
Note: the tax year starts on 6 April year n and ends on 5 April year n+1.												
✓ are recorded above for accounting period starting the earliest in January of year n and the latest in December of year n.												
Tax on household income	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Self-employed	✓ Large amount No time-Adjustment								✓ Balance			
Italy												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employees	✓	✓	✓	✓	✓ Balance							
Self-employed	✓*		✓**		✓ Balance							
	*Prepay.40%x87 % of the tax due for year n-1		**Prepay.60%x8 7% of the tax due for year n-1									

(Continued)

Taxes on Household Income (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Luxembourg												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tax on individual or household income (impôt sur le revenu et de solidarité sur les revenus des personnes physiques)	✓	✓	✓	✓	✓							
	Monthly deductions at source time-adjusted by 1 month				Balance payments are to be paid within 2 months after the tax assessment (the return of income is made before 31-th March n+1)							
Netherlands												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	✓	✓	✓	✓				
	Monthly deductions at source time-adjusted by 1 month				Balances without time-adjustment (preliminary assessment in months 2/3/4 and final assessment in months 6 to 9)							
Austria												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Wage tax	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Monthly deductions at source time-adjusted by 1 month				Balances: amounts can be recorded all over the year				Balances: amounts can be recorded all over the year			

(Continued)

Taxes on Household Income (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Austria (continued)												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Income tax	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Quarterly pre-payments based on tax liabilities of previous years				Balances: amounts can be recorded all over the year							
Portugal												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employees	✓	✓	✓	✓	✓ ✓							
	Monthly deductions at source without time-adjustment				Balances without time-adjustment (deadline: end of month 8)							
Self-employed	✓ ✓				✓ ✓							
	Pre-payment Based on the tax due for year n-1				Balances without time-adjustment (deadline: end of month 9)							
Finland												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	✓				✓			
	Monthly deductions at source time-adjusted by 1 month				Balances				Time-adjusted by 1 month			

(Continued)

Taxes on Household Income (continued)
 (excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Sweden												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	✓							
	Monthly deductions at source time-adjusted by 1 month				Balance							
United Kingdom												
Notes:												
<ul style="list-style-type: none"> - If the accounting period is not the calendar year, the “✓” should be shifted. - There is no specific balance. Most taxpayers will not be asked to submit accounts: tax will have been deducted from their employment income at the appropriate rates and any savings income is almost certain to have tax deducted at source. If the tax authority discovers that there has been an underpayment of tax for any reason, the following year’s PAYE tax deduction will be adjusted to recover the amount. 												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓								
	Monthly deductions at source time-adjusted by 1 month											

Tax on Income or Profits of Corporations
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Belgium												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓ Small	✓ ~30%	✓ ~30%	✓ ~40%					✓	✓	✓	✓
	Quarterly pre-payments without time-adjustment								Balances time-adjusted by 2 months Amounts can be recorded all over the year depending on assessment dates			
Denmark												
The graphs below show the way taxes are paid by taxpayers. However, in national accounts, balances paid in year n+1 are allocated to year n in annual accounts ("full accrual" basis). The method to do so for quarterly accounts is under investigation (with a spreading of the balance over the 4 quarters of year n).												
Note: advance assessment of the taxes is made in year n-1 (by reference to a progressive scale of wages and salaries for employees)												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓			✓								
	Prepay		Prepay		Balance							
Germany												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓					✓	✓	✓	✓
	Quarterly pre-payments based on assessments related to year n-1 or n-2...n-5 (no time-adjustment)				Balances: amounts can be recorded all over the year				Balances: amounts can be recorded all over the year			

(Continued)

Tax on Income or Profits of Corporations (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Spain												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		✓		✓			✓					
		Prepay		Prepay			Balance					
		The 2 quarterly pre-payments represent 60% of the liability										
France												
<p><u>Note:</u> As income in year n is not known in year n, the pre-payments are usually based on incomes accruing in year n-2 (q1) or n-1 (q2, q3, and q4). They represent 25% of the tax due for n-2 (q1) and of the tax due for n-1 (q2, q3 and q4). The companies are also allowed to make an estimation for their income accruing in year n. In that case, the pre-payments paid can be lower than the pre-payments based on incomes accruing in n-2 or n-1.</p>												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓			✓					
		Each of the 4 prepayments represent 25% of tax on income accruing in year:					Balance					
	n-2	n-1	n-1	n-1								

(Continued)

Tax on Income or Profits of Corporations (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Ireland												
<p>Note: The 12 months accounting period used by companies can vary. Whatever the accounting period is, 90% of the ultimate liability tax must be paid no later than six months following the end of the accounting period. The final return of profits must be submitted no later than 9 months from the end of the accounting period: the final balance should be then paid within 2 months.</p> <p>✓ are recorded above for accounting period starting the earliest in January of year n and the latest in December of year n.</p>												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
						✓	✓	✓	✓	✓	✓	✓
Italy												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		✓		✓		✓						
		Prepay.40% x 93.5% of the tax due for year n-1		Prepay.60% x 93.5% of the tax due for year n-1		Balance						
Luxembourg												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	✓	✓	✓	✓				
	Amounts of prepayments are based on tax liabilities of previous years; the tax received during month m is recorded in the month m-2 for corporation tax; m-1 for local commercial tax and month m for tax on fortune				Balances; amounts can be recorded all over the year							

(Continued)

Tax on Income or Profits of Corporations (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Netherlands												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	✓	✓	✓	✓				
	Amounts of prepayments are based on last available information on corporate profits; from July onwards, take into account profits of year n.				Balances without time-adjustment Amounts can be recorded all over the year depending on declaration dates chosen by corporations							
Austria												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Quarterly equal pre-payments based on tax liabilities of the legal minimum amount of capital stock				Balances: amounts can be recorded all over the year							
Portugal												
Tax on income or profits of corporations:	Q1*	Q2	Q3**	Q4***	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓		✓	✓		✓	✓					

(Continued)

Tax on Income or Profits of Corporations (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
Portugal (continued)												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	*Pre-payment based on previous pre-payments **Pre-payment based on the tax due for year n-1 ***Pre-payment based on the tax due for year n-1				Balances without time-adjustment (deadline: end of month 8)							
Finland												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	Balance				✓	Time-adjusted by 1 month		
Sweden												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓	✓	✓	✓	Balance							
	Monthly pre-payments based on the final taxes of the previous year, time adjusted by 1 month											

(Continued)

Tax on Income or Profits of Corporations (continued)
(excluding tax on income from capital) accruing in year n

TYPE OF TAX	YEAR N				YEAR N+1				YEAR N+2			
United Kingdom												
<u>Notes:</u>												
<ul style="list-style-type: none"> - If the accounting period is not the calendar year, the “✓” should be shifted. - There is no specific balance. Most taxpayers will not be asked to submit accounts: tax will have been deducted from their employment income at the appropriate rates and any savings income is almost certain to have tax deducted at source. If the tax authority discovers that there has been an underpayment of tax for any reason, the following year’s PAYE tax deduction will be adjusted to recover the amount. 												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Small Corporations							✓					
							1 payment					
Large Corporations			✓	✓	✓	✓						
							Includes balance					

ANNEX II

COMMISSION REGULATION (EC) No 264/2000**of 3 February 2000****on the implementation of Council Regulation (EC) No 2223/96 with respect to short-term public finance statistics**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,
Having regard to Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community¹, as amended by Regulation (EC) No 448/98², and in particular Article 3(2) thereof,

Whereas:

- (1) Pursuant to Article 104(2) of the Treaty, the Commission is to monitor the development of the budgetary situation.
- (2) Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies³ considered appropriate to complement the multilateral surveillance procedure of Article 99(3) and (4) of the Treaty with an early warning system, under which the Council will alert a Member State at an early stage to the need to take the necessary budgetary corrective action in order to prevent a government deficit becoming excessive.
- (3) The report of the Ecofin Council on statistical requirements in economic and monetary union, approved on 18 January 1999, outlined in particular the need for common and harmonised short-term public finance statistics for Member States, in particular those who belong to economic and monetary union.
- (4) National accounts rules, especially European System of accounts 1995 (ESA 95) concepts, are regarded as instruments to ensure comparability and transparency of data between Member States.

¹OJ L 310, 30.11.1996, p. 1.

²OJ L 58, 27.2.1998, p. 1.

³OJ L 209, 2.8.1997, p. 1.

- (5) A step-by-step approach towards the compilation of a full set of quarterly accounts for the general government sector in the framework of ESA 95 should be followed, starting from 2000 with a first set of components of the general government accounts being available according to ESA 95 concepts.
- (6) Priority should be given to components representing reliable predictors of trend in public finance and regularly available on time.
- (7) Taxes, actual social contributions and social benefits, as the first set of components, will provide early warning signals of possible risks to budgets and useful information on cyclical developments in the economy.
- (8) The Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), set up by Council Decision 91/115/EEC⁴, as amended by Decision 96/174/EC⁵, has been consulted.
- (9) The measures provided in this Regulation are in accordance with the opinion of the Statistical Programme Committee (SPC), set up by Decision 89/382/EEC, Euratom⁶,

HAS ADOPTED THIS REGULATION:

Article 1

Purpose

The aim of this Regulation is to define the list and the main characteristics of the ESA 95 categories of transactions to be transmitted quarterly by all Member States from the year 2000, in order to make available a set of common and harmonised short-term statistics on public finance.

Article 2

Categories concerned by the transmission of quarterly data

Member States shall transmit to the Commission (Eurostat) quarterly data for the following categories of general government resources and uses, as codified in ESA 95: on the resource side:

- taxes on production and imports (D.2)
- of which: value-added type taxes (D.211)
- current taxes on income, wealth, etc. (D.5)
- capital taxes (D.91)

⁴OJ L 59, 6.3.1991, p. 19.

⁵OJ L 51, 1.3.1996, p. 48.

⁶OJ L 181, 28.6.1989, p. 47.

- actual social contributions (D.611),
- on the use side:
- social benefits other than social transfers in kind (D.62).

Article 3

Sources and methods to compile quarterly data

The compilation of quarterly data for the categories referred to in Article 2 shall respect the following rules:

1. quarterly data shall be based on direct information available from basic sources, such as for example public accounts or administrative sources, representing, for each category, at least 90 % of the amount of the category;
2. direct information shall be completed by coverage adjustments, if needed, and by conceptual adjustments in order to bring quarterly data in line with ESA 95 concepts;
3. the quarterly data and the corresponding annual data shall be consistent.

Article 4

Timetable for the transmission of quarterly data

1. Quarterly data shall be delivered to the Commission (Eurostat) within a period which shall not exceed three months from the end of the quarter to which the data relate.
2. Any revision of quarterly data for previous quarters shall be transmitted at the same time.
3. The first transmission of quarterly data shall relate to data for the first quarter of 2000. These data shall be delivered no later than 30 June 2000.

Article 5

Transmission of time-series

1. Member States shall deliver to the Commission (Eurostat) quarterly data for the categories referred to in Article 2 starting from the first quarter of 1991.
2. Backwards data shall be compiled according to sources and methods specified in Article 3(2) and (3).
3. Backwards data from the first quarter of 1998 until the fourth quarter of 1999 shall be transmitted to the Commission (Eurostat) no later than 31 December 2000.
4. Backwards data from the first quarter of 1991 until the fourth quarter of 1997 shall be transmitted to the Commission (Eurostat) no later than 30 June 2002.

Article 6

Transitional provisions

1. Transitional provisions shall concern Member States who are not in the position to transmit, from 2000, quarterly data according to the timetable described in Article 4(1) and according to sources and methods specified in Article 3.
2. These Member States shall transmit to the Commission (Eurostat) their «best quarterly estimates» according to the timetable described in Article 4.
3. They shall at the same time indicate which steps still need to be accomplished in order to comply with the sources and methods specified in Article 3.
4. The period to which the transitional provisions refer shall not exceed the timetable specified in the Annex to this Regulation.

Article 7

Implementation of the Regulation

1. Member States shall provide the Commission (Eurostat) with a description of the sources and methods used to compile quarterly data (initial description), no later than March 2000.
2. Any revision to the initial description of the sources and methods used to compile quarterly data shall be provided by Member States to the Commission (Eurostat) when they communicate the revised data.
3. The initial description and the possible revisions shall be subject to agreement between each Member State concerned and the Commission (Eurostat).
4. On the basis of the description(s) provided by Member States, the Commission (Eurostat) shall examine in particular the applicability of the 90 % criterion required in Article 3(1), for the first quarterly estimate concerning each of the categories referred to in Article 2.
If it becomes apparent that a Member State is not able to meet the 90 % criterion under its national conditions, the Commission (Eurostat) may grant a specific derogation to the Member State concerned.
5. The Commission (Eurostat) will keep the SPC and the CMFB informed of the sources and methods used by each Member State.

Article 8

Entry into force

This Regulation shall enter into force on the 20th day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 2000.

For the Commission
Pedro SOLBES MIRA
Member of the Commission

ANNEX III

COMMISSION REGULATION (EC) No 1500/2000**of 10 July 2000****implementing Council Regulation (EC) No 2223/96 with respect to general government expenditure and revenue**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,
Having regard to the Council Regulation (EC) No 2223/96 of 25 June 1996 on the European System of national and regional accounts in the Community (ESA-95¹), as last amended by Regulation (EC) No 448/98² and in particular Articles 2(2) and 3(2) thereof,
Whereas:

- (1) Pursuant to Article 104(2) of the Treaty, the Commission is to monitor the development of the budgetary situation.
- (2) The aim of the content and format of stability and convergence programmes is to permit a fuller understanding of the paths of the government balance and of the budgetary strategy in general, and complementary information should be provided on expenditure and revenue ratios.
- (3) National accounts rules, especially ESA-95 concepts, are regarded as instruments to ensure comparability and transparency of data between Member States.
- (4) Annex A «European system of accounts ESA 1995» of the ESA-95 Regulation does not refer to government expenditure and revenue but provides the framework to specify them by reference to a list of ESA 95 categories.
- (5) The introduction of aggregates related to general government expenditure and revenue requires related amendments to the transmission programme of national accounts data.
- (6) An additional transmission, yearly in March, of general government main aggregates (annual data) will provide useful information on government deficit developments.

¹OJ L 310, 30.11.1996, p. 1.

²OJ L 58, 27.2.1998, p. 1.

- (7) In accordance with Article 2(2) in conjunction with Article 3(2) of Regulation (EC) No 2223/96, amendments to ESA-95 which are intended to clarify and improve its content and require changes in the data requested from the Member States, shall be adopted by the Commission in accordance with the procedure provided for in Article 4 of the said Regulation.
- (8) The Committee on Monetary, Financial and Balance of Payments Statistics, set up by Decision 91/115/EEC³, has been consulted.
- (9) The measures provided for in this Regulation are in accordance with the opinion of the Statistical Programme Committee, set up by Decision 89/382/EEC, Euratom⁴,

HAS ADOPTED THIS REGULATION:

Article 1

The aim of the present Regulation is to provide the definition of general government expenditure and revenue, to supplement classifications of transactions in goods and services (P) and of distribution transactions (D) and to amend the transmission programme of national accounts data.

Article 2

Annex A (European System of Accounts ESA 1995) and Annex B (Transmission programme of national accounts data) of Council Regulation (EC) No 2223/96 of 25 June 1996 shall be amended in accordance with the Annex to the present Regulation.

Article 3

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 10 July 2000.

For the Commission
Pedro SOLBES MIRA
Member of the Commission

³OJ L 59, 6.3.1991, p. 19.

⁴OJ L 181, 28.6.1989, p. 47.

ANNEX

Annexes A and B of Regulation (EC) No 2223/96 shall be amended as follows:

1. In Annex A:

(a) In Chapter 3, section 3.23, the following sentence shall be added:

«Other non-market output (P.13) can be subdivided into two items: «Payments for the other non-market output» (P.131), which consist of various fees and charges, and «Other non-market output, other» (P.132), covering output that is provided free.»

(b) In Chapter 3, sections 3.79 and 3.96 shall be replaced by the following:

«3.79 Final consumption expenditure (P.3) by government includes two categories of expenditures, similar to those by NPISHs:

- (a) the value of the goods and services produced by general government itself (P.1) other than own-account capital formation (corresponding to P.12) and sales. Market output (P.11) and payments for the other non-market output (P.131);
- (b) purchases by general government of goods and services produced by market producers that are supplied to households, without any transformation, as social transfers in kind (D.6311 + D.63121 + D.63131). This implies that general government just pays for goods and services that the sellers provide to households.»

«3.96 Final consumption expenditure (P.3) by general government or NPISHs are equal to the sum of their output (P.1), plus the expenditure on products supplied to households via market producers, part of social transfers in kind (D.6311 + D.63121 + D.63131), minus the payments by other units, market output (P.11) and payments for the other non-market output (P.131), minus own-account capital formation (corresponding to P.12).»

(c) In Chapter 4, section 4.105, third indent, related to «Other social security benefits in kind (D. 6312)», the following sentence shall be added:

«Other social security benefits in kind can be therefore subdivided into those for which the service is produced by market producers and purchased by general government units or NPISHs (D.63121), and those for which the service is produced by non-market producers (D.63122).»

(d) In Chapter 4, section 4.105, fourth indent, related to «Social assistance benefits in kind (D.6313)», the following sentence shall be added:

«Social assistance benefits in kind can be therefore subdivided into those for which the service is produced by market producers and purchased by general government units or NPISHs (D.63131), and those for which the service is produced by non-market producers (D.63132).»

(e) In Chapter 8, a new section 8.99 (a) shall be inserted as follows:

«GENERAL GOVERNMENT EXPENDITURE AND REVENUE

8.99 (a) General government expenditure and revenue are defined by reference to a list of ESA 95 categories.

Government expenditure comprises the following ESA 95 categories, recorded under the use side of general government accounts, with the exception of D.3 and D.9 which are recorded under the resource side of general government accounts ⁽¹⁾ :	
P.2	Intermediate consumption
P.5	Gross capital formation
D.1	Compensation of employees
D.29	Other taxes on production
D.3	Subsidies, payable
D.4	Property income
D.5	Current taxes on income, wealth, etc.
D.62	Social benefits other than social transfers in kind
D.6311 + D.63121 + D.63131	Social transfers in kind related to expenditure on products supplied to households via market producers
D.7	Other current transfers
D.8	Adjustment for the change in net equity of households in pension funds reserves
D.9	Capital transfers, payable
K.2	Acquisitions less disposals of non-financial non-produced assets

⁽¹⁾ Adjustments for taxes and social contributions assessed but never collected, when recorded under D.9, are considered as a negative revenue.

Government revenue comprises the following ESA 95 categories, recorded under the resource side of general government accounts, with the exception of D.39 which is recorded under the use side of general government accounts:

P.11	Market output
P.12	Output for own final use
P.131	Payments for the other non-market output
D.2	Taxes on production and imports
D.39	Other subsidies on production, receivable
D.4	Property income
D.5	Current taxes on income, wealth, etc.
D.61	Social contributions
D.7	Other current transfers
D.9 ⁽¹⁾	Capital transfers

By definition, the difference between general government revenue and general government expenditure is net lending (+)/net borrowing (–) of the general government sector.

The transactions D.41, D.7, D.92 and D.99 are consolidated. The other transactions are not consolidated.»

(f) In Annex IV, in Classification of transactions and other flows — Transactions in goods and services (products) (P), sub-heading P.1 Output, the following entries shall be added:

«P.131	Payments for the other non-market output
P.132	Other non-market output, other»

(g) In Annex IV, in Classification of transactions and other flows — Distributive transactions (D), sub-heading D.6 Social contributions and benefits, the following entries shall be inserted after D.6312:

«D.63121	Other social security benefits in kind provided by market producers
D.63122	Other social security benefits in kind provided by non-market producers»

⁽¹⁾ Adjustments for taxes and social contributions assessed but never collected, when recorded under D.9, are considered as a negative revenue.

(h) In Annex IV, in Classification of transactions and other flows — Distributive transactions (D), sub-heading D.6 Social contributions and benefits, the following entries shall be inserted after D.6313:

«D.63131	Social assistance benefits in kind provided by market producers
D.63132	Social assistance benefits in kind provided by non-market producers»

2. In Annex B:(a) In the table entitled Overview of the tables, a new line 3 (a) shall be inserted as follows:

«2001	3	97-00	Main aggregates of general government	2»
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(b) Table 2 shall be replaced by the following:

«Table 2 — Main aggregates of general government			
Consolidation rules: the transactions D.41, D.7, D.92 and D.99 are consolidated. The other transactions are not consolidated.			
Code	List of variables	Transmission at t + 3	Transmission at t + 8
P.1	Output		X
P.11 + P.12	— Market output and output for own final use		X
P.13	— Other non-market output		X
P.131	— Payments for other non-market output		X
P.132	— Other non-market output, other		X
P.11 + P.12 + P.131		X	
P.2	Intermediate consumption	X	X
B.1G	Value added, gross		X
K.1	Consumption of fixed capital		X
B.1N	Value added, net		X

D.1P	Compensation of employees, payable	X	X
D.29P	Other taxes on production, payable	X	X
D.39R	Other subsidies on production, receivable	X	X
B.2N	Operating surplus, net		X
D.2R	Taxes on production and imports, receivable	X	X
D.4R	Property income, receivable	X	X
D.3P	Subsidies, payable	X	X
D.4P	Property income, payable	X	X
D.41P	— Interest, payable	X	X
D.42P + ...D.45P	— Other property income, payable	X	X
B.5N	Balance of primary incomes, net		X
D.5R	Current taxes on income, wealth etc., receivable	X	X
D.61R	Social contributions, receivable	X	X
D.611R	— Actual social contributions, receivable	X	X
D.612	— Imputed social contributions	X	X
D.7R	Other current transfers, receivable	X	X
D.5P	Current taxes on income, wealth etc., payable	X	X

D.62P	Social benefits other than social transfers in kind, payable		X
D.6311P + D.63121P + D.63131P	Social transfers in kind related to expenditure on products supplied to households via market producers		X
D.62P + D.6311P + D.63121P + D.63131P		X	
D.7P	Other current transfers, payable	X	X
B.6N	Disposable income, net		X
P.3	Final consumption expenditure		X
P.31	— Individual consumption expenditure		X
P.32	— Collective consumption expenditure		X
D.8	Adjustment for the change in net equity of households in pension funds reserves	X	X
B.8G	Saving, gross	X	X
B.8N	Saving, net		X
D.9R	Capital transfers, receivable	X	X
D.91R	— Capital taxes, receivable	X	X
D.92R + D.99R	— Investment grants and other capital transfers, receivable	X	X
D.9P	Capital transfers, payable	X	X
P.5	Gross capital formation		X

P.51	— Gross fixed capital formation	X	X
P.52 + P.53	— Changes in inventories and acquisitions less disposals of valuables		X
K.2	Acquisitions less disposals of non-financial non-produced assets		X
P.5 + K.2		X	
B.9	Net lending (+)/Net borrowing (-)	X	X
TE	Total General government expenditure	X	X
TR	Total General government revenue	X	X»

(c)Table 11 shall be replaced by the following:

6) Table 11 shall be replaced by the following:

Table 11 — General government expenditure by function

	Gross Capital formation + Acquisitions less disposals of non-financial non-produced assets	Compensation of employees	Subsidies	Property income	Social benefits and social transfers in kind for products supplied to households via market pro- ducers	Intermediate consumption + Other taxes on produc- tion + Current taxes on income, Wealth, etc. + Adjustment for the change in net equity of households in pension funds reserves	Other current transfers	Capital transfers	Total General government expenditure ⁽¹⁾	For informa- tion: Final consumption expenditure
ESA 95 Codes	P.5 + K.2	D.1	D.3	D.4	D.62 + D.6311 + D.63121 + D.63131	P.2 + D.29 + D.5 + D.8	D.7	D.9	P.3	
COFOG ⁽²⁾				Consolidated			Consolidated	Consolidated		
General public services										
Defence										
Public order and safety										
Economic affairs										
Environment protection										
Housing and Health										
Recreation, culture and reli- gion										
Education										
Social protection										
Total ⁽³⁾										

⁽¹⁾ 1999 version

⁽²⁾ Total by transaction, when relevant, and Total (Total general government expenditure "TG" are consistent with Table 2)

(d) In the «Derogations concerning the tables to be supplied in the framework of the questionnaire ESA 95 by country, point 7.1 (IRELAND — Derogations for tables)» A new line 6 (a) shall be inserted as follows:

«2	Main aggregates of general government	Transmission at t + 3	Until 2002»
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(e) In the «Derogations concerning the tables to be supplied in the framework of the questionnaire ESA 95 by country, point 10.1 (NETHERLANDS — Derogations for tables)» A new line 6 (a) shall be inserted as follows:

«2	Main aggregates of general government	Transmission at t + 3	Until 2003»
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