

# Manual on quarterly non-financial accounts for general government



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## PREFACE

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The report by the Monetary Committee on information requirements, endorsed by the Ecofin Council on 18 January 1999, underlined the need for comprehensive and harmonised short-term public finance statistics for Member States.

A two-step approach was then established with the aim of compiling a simplified version of quarterly non-financial accounts for the general government sector. Commission Regulation (EC) 264/2000 of 3 February 2000 requires the transmission to Eurostat 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. It was then followed by Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002, which requires the transmission to Eurostat of the remaining ESA95 transactions, starting from June 2002.

According to both Regulations, Member States provided to Eurostat a description of the sources and methods used for compiling quarterly statistics for general government. Revisions of the initial description of sources and methods are to be provided to Eurostat after transmitting any revised data.

This *Manual on quarterly non-financial accounts for general government* complements the *Manual on compilation of taxes and social payments on a quarterly basis*<sup>1</sup> that was published in 2002. Both manuals have a similar structure, providing methodological guidance and describing Member States' compilation practices for all ESA95 transactions covered by both Regulations.

These manuals do not recommend “best practices” but establish an inventory of sources and methods used for compiling statistics. Our aim is to keep updating and improving this manual over time. In particular, this will involve further harmonizing the Member States' descriptions of their practices and including the main conclusions of the ongoing discussions held in the Working Group of Short-Term Public Finance Statistics. Practical experience of compiling these statistics is already being reflected in the manual.

I would like to thank all those involved in this work, particularly the members of the Short-Term Public Finance Statistics Working Group.

May 2006

Laurs NØRLUND  
Director

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<sup>1</sup> European Communities (2002), *Manual on compilation of taxes and social payments on a quarterly basis*, Luxembourg: Office for Official Publications of the European Communities.

## CONTENTS OF THIS MANUAL

As a result of a step-by-step approach, the first Manual was devoted to the compilation of taxes and social payments on a quarterly basis. The present version of the Manual reflects a second step including the guidance notes and compilation practices on Short-Term Public Finance Statistics and thus intending to cover all the ESA 95 transactions besides taxes and social payments on a quarterly basis.

**Part I** describes the work being undertaken on this field recalling the user requirements, identifying the origin and comitology followed. It describes the requirements of Commission Regulation 264/2000 and European Parliament and Council Regulation 1221/2002. The use of direct information, the compliance with ESA 95 rules, the consistency between annual and quarterly data as well as the publication and revisions policy are some of the topics discussed.

**Part II** includes the guidance notes referring to compilation methods and time of recording on a quarterly basis. The intention is to clarify issues on compilation methods that might arise due to its quarterly recording and with reference to annual national accounts recording. The manual does not therefore deal with general concepts, definitions or classification save where they need clarification when reviewing quarterly methods.

**Part III** focuses on countries compilation practices.

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## **PART I    QUARTERLY ISSUES**

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### **1.    INTRODUCTION**

- a. Background
- b. Relationship with the Quarterly Handbook
- c. Quarterly non-financial accounts (development of compilation manuals)
- d. General approach of the working group
- e. Quarterly compilation: General issues
- f. Future work

## 1. INTRODUCTION

### a. *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 3 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.

The first version of this manual addressed the background to the implementation of Regulation 264/2000 and was 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.

This step-by-step approach allowed that in a second step, the remaining categories of general government expenditure and revenue were specified in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June, on quarterly non-financial accounts for general government.

The present version of this manual includes the reference to both Regulations (the first version was devoted to Taxes and Social Payments on a Quarterly Basis). The major changes between the two versions result from the inclusion of descriptions and references related to Regulation (EC) No 1221/2002.

Concerning the work developed on quarterly non-financial accounts for general government, the Member States shall provide the Commission (Eurostat) with a description of sources and methods used to compile the quarterly figures. In addition, any revision to the initial description of the sources and methods used to compile the quarterly data shall be provided to Eurostat when the revised data are communicated.

### b. *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 although in the future this situation will change with implementation of the Regulation on Quarterly Sector Accounts. 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. The experience from this work will be an essential feedback into the description of a fuller methodology for quarterly accounting.

c. *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 was developed.
- [2002/5] A further (complementary) manual on the remaining ESA categories which contribute to quarterly General Government total expenditure or total receipts is developed (present work).

**For all sectors**

The specific experience from working on the General government quarterly non-financial accounts feeds into a strengthening of the quarterly compilation methodology. The draft Regulation on Quarterly Sector Accounts was approved in 2005. It is of major importance to assure the consistency between general government accounts and the other institutional sectors.

d. *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 compile quarterly statistics on the main taxes and social payments categories under the ESA 95 framework. This was formally taken with the passing of Commission Regulation 264/2000 (see Annex II 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 second and complementary next task occurred with the passing of a European Parliament and Council Regulation 1221/2002 of 10 June (Annex IV) which created a requirement on Member States to report the complementary set of ESA 95 government revenue and expenditure categories needed to assemble a simplified set of non-financial government accounts at a quarterly timeliness. This is addressed in the present version of this Manual, as a further development of the work primarily developed for taxes and social payments on a quarterly basis.

A description of the compilation practices is provided in this Manual and guidance notes are presented with the aim of addressing practical issues which arise in compiling these data.

e. ***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 non-financial accounts for general government on a quarterly basis, it is clear that there exists a need to ensure high quality data comparable between Member States. In practice this led to the decision to establish in the texts of the Commission Regulation 264/2000 and Regulation No 1221/2002 of the European Parliament and of the Council, 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 Regulations, are intended to offer the required quality assurances for users.

Under the Regulations, the general rules relating to quality are set out 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. 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. This common sense phrase ('best estimates') therefore falls to have a technical meaning within the Regulation in order to ensure clarity of interpretation.

During the implementation of Regulation 264/2000, on short-term public finance statistics, Member States were allowed until 2000 (2002 for the backward data) to provide data on a 'best estimates' basis. This meant that Member States provide data 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.

With this step-by-step approach, Regulation (EC) No 1221/2002 of the European Parliament and of the Council specified that quarterly data shall be based as much as possible on direct information from basic sources but no longer specifying the 90% as a rule to be accomplished or a quality test to be applied. But due to the fact that the reliability of quarterly data provided under this Regulation should be assessed, a report on the quality of the quarterly data should be made before the end of 2005.

### **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, a requirement which 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 I, 2 b 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 to attribute revenue and expenditure 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 II, 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.

f. *Future work*

In the context of quarterly non-financial accounts for general government, the Working Group plans to refine, where necessary, further the Guidance Notes (Part II) 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.

As stated before, the first edition of the Manual on Compilation of Taxes and Social Payments on a Quarterly Basis came out in 2002. This version includes the descriptions and guidance notes related to the remaining categories of revenue and expenditure of general government on a quarterly basis and refers mostly to the year 2002. Whenever one of the Member States updates the compilation practices<sup>2</sup>, they are to be included in an electronic version of the Manual.

By the end of 2005, an assessment on the reliability of quarterly data delivered by Member States shall be made by the Commission (Eurostat). The structure of this Quality Report was discussed with the members of the Working Group on Short Term Public Finance Statistics (meetings of February and October 2005). 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.

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<sup>2</sup> The updated versions are expected to be received until end of April each year.

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**2. COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)**

- a. Importance of categories covered by regulations
- b. Use of direct information
- c. Compliance with ESA 95 Rules
- d. Consistency between annual and quarterly data
- e. Summary by category
- f. Publication policy
- g. Revisions policy

## 2. COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### a. Importance of categories covered by regulations

In looking at implementation of the Regulations over time, it is helpful to first recall that each of these categories has a somewhat different structural importance across Member States. It follows that we look first at the relative importance of categories (see Article 2 of the CR 264/2000 and Article 3 of the EP and CR 1221/2002) before examining the methods used to compile the category result. The following Tables 1.a and 1.b address this point.

*(Table 1.a): Relative importance of main revenue categories – 2002*

Member State	RELATIVE (%) CONTRIBUTION TO TOTAL REVENUE (TRTR)					COVERAGE OF REVENUE CATEGORIES
	P.11+P.12+P.131	D.2 Taxes on Production and Imports	D.5 + D.91 Taxes on Income and Wealth + Capital Taxes	D.7 Current transfers	D.611 Actual Social contributions	= <i>Sum of P.11+P.12+P.131+ D2, D5, D.7, D91 and D611</i>
Belgium	2.8	25.7	35.9	0.7	29.1	94.2
Czech Republic	6.1	24.5	20.6	11.4	33.2	95.8
Denmark	5.6	30.5	51.5	1.4	3.0	92.0
Germany	4.3	26.4	24.2	1.6	38.7	95.2
Estonia	6.1	34.4	20.7	5.2	30.1	96.5
Greece	3.0	32.3	21.5	4.2	26.1	87.1
Spain	3.0	29.2	28.3	2.2	31.9	94.6
France	7.2	30.0	24.2	1.5	32.6	95.5
Ireland	3.5	36.4	35.3	0.4	13.4	89.0
Italy	3.2	32.2	31.9	2.9	27.4	97.6
Cyprus	7.3	37.2	31.2	3.3	18.7	97.7
Latvia	7.3	32.7	26.9	3.6	28.1	98.6
Lithuania	4.0	38.2	23.0	3.6	26.5	95.3
Luxembourg	4.7	29.6	35.1	0.4	24.5	94.3
Hungary	6.6	35.1	24.0	1.4	30.3	97.4
Malta	4.7	35.6	29.8	2.1	17.1	89.3
Netherlands	7.3	27.5	26.9	0.7	30.3	92.7
Norway	5.9	24.2	35.3	7.5	17.6	90.5
Austria	4.1	29.4	27.6	2.8	29.1	93.0
Poland	17.1?	33.5	15.2	0.8	33.5	100.0
Portugal	5.6	34.6	22.7	2.7	26.0	91.6
Slovenia	7.2	36.2	17.6	3.4	32.6	97.0
Slovak Republic	3.1	26.6	16.6	21.2	29.9	97.4
Finland	8.9	25.3	36.2	0.8	22.7	93.9
Sweden	7.6	29.1	31.4	0.8	25.4	94.3
UK	4.2	33.7	39.3	0.9	16.9	95.0
Romania	4.4	32.4	15.7	13.0	30.1	95.6

Note: The sources used in compiling the percentages shown in Tables 1.a and 1.b are the ESA 95 notifications made by Member States, Norway and Romania (see ESA 95 data transmissions - Table 2 of August 2004 reporting).

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

- The selected list of government revenue categories dealt with in the Regulations represent some 95-97 % of overall government revenue receipts in the year 2002. This is true for most of Member States except Greece, Ireland, Malta and Norway (less than 90%) as well as for Latvia and Poland (more than 98%).
- Most of the main individual revenue categories (D2, D5, and D611) mentioned in the Regulations are of substantive importance, each normally being broadly equal as % of total revenue. There are some exceptions, mainly due to national arrangements concerning taxes and social contributions, for example in Denmark.
- The Capital Taxes (D91), are of lesser importance commonly being less than 1% of government revenue receipts. 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.
- Actual Social Contributions: some differences in the importance of the category and are apparent especially in the case of Denmark (with **3.0%**) and Ireland **13.4%**), Malta (**17.1%**) and the United Kingdom (**16.9**).
- The remaining general government revenue represents about 3-5% in most of the Member States and relates mainly to D3 (Other subsidies on production), D4 (Property income, receivable).

**Table 1.b): Relative importance of main expenditure categories – 2002**

Member State	RELATIVE (%) CONTRIBUTION TO TOTAL EXPENDITURE (TRTE)					COVERAGE OF EXPENDITURE CATEGORIES
	P.2 Intermediate consumption	P.51 Gross fixed capital formation	D.1 Compensation of employees	D.41 Interest	D.62+D.63 <sup>3</sup> +D.7 Social Benefits Other than Social Transfers in Kind+ social transfers in kind via market producers + Other current transfers	Sum of P.2, P.51, D.1, D.41, D.62+D.63+D.7
Belgium	6.7	3.2	23.9	12.0	49.2	95.0
Czech Republic	13.3	7.2	15.3	2.9	45.2	83.9
Denmark	15.4	3.2	31.5	6.6	38.6	95.3
Germany	8.2	3.4	16.4	6.4	59.3	93.7
Estonia	20.6	12.8	27.2	0.7	32.7	94.0
Greece	10.4	8.1	25.7	13.3	37.8	95.3
Spain	11.0	8.5	25.9	7.1	40.8	93.3
France	10.1	5.8	25.7	5.7	47.7	95.0
Ireland	17.2	13.0	25.0	4.2	36.0	95.4
Italy	10.5	3.9	22.5	12.3	43.7	92.9
Cyprus	15.2	7.4	34.3	7.8	31.3	96.0
Latvia	23.0	4.0	29.9	2.3	31.7	90.9
Lithuania	18.5	8.3	33.3	4.5	31.6	96.2
Luxembourg	8.1	10.9	19.5	0.6	54.2	93.3
Hungary	12.4	9.2	23.8	7.9	34.9	88.2
Malta	9.5	9.9	33.0	8.6	33.6	94.6
Netherlands	14.6	6.9	22.1	6.5	45.4	95.5
Norway	15.5	5.9	29.3	3.8	39.7	94.2
Austria	8.2	2.5	18.9	6.9	53.1	89.6
Poland	13.9	7.3	24.4	7.5	45.0	98.1
Portugal	9.3	7.4	33.5	6.6	37.7	94.5
Slovenia	15.3	5.8	25.1	4.9	42.8	93.9
Slovak Republic	11.5	6.5	18.0	7.1	49.5	92.6
Finland	17.1	5.7	27.0	4.4	42.2	96.4
Sweden	17.7	5.6	27.9	5.4	38.8	95.4
UK	31.8	3.0	18.6	5.0	38.5	96.9
Romania	17.9	8.0	21.8	5.7	38.9	92.3

From Table 1.b, a list of **summary points** can be made:

- The selected list of government expenditure categories dealt with in the Regulations represent some **95-97 %** of overall government revenue receipts **in the year 2002**. This is true for most of Member States except Czech Republic, Hungary and Austria (less than 90%) as well as for Poland (about 98%).

<sup>3</sup> D.63 part included here equals D.6311+D63121 +D63131

- Two of the main individual expenditure categories (D.1 and D.62+D.63 or part) mentioned in the Regulations are of substantive importance, with one exception, the UK for which P.2 is the most important expenditure category (31.8%) which is mainly due to institutional arrangements.
- Intermediate consumption (P.2) varies substantially among Member States, from (already mentioned exception the UK) the highest of 23.0% in Latvia and 20.6% in Estonia, to the lowest of about 8.1% in Germany, Luxembourg, Austria and 6.7% in Belgium.
- The remaining general government expenditure represents about 3-5% in most of the Member States and relates mainly to P52 (Changes in inventories), P53 (Acquisitions less disposals of valuables), D29 (Other taxes on production), D4 less D41 (Property income, less Interest), K2 (Acquisition less disposals of non-financial non-produced assets).

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 2002.

#### b. *Use of direct information*

Member States provided the Commission (Eurostat) with a description of their compilation methods under the terms of Article 7(1) of the Regulations. Relying upon these descriptions, it is possible to describe the extent to which the compiled quarterly statistics - produced during the year 2002 - used direct information sources. Article 3 of Commission Regulation 264/2000 sets out the following rules as regards taxes and social payments:

- (a) 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.*
- (b) 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.*
- (c) The quarterly data and the corresponding annual data shall be consistent.*

As concerns categories other than taxes and social payments, Regulation 1221/2002 of the European Parliament and of the Council requests on the basis of Article 4:

- (a) Quarterly data shall be based as much as possible on direct information from basic sources, with the objective of minimising, for each quarter, differences between the first estimates and the final figures.*
- (b) 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.*
- (c) The quarterly data and the corresponding annual data shall be consistent.*

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

Tables 2.a and 2.b provide the required information, and are based on the descriptions of compilation practices provided to Eurostat by Member States and Candidate Countries.

**Table 2.a: Compliance 90% criteria as outlined in Article 3(1) of Commission Regulation 264/2000**

MEMBER STATE	TAXES (D2, D5, D91)	ACTUAL SOCIAL CONTRIBUTIONS (D611)	SOCIAL BENEFITS OTHER THAN SOCIAL TRANSFERS IN KIND (D62)
Belgium	Yes	Yes	No (87%)
Czech Republic	Yes	Yes	Yes
Denmark	Yes	Yes	Yes
Germany	Yes but not for first estimates	Yes but not for first estimates	Yes but not for first estimates
Estonia	Yes	Yes	Yes
Greece	Yes	Yes	Yes
Spain	Yes (except Capital Taxes <sup>4</sup> )	Yes	Yes
France	Yes	Yes	No (85%)
Ireland	Yes	Yes	No (75%)
Italy	Yes	Yes	Yes
Cyprus	Yes	Yes	Yes
Latvia	Yes	Yes	Yes
Lithuania	Yes	Yes	Yes
Luxembourg	Yes	Yes	No (89%)
Hungary	Yes	Yes	Yes
Malta	Yes	Yes	Yes
Netherlands	Yes	Yes	Yes
Austria	Yes	Yes	Yes
Poland	Yes	Yes	Yes
Portugal	Yes	Yes	Yes
Slovenia	Yes	Yes	Yes
Slovak Republic	Yes	Yes	Yes
Finland	Yes	Yes	Yes
Sweden	Yes	Yes	No (88%)
United Kingdom	Yes	Yes	Yes
Romania	Yes	Yes	Yes

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

<sup>4</sup> Except Capital Taxes (D91), which are however noted as of modest importance in Spain, as else where.

## Summary

The following points are based on replies from 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 (D2, D5, D91).
- The position for Actual Social Contributions (D611) and Social Benefits (D62) is somewhat worse than for taxes. A significant amount of development work is still required over time. The Social Benefit category (D62) causes compliance problems for four Member States (Luxembourg with 89%, France with 85%, Sweden with 88%, Belgium with 87% and Ireland with 75% of total expenditure).

**Table 2.b: Compliance with direct information as requested by in Article 4(1) of EP and Council Regulation 1221/2002**

MEMBER STATE	EXPENDITURE	REVENUE
Belgium	Yes, but not for all	Yes, but not for all
Czech Republic	Yes	Yes
Denmark	Yes	Yes
Germany	Yes, but not for first estimates	Yes, but not for first estimates
Estonia	Yes	Yes
Greece	Yes	Yes
Spain	Yes	Yes, except P11+P12+P131
France	Yes	Yes
Ireland	Yes, but not for all	Yes, but not for all
Italy	Yes	Yes
Cyprus	Yes	Yes
Latvia	Yes, but not for all	Yes, but not for all
Lithuania	Yes, except P.51	Yes
Luxembourg	Yes, but not for all	Yes, but not for all
Hungary	Yes, except D.63 part	Yes
Malta	Yes	Yes
Netherlands	Yes	Yes
Austria	Yes	Yes
Poland	Yes, except P.51	Yes
Portugal	Yes, except P.51	Yes
Slovenia	Yes	Yes
Slovak Republic	Yes	Yes
Finland	Yes	Yes
Sweden	Yes, except D.4	Yes, except D.4
United Kingdom	Yes	Yes
Romania	Yes	Yes

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

### c. *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 Section III). 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 of CR 264/2000 and Article 4 of Regulation 1221/2002 of EP and Council. This common-sense phrase (‘best estimates’) is defined in the Regulations to ensure that a common interpretation is applied.

Formally, Member States provide data on a best estimates basis where the full set of quality tests established under Articles 3 and 4 already mentioned cannot be met for some reasons 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 II.

### d. *Consistency between annual and quarterly data*

For all Member States the central role of the annual data in providing control totals for the quarterly data over time is noted. Therefore, the quarterly figures are normally adjusted to the annual results when these become available.

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).

e. **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 most of the countries. 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 (D.611) are covered by infra-annual data in all Member States. 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 Belgium, France, Ireland, Luxembourg (89%) and Sweden. Quarterly basic data are available within 3 months, except for Germany (6 months).
- d. Revenue categories covered by Regulation 1221/2002: In most Member States, the remaining revenue categories are covered by direct information in various proportions, in compliance with the Regulation request. There are some exceptions for some transactions in Belgium, Spain, Ireland, Latvia, Luxembourg and Sweden. For Germany the coverage is complying with direct information request, except for the first estimation of a quarter.
- e. Expenditure categories covered by Regulation 1221/2002: In most Member States, the remaining expenditure categories are covered by direct information in various proportions, in compliance with the Regulation request. There are some exceptions for some transactions in Belgium, Ireland, Latvia, Lithuania, Luxembourg, Hungary, Poland, Portugal and Sweden. For Germany the coverage is complying with the direct information request, except for the first estimation of a quarter.

f. **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 (December 2005). 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.

**Table 3: Key features of publication policy**

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			
Czech Republic	Yes (in part)	T+95	Quarterly release	CZSO website
Denmark	Yes	T+90	Quarterly release	Statistics Denmark website
Germany	Yes (in part)	T+53 to T+60	None	Yes (Wirtschaft und Statistik)
Estonia	No			
Greece	No			
Spain	Yes	T+120	Periodical release	Instituto Nacional de Estadística website
France	No			
Ireland	No			
Italy	Yes	T+95	Quarterly press release	ISTAT website
Cyprus	Yes	T+60 to T+90	None	Cystat website
Latvia	No			
Lithuania	No			
Luxembourg	No			
Hungary	No			
Malta	Yes	T+150	Structural Indicators Publication	National Statistics Office website
Netherlands	Only taxes and social payments	T+90	None	CBS website
Austria	Yes	T+90	None	Austrian Statistical Office website
Poland	No			
Portugal	No			
Slovenia	Yes (in part)	T+76	None	SORS website
Slovak Republic	Only Gross fixed capital formation	T+75	None	Slovak Statistical Office website
Finland	Yes, taxes and social payments	T+90	None	Statistics Finland website
Sweden	No			
United Kingdom	Yes	T+80 (T+20 on a national basis)	Public Sector Accounts	Yes, Public Sector Finances; GDP publications
Romania	No			

g. *Revisions policy*

A full description of revision policy is not yet possible. This is because many new 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 presented as follows:

**Table 4: Member States' Revisions policy**

MEMBER STATE	COMMENTS ON REVISIONS POLICY & STATEMENT OF EVENTS LEADING TO A REVISION FOR A QUARTER'S RESULTS
Belgium	Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Czech Republic	Revisions arise on: a) Publication of a new quarter and b) Publication of annual accounts results
Denmark	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: a) Publication of a new quarter and b) Publication of annual national accounts results
Estonia	Revisions arise
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 provisional 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-5
Cyprus	Quarterly figures will be revised in compliance with annual data
Latvia	Quarterly data are revised in compliance with annual data
Lithuania	No formal revision policy approved. Quarterly data are always revised to comply with annual data
Luxembourg	Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Hungary	Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Malta	There is no pre-determined revision policy
Netherlands	The quarterly accounts are adjusted to the provisional semi-definitive and definitive annual accounts. Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Austria	Revision depend on data availability and legal obligations and takes place as follows: t+9 months of current year: Q1 of current year (S.1314); t+3 months of the following year: all 8 quarters of two previous years (all sub-sectors); t+8 of the following year: all 4 quarters of the previous year (all sub-sectors)
Poland	Quarterly data are revised to comply with annual data
Portugal	Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Slovenia	Revision arise on a) publication of a new quarter b) publication of annual national accounts results

Slovak Republic	Quarterly data are revised to comply with annual data
Finland	Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results
Sweden	Revisions arise on a) Publication of a new quarter and b) Publication of annual national accounts results. However, no revisions occur after t+12 months
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
Romania	Revisions arise when annual data is available

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 and publishing these quarterly data for General Government is new for many.

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## **PART II GUIDANCE NOTES**

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### **1. GENERAL ISSUES**

- a. The principle of accrual accounting
- b. Quarterly compilation methods – nature of the issues
- c. Consolidation

### **2. THE TIME OF RECORDING – QUARTERLY ISSUES**

- a. Transactions covered by Commission Regulation (EC) No 264/2000
  - Recording of D611 Actual social contributions on a quarterly basis
  - Recording of D5 Taxes on a quarterly basis
  - Regulation on taxes and social contributions – non-collectable amounts: quarterly aspects
  - VAT type taxes – nature of time adjustment (D211)
  - Taxes related to motor vehicles paid by households (D2., D59)
  - Taxes related to property (levied annually) (D29, D59)
  - Inheritance taxes and succession taxes (D91)
- b. Transactions covered by European Parliament and Council Regulation (EC) No 1221/2002
  - Intermediate consumption (P2)
  - Output (P1)
  - Gross capital formation (P5)
  - Compensation of employees (D1)
  - Subsidies (D3)
  - Property income (D4)
  - Social benefits in kind (D631)
  - Current transfers (D7)
  - Capital transfers (D9)

### **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)

## 1. GENERAL ISSUES

### a. *The principle of accrual accounting*

The principle of accrual accounting is a key principle for recording transactions in the national accounts meaning that flows are recorded (ESA 95 §1.57) when economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.

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. Regarding taxes, where flexibility allowed under ESA 95 is used by quarterly compilers, it requires a consideration of the economic nature of the tax and/or practical reasons.

### b. *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 to 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 is to identify a correct time of recording in particular quarters of transactions. This is relevant both for taxes and social payments, as well as for the other ESA95 transactions. For example, for important Income Taxes (recorded under D5), flexibility exists within ESA 95 to allow:

- recording in the period during which the income accrues. This can be referred to as a full accruals basis.
- recording 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 that in which the income accrues. Therefore, time of recording issues represent a major problem for the quarterly compiler.

A second 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.

In summary, it is important to stress that the provisions of ESA 95 are fully appropriate for the quarterly accounts and should be 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.

### c. *Consolidation*

Regulation (EC) No 1221/2002 of the European Parliament and of the Council (article 3) states that transactions D41, D7, D92 and D99 are to be consolidated within the general government sector. The other transactions are not consolidated.

A first aspect that must be underlined is that it is of utmost importance to identify transactions within general government, taking into account the delimitation of general government. Some difficulties can appear when trying to distinguish these transactions from other transactions, such as subsidies. Sometimes, if the public accounts do not specify properly to whom the amounts are transferred, the functional classification might give additional information. Nevertheless, it must be taken into account that the coverage of public accounts is not exactly coincident, in some countries, with the coverage of general government in national accounts.

A second aspect is the implicit consolidation of the accounts on a quarterly basis, since different sources of information can be used for the sub-sectors of general government. It can be the case, for instance, that the State (or any other sub-sector) pays a certain amount to a unit that belongs to the general government, in the first quarter but the unit only records this amount in the second quarter.

The quarterly recording must be consistent with annual accounts and that can imply that some sub-sectors are taken as pivot sub-sectors, each quarter, in a similar way as to annual accounts. The adoption of this treatment might imply the correction of the amounts that are given by basic sources, since the uses and resources within general government must be equal in each of the quarters. The treatment of the subsequent differences must be consistent with annual accounts when trying to identify the misleading amounts and recording them properly.

## 2. TIME OF RECORDING

### a. *Transactions covered by Commission Regulation (EC) No 264/2000*

#### **Recording of D611 Actual social contributions on a quarterly basis**

##### **Issue**

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

##### **ESA 95 References**

Paragraphs: 4.92-4.96

##### **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 not having 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.

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##### **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

### 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 payment 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).

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## Quarterly accounts approach

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### *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.

### **Regulation on taxes and social contributions – non-collectable amounts: quarterly aspects**

#### **Issue**

Where relevant for a Member State, a common interpretation of the coefficient calculations shown in the Regulation should be ensured.

#### **ESA 95 References**

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

#### **Background**

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 approach**

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

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### *Guidance*

Adjustment for amounts not considered to be collectable is 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 non-collectable amounts (e.g. when they arise by quarter), this pattern is used when attributing annual non-collectable amounts to quarters. If the quarterly pattern of non-collectable 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.

### **VAT<sup>5</sup> 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 are examined in order to establish an appropriate time adjustment for the cash data.

#### **Quarterly accounts approach**

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#### *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 time lag, agricultural producers allowed 6 months), the time adjustments applied will also differ.

### **Taxes related to motor vehicles paid by households (D2, D59)**

#### **Issue**

Businesses or households 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 drive 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).

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<sup>5</sup> 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.

## ESA 95 References

Paragraphs: 1.57; 4.82; (D29) 4.22; 4.23 b); (D59) 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 approach

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#### *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 quarter's 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 quarter's underlying economic activity.

#### **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 be the annual tax 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**

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### ***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.

### **Inheritance taxes and succession taxes (D91)**

#### **Issue**

To state the manner in which the accruals recording for inheritance taxes should be applied.

**ESA 95 References:** Paragraphs 4.148 – 4.151

#### **Background**

As with the general principle, cash data are normally time adjusted in line with the delay between the underlying event and the payment 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.

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### *Guidance*

Two situations arise depending upon the degree of predictability of the legal processes affecting the assessment and payment 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.

### b. *Transactions covered by European Parliament and Council Regulation (EC) No 1221/2002*

#### **Intermediate Consumption (P2)**

##### **Issue**

According to ESA95 (§ 3.72) products used for intermediate consumption should be recorded and valued at the time they enter the process of production. Would it be reasonable to apply an average time lag when recording these amounts?

##### **Background**

For intermediate consumption, the delays in payments and the purchase for stocks would need to be evaluated, in order to account correctly the amounts involved. One could say that if the quarterly data is on a cash basis it would be reasonable to apply a time lag (or an average time lag), in order to adjust the cash payment to the moment in which the inputs are used in the process of production. Also, it could be taken into account the policy of purchases for stocks undertaken by general government. In some circumstances, the government purchases a considerable amount of goods once or twice a year that are to be consumed during the all year. In practice, it is not possible to take into account a time lag that would reflect these two aspects (delay in payments vs. purchase for stocks).

## Quarterly accounts approach

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### *Guidance*

Due to practical reasons, intermediate consumption could be recorded on a cash basis, exception made when it is possible to identify extraordinary payments, so that the amounts involved can be recorded according to ESA95.

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## Output (P1)

### Issue

Output is to be recorded (ESA95, §3.46) and valued when it is generated by the production process. It should be analysed if an amount that is paid once a year to general government but related to its activity during the all year, should be recorded in a similar way to taxes.

Concerning the other non-market output it should be discussed if adjustments should be made to these kind of payments (for instance, in the case of school fees).

### Background

#### Market Output (P11)

In general government, whenever the government issues licences to organise some proper regulatory function (such as checking the competence, or qualifications of the person concerned), the payments made should be treated as purchase of services from government rather than payments of taxes, unless the payments are clearly out of all proportion to the cost of providing the services.

However, if the licences are granted automatically on payment of the amounts due, their payment is treated as taxes. Taking into account that the quarterly data is based on direct information, in many cases the amounts considered as sales in national accounts are recorded in public accounts as taxes. Sometimes, they ought to be paid once or twice a year. In such cases, a similar treatment should be applied as for the other type of taxes which was previously discussed, for the recording of taxes and social payments according to Commission Regulation 264/2000. This means that if related to land and property, the annual taxes are accrued quarterly and should be spread over the four quarters.

#### Quarterly accounts approach

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##### *Guidance*

Whenever a fee (or a licence) is paid once a year but the general government renders the service during the whole year, the amount should be spread over the four quarters.

#### Payments for other non-market output (P131)

### Background

General government may charge, for example, nominal fees for education and health services. A seasonal pattern is inherent in these payments since education fees are charged during the school year and the fees in the hospitals tend to increase in particular circumstances. For some receipts, it would be very difficult to record these amounts on an accrual basis because this would imply subsequent adjustments in other components in order to maintain the consistency of certain aggregates such as other non-market output.

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##### *Guidance*

It appears to be more reasonable to accept and try to explain to the users the pattern of this aggregate and the seasonality of certain activities instead of doing major adjustments to its components.

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## **Gross capital formation (P5)**

### **Issue**

Gross fixed capital formation (P51) is recorded when the ownership of the fixed assets is transferred to the institutional unit that intends to use them in the production (ESA95, § 3.112). Due to the fact that GG delays the payments, additional time adjustments could be envisaged.

### **Background**

If accrual accounting is used in government budgeting, no major difficulties are to be expected. However, some problems might arise if a cash basis is used because in some countries, general government might deliberately delay the payments of the fixed assets and adjustments might be needed. If for instance, there's the tendency to concentrate payments in the final quarter of the year. If more detailed information was available in the public accounts, by type of asset, it would be possible to establish a proxy pattern taking into account the related activity. These aspects are relevant in the case of construction and work-in-progress. The analysis of the behaviour of general government with its suppliers, the way general government manages its stocks of products, could also help in classifying the general government policies in this field. However, for most of the countries it is not possible to obtain this additional information and details.

### **Quarterly accounts approach**

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#### ***Guidance***

Gross fixed capital formation should be recorded on a cash basis, exception made when is possible to identify extraordinary payments so that the amounts involved can be recorded according to ESA95.

## **Compensation of employees (D1)**

### **Issue**

The time of recording of some components raises further analysis, in particular, when “lump sum” payments are made.

### **Background**

It appears to be difficult to treat each component of compensation of employees: wages and salaries (D11), employers' actual social contributions (D121) and employers' imputed social contributions (D122) separately. The transmission of quarterly data under Regulation 1221/2002 concerns compensation of employees and it is not required to individualise each component.

The source information is usually too aggregated to allow a separate treatment. If this is possible, the quality standards of this transaction would improve because it would be possible to identify in a more accurate way amounts which could be classified as intermediate consumption or as other transactions. On the other hand, the possibility of having a separate value for the employers' imputed social contributions (D122) would validate the amounts recorded as imputed social contributions (D612) and as unfunded employee social benefits (D623).

## **Wages and Salaries (D11)**

The time of recording of wages and salaries (ESA95, § 4.12-a)) is the period during which the work is done. The rule to be applied would be to adjust wages and salaries to the period the income is earned (t-1). However, ad-hoc bonuses or other exceptional payments, 13th month, etc. are recorded when they are due to be paid.

The Handbook on quarterly national accounts recognises (§ 3.115) that increased payments in a particular quarter are likely to represent rewards for economic activity which has been undertaken over a number of earlier quarters. And it would be expected, reflecting the principles of accrual recording, that the amounts over and above the ‘normal’ payment for the quarter should be spread over the earlier quarters. The solution adopted in this Handbook is that whenever those ‘lump sum’ payments of wages and salaries are made, no adjustments are to be done due to practical difficulties. ‘Lump-sum’ payments of wages and salaries in cash include: bonuses based on productivity or profits, Christmas and New Year bonuses (excluding employee social benefits), 13<sup>th</sup>-14<sup>th</sup> month pay (annual supplementary pay), ad-hoc bonuses or other exceptional payments linked to the overall performance of the enterprise made under incentive schemes and exceptional payments to employees who leave the enterprise, if those payments are not linked to a collective agreement<sup>6</sup>.

### **Employers’ actual social contributions (D121)**

Its time of recording is (ESA95, § 4.12-b)) in the period during which the work is done. Priority should be given to consistency with wages and salaries transactions. This aspect is of major importance when analysing the consistency of other aggregates.

### **Employers’ imputed social contributions (D122)**

The employers’ imputed social contributions representing the counterpart of compulsory direct social benefits are recorded in the period during which the work is done, and when representing the counterpart of voluntary direct social benefits are recorded at the time these benefits are provided. For the accounting of this transaction on a quarterly basis it seems easier to identify the direct payments that are to be made by the employer and record it according to ESA95, on a quarterly basis, when this is the procedure used in annual accounts.

## **Quarterly accounts approach**

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### ***Guidance***

Whenever “lump sum” payments occur, no adjustments are expected to be made due to practical difficulties. The consistency of the wages and salaries with the actual and imputed social contributions should be assured.

### **Subsidies (D3)**

#### **Issue**

Subsidies are recorded (ESA95, § 4.39) when the transaction or the event (production, sale, import, etc) which give rise to the subsidy occurs. Subsidies are often paid once a year although related to an economic activity of a whole year. With cash based accounting system additional adjustments are needed.

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<sup>6</sup> Those were the main findings of a questionnaire on the definition of ‘lump-sum’ payments of wages and salaries that was sent by Eurostat to the Members of the Working Group on Short-Term Public Finance Statistics on April 2004. However, opinions were divided regarding the inclusion of official holidays or annual holidays in the above definition.

## **Background**

In most cases the subsidies are paid by general government once a year. The budgeted value of the subsidy will not differ a lot from the amount that is actually paid, exception made to some activities, such as agriculture.

The quarterly pattern of subsidies has already been studied in the Handbook on quarterly national accounts (§ 3.134) due to the importance of its recording on an accrual basis. If the subsidies are made to public and private corporations, it might be possible to obtain some information about its accrual time of recording.

## **Quarterly accounts approach**

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### *Guidance*

For practical reasons it seems more suitable, whenever not possible to obtain information about the quarterly path, to estimate the subsidy on the economic activity to which it relates or to spread the amounts paid annually over the preceding four quarters.

### **Property income (D4)**

#### **Issue**

Further guidance could be needed on the recording of property income, in particular for the dividends, since they should be recorded when due to be paid.

#### **Background**

##### **Interest (D41)**

Interest (ESA95, § 4.50) is recorded on an accrual basis: that is, interest is recorded as accruing continuously over time to the creditor on the amount of principal outstanding. The interest accruing in each accounting period must be recorded whether or not it is actually paid or added to the principal outstanding.

##### **Dividends (D421)**

Dividends are recorded (ESA95, 4.55) at the time they are due to be paid as determined by the corporation. According to this reasoning it is appropriate to record them in the quarter which is determined by the corporation (usually, it is the second quarter).

## **Quarterly accounts approach**

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### *Guidance*

The recording of interest presents no major difficulties on a quarterly basis since the detailed information by type of instrument is usually available in a similar way to that on an annual basis.

Concerning dividends, the amounts are known in the previous year and it seems possible to clearly identify the most significant amounts that are to be paid, for instance, by the biggest public corporations.

### **Social benefits in kind (D631)**

#### **Issue**

Social benefits (ESA95, 4.107) in cash are recorded when the claims to the benefits are established. Social benefits in kind are recorded at the time the services are provided, or at the

time the changes of ownership of goods provided directly to households by non-market producers take place. It is important to record this transaction on an accrual basis, consistent with the annual accounts. The public accounts in some cases do not reflect at all the correct amounts if they are on a cash basis.

## **Background**

Complementary sources, such as from health institutions (most of the other social security benefits in kind consist of medical or dental treatments, surgery, hospital accommodation, etc.) might need to be explored in order to obtain the accrual information on a quarterly basis.

## **Quarterly accounts approach**

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### ***Guidance***

The importance of following the accrual principle seems to be relevant for these transactions. Additional sources could be used for that purpose.

### **Current transfers (D7)**

#### **Issue**

This transaction is composed of net non-life insurance premiums (D71), non-life insurance claims (D72), current transfers within general government (D73), current international cooperation (D74) and miscellaneous current transfers (D75). The first two transactions are recorded as uses and resources, respectively, in the accounts of general government. Their quarterly recordings raise no major problems, nor are they expected to be relevant in general government accounts. The net non-life insurance premiums are recorded when they are earned and the net non-life insurance claims are recorded at the time the accident or other event insured against occurs.

#### **Background**

The current transfers within general government (D73) were discussed previously in the item “consolidation” (II.1.c), when presenting for consolidation guidelines.

Current international cooperation (D74) is recorded at the time the regulations in force stipulate the transfers that are to be made (obligatory transfers), or the time the transfers are made (voluntary transfers).

Miscellaneous current transfers (D75) are globally recorded (ESA95, 4.140) when they are made, except those from or to general government, which are recorded when they are to be made. It includes, for instance, current transfers to NPISHs (recorded at the time they are made), fines and penalties (recorded at the time the liabilities arise), payments of compensation (recorded when they are made – ex gratia payments, or when they are to be made – compulsory payments), GNP based fourth own resource (recorded when it is to be paid), and others such as payments by general government to public enterprises classified in the non-financial corporate sector and to quasi-corporate enterprises intended to cover abnormal pension charges.

On a quarterly basis some difficulties may arise in the correct accounting of current transfers to NPISHs since no detailed information might be available. These transfers should be recorded in the quarter they are made. The fines and penalties recorded under D75 are those imposed on institutional units by courts of law or quasi-judicial bodies. They should be recorded at the time the liabilities arise. However, due to the information available it might be

only possible to record them in the quarter in which the court decision is known and subsequently applied.

## **Quarterly accounts approach**

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### *Guidance*

For the recording of current international cooperation it is important to take into account the quarterly information from the balance of payments and the treatment implemented in annual accounts. Due to the fact that the information on current international cooperation is based on two sources (general government and rest of the world accounts) it is advisable to challenge the information available in order to record in an accurate way the amounts involved.

In general, the current transfers should be recorded in the quarter in which they are due to be made. No further adjustments seem reasonable to be applied.

### **Capital transfers (D9)**

#### **Investment grants (D92)**

##### **Issue**

Investment grants in cash (ESA95, 4.162) are recorded when the payment is due to be made. Investment grants in kind are recorded when the ownership of the asset is transferred.

##### **Background**

Besides the consolidation issues, there are no difficulties in implementing the same treatment as for annual accounts. Constraints are to be expected if the accounting procedures of public accounts are on a cash basis and if there are divergences in the moment in which they ought to be paid. An important aspect is to clearly distinguish capital transfers from current transfers in the basic sources.

#### **Other capital transfers (D99)**

##### **Issue**

Other capital transfers in cash are recorded (ESA95, 4.166) when the payment is due to be made and the other capital transfers in kind are recorded when the ownership of the asset is transferred or the liability cancelled by the creditor.

##### **Background**

As this transaction includes a mix of transfers it might be suitable to distinguish them. If the payments are made to the owners of capital goods destroyed or damaged by acts of war or natural disasters or if are legacies or donations, they should be recorded in the quarter when the payment is due to be made (if transfers in cash).

## **Quarterly accounts approach**

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### *Guidance*

If the other capital transfer made by general government to corporations is to cover losses accumulated over several years, or if they are the counterpart transaction of cancellation of debts by agreement between institutional units belonging to different sectors or sub-sectors, they should also be recorded when the payment is due. Additional investigation might be needed in these circumstances since the quarter in which the general government records the transfer might not be the same as that understood by the counterpart.

### 3. 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 earnings 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 then to 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 approach**

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##### ***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 approach**

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#### *Guidance*

This type of taxes is assessed after the year during which the income accrues. 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 non-attributable to the relevant economic period.

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

c. *Forestalling/pre-payments (D214)*

### **Issue**

There can be 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**

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 approach**

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.

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### ***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).

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## PART III MEMBER STATES' COMPILATION PRACTICES

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### Country descriptions

Belgium  
Czech Republic  
Denmark  
Germany  
Estonia  
Greece  
Spain  
France  
Ireland  
Italy  
Cyprus  
Latvia  
Lithuania  
Luxembourg  
Hungary  
Malta  
Netherlands  
Austria  
Poland  
Portugal  
Slovenia  
Slovak Republic  
Finland  
Sweden  
United Kingdom  
Romania

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## Member States' compilation practices

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### SUMMARY

#### Abstract:

We first look at the list of general government expenditure and revenue categories covered by the two legal acts: CR 264/2000 and Regulation 1221/2002 of the European Parliament and of the Council and seek to establish their relative importance. We then consider the use by Member States of 'direct information' in their compilation methods. We establish a description of the degree of compliance with the direct information rule. Addressing ourselves to the question of 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 revision policies followed by Member States' compilation practice for the main categories of expenditure and revenue.

Individual country summaries take a uniform reporting approach. The reports have been drawn in the following way:

#### On Commission Regulation 264/2000

- 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 reviewed<sup>7</sup> and made complete the draft country report [June to December 2000] with further remarks and precisions offered during 2001.

#### On Regulation 1221/2002 of the European Parliament and Council

- a.* Member States first provided detailed descriptions under Article 7(1) [received in Eurostat in 2003-2005];
- b.* Eurostat then reassembled the material to a common structure and issued a first draft to Member States for comment [November 2004];
- c.* Member States reviewed and made complete the draft country report [November 2004 to May 2005] with further remarks and precisions.

#### Layout of country report headings used in Sections<sup>8</sup>

### **Compliance with Commission Regulation 264/2000 and Regulation 1221/2002 of the European Parliament and of the Council (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
5. General remarks
6. Expenditure of general government<sup>9</sup>

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<sup>7</sup> All Member States have provided reports under Article 7(1).

<sup>8</sup> Not all countries have sent their descriptions according to the standard format requested by Eurostat.

<sup>9</sup> Each of the items below 13 sub-divided into sources and methods

P2 Intermediate consumption  
P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets  
D1 Compensation of employees  
D29 Other taxes on production, payable  
D3 Subsidies  
D4 Property income, payable  
D5 Current taxes on income, wealth, etc., payable  
D62 Social benefits other than social transfers in kind  
D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers  
D7 Other current transfers, payable  
D8 Adjustment for the change in net equity of households in pension funds reserves  
D9 Capital taxes, investment grants and other capital transfers, payable

7. Revenue of general government

P11+P12+P131 Market output, output for final use and payments for the other non-market output  
D2 Taxes on production and imports  
D39 Other subsidies on production, receivable  
D4 Property income, receivable  
D5 Current taxes on income, wealth, etc.  
D611 Actual social contributions  
D612 Imputed social contributions  
D7 Other current transfers, receivable  
D91 Capital taxes  
D92+D99 Investment grants, other capital transfers, receivable

8. Future developments

## BELGIUM

## Description of Belgian practice, Year 2002

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

The 90% criteria set out in Article 3 of the Commission Regulation (EC) 264/2000 is fully respected for Tax data (D2, D5) and for Actual Social Contributions (D611). Two exceptions are the Capital taxes (D91) and Social Benefits (D62) for which the criterion is not respected every year, but is close to the minimum standard.

*For the time being, there are no basic quarterly indicators available with a sufficient quality for a limited set of ESA95 transactions (in expenditure: P.51 partim, D.1, D.3; D.7 partim; in revenue: P.11+P.12+P.131, D.4 partim, D.612, D.7 partim) concerned by the European Parliament and Council Regulation (EC) 1221/2002. As a consequence, for these transactions the annual ESA95 figures are smoothed over the four quarters of the year, in applying a linear trend<sup>10</sup>.*

For the current year for which the annual accounts don't exist, annual forecasts are established and updated on a regular basis by the Research Department of the National Bank of Belgium (NBB) in collaboration with the National Accounts Division of the General Statistics Department of the NBB which is in charge of the compilation of the quarterly and annual general government accounts in co-operation with the Federal Planning Bureau.

For some of the transactions concerned, the choice of a smooth distribution is not only justified by the unavailability of good basic quarterly indicators but also by the fact that these transactions are very stable quarter after quarter and/or that the principles of the ESA95 system imply a recording on an accrual basis and not at the time the payment is made.

#### Examples:

- Market output + Output for own final use + Payments for the other non-market output

Some of the receipts included in these items are paid once a year or according to a fixed schedule during the year, but the services are supplied throughout the year (the garbage disposal fees, the rentals for the real estate services of non-residential buildings, the payment for the collection of taxes on behalf of the Institutions of the European Union, the course and examination fees in high schools and universities,...).

- Subsidies, payable

The calendar of payment orders is not significant from an economic point of view (some payments can be related to several months of activity).

<sup>10</sup> The annual amounts are not divided by 4 in order to avoid the artificial break between the fourth quarter and the first quarter of the following year.

## 2. Compliance with ESA 95 rules

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

## 3. Consistency between annual and quarterly data

Basic quarterly data and basic annual data are independently compiled (but in some cases, the link between them is obvious:  $\sum (Q_i) = Y$ ). The basic 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 to obtain coherent data. The years for which the annual national accounts exist, the quarterly data are reconciled with the annual data through the use of the Chow and Lin method (see infra) applied on the relevant basic quarterly data, called "indicator". For the recent year for which the annual national accounts have not yet been published, the quarterly accounts are calculated with the same method, i.e. using the indicators.

When data are to be established for the fourth quarter of a year for which no annual data are available, the basic annual information, likewise provisional, is integrated in the calculation. This work method allows obtain a result, which is close to the result that will be obtained when drawing up annual accounts at the end of June.

## 4. Revision policy

Revision policy depends 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 a new quarter is estimated.

II.2.b Sources and Methods by category

## 5. General remarks

Generally, quarterly results for the items of the expenditure/revenue side 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 constructed so 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.

In order to obtain quarterly estimates of the year  $t+1$  for a particular category, assuming that an annual measure is available for year  $t$ , we have to:

- calculate the 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 to the annual amount;
- supply the indicator for the quarters of year  $t+1$ ;
- apply the Chow and Lin method to estimate the quarters after year  $t$  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.

The use of this method means that, when quarterly data are calculated in line with ESA 95, implicit estimates are included for the part of transactions not covered by basic quarterly indicators.

## 6. Expenditure of general government

For the time being, infra-annual data is collected for the expenditure recorded in the budgets of the Belgian State (S.1311) and in the budgets of all Communities and regions of the sub-sector state government (S.1312). For the expenditure of autonomous units of these two sub-sectors and also for the expenditure of local government (S.1313), no quarterly indicators are available. For the expenditure of social security funds (S.1314), only quarterly indicators for the social benefits are present.

For the year 2002, the relative weight of each sub-sector of the general government for the various expenditure categories is presented in the following table.

Belgium (2002)	Central government (S1311)	State Government (S1312)	Local Government (S1313)	Social security funds (S1314)	General Government (S13)
Intermediate consumption (P2)	25.7 %	40.9 %	25.0 %	8.3 %	100 %
Gross capital formation + acquisitions less disposals of non-financial produced assets (P5 + K2)	8.2 %	47.0 %	42.2 %	2.6 %	100 %
of which: Gross fixed capital formation (P51)	11.5 %	44.8 %	41.2 %	2.5 %	100 %
Compensation of employees (D1)	22.4 %	44.7 %	29.5 %	3.4 %	100 %
Other taxes on production (D29)	-	-	-	-	-
Subsidies, payable (D3)	33.0 %	41.0 %	9.9 %	16.1 %	100 %
Property income (D4) (*)	90.7 %	4.6 %	4.6 %	0.1 %	100 %
of which: Interest (D41) (*)	90.7 %	4.6 %	4.6 %	0.1 %	100 %
Current taxes on income, wealth etc (D5)	60.1 %	20.6 %	19.3 %	0.0 %	100 %
Social benefits other	12.0 %	7.6 %	4.0 %	76.4 %	100 %

than social transfers in kind (D62)					(86.9%) (**)
Social transfers in kind related to expenditure on products supplied to households via market producers (D633 + D63121 + D63131)	6.5 %	8.8 %	2.2 %	82.5 %	100 %
Other current transfers (D7) (*)	56.5 %	30.0 %	9.9 %	3.6 %	100 %
Adjustment for the change in net equity of households in pension funds reserves (D8)	-	-	-	-	-
Capital taxes + investments grants + other capital transfers, payable (D91 + D92 + D99) (*)	34.0 %	61.1 %	4.2 %	0.7 %	100 %

(\*) The transactions TRD41, TRD7, TRD92 and TRD99 are consolidated. The other transactions are not consolidated.

(\*\*) Coverage for Social benefits other than social transfers in kind (D62).

## ***P2 Intermediate consumption***

### **SOURCES**

#### Central Government and State Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available six weeks after the end of the quarter.

Data is available on a payment order basis.

Local Government and Social security funds

No direct information is available on a quarterly basis.

### **METHODS**

#### General Government

Chow and Lin method: see general remarks.

## ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

### **P51 Gross fixed capital formation**

## SOURCES

### Central Government and State Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available six weeks after the end of the quarter.

Data is available on a payment order basis.

The significant sales of non-residential buildings that have occurred since 2001 are registered on an individual basis.

### Local government and Social security funds

No direct information is available on a quarterly basis. This is a problem because the local government is one of the two sub-sectors realising the bulk of the gross fixed capital formation made by the general government.

## METHODS

### General Government

Chow and Lin method: see general remarks.

### ***P52+P53+K2 Changes in inventories, acquisitions less disposals of valuables and acquisitions less disposals of non-financial non-produced assets***

There are no basic quarterly indicators for the changes in inventories (P.52). Therefore the same indicator as the one for the gross fixed capital formation is used.

The acquisitions less disposals of valuables (P.53) are included in the gross fixed capital formation (P.51).

The present description concerns only the acquisitions less disposals of non-financial non-produced assets (K.2).

## SOURCES

### Central Government and State Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available six weeks after the end of the quarter.

Data is available on a payment order basis.

The significant sale of land occurred in 2002 and the sales of mobile phone licenses that have occurred since 1995 are registered on an individual basis.

### Local government and Social security funds

**No direct information is available on a quarterly basis.**

## METHODS

### General Government

Chow and Lin method: see general remarks.

## ***D1 Compensation of employees***

Two sub-series are distinguished within the compensation of employees: the compensation of employees except imputed social contribution (D.1-D.122) and the imputed social contributions (D.122 or D.612).

The description concerns only the compensation of employees except imputed social contribution (D.1-D.122). For the imputed social contribution, see *infra*.

### **SOURCES**

#### Central Government and State Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available six weeks after the end of the quarter.

Data is available on a payment order basis.

#### Local government and Social security funds

No direct information is available on a quarterly basis.

### **METHODS**

#### General Government

The indicator of the first quarter contains a large part of the amount related to the month December<sup>11</sup> and is difficult to correct. In practice, for "D.1-D.122" a distribution of the yearly estimate of "D.1-D.122" over the 4 quarters is used (yearly estimate distributed over the 4 quarters taking into account that the holiday bonuses are paid in May and that the New Year bonuses are normally paid in December or exceptionally in January).

In recent years, some governments (State Government, Wallonia and French Community) have sometimes decided to change the payment date of the New Year bonuses (NYB): either in December or in January. The following table summarises the particular situations.

<b>Year</b>	<b>State government</b>	<b>Wallonia and French Community</b>
1995	one NYB in December	one NYB in January
1996	no NYB (paid the 2/1/1997)	no NYB (paid the 2/1/1997)
1997	one NYB in January	one NYB in January
1998	one NYB in January	one NYB in January
1999	two NYB (in January and in December)	one NYB in January
2000	one NYB in December	two NYB (in January and in December)
2001	one NYB in December	one NYB in December

Since 2001, the normal calendar of payments is applicable.

<sup>11</sup> Royal Decree No 279 of 30 March 1984 on the due-date payment of the salaries and pensions of certain public sector agents stipulates that the payment of salary for the month of December must take place on the first working day of the following January. It should be borne in mind, however, that the annual impact of one month's time-adjustment of remuneration has always been quite small, apart from when it was first applied in 1984. If this hypothesis is defensible in the annual accounts, it's not the case in the quarterly accounts.

Taking into account these decisions and the fact that the payment for the holiday bonuses takes place in May, the distribution of the compensation of employees except imputed social contribution (D.1-D.122) over the quarters of the period 1995-2001 is given in the following table. The estimated weights of the quarters have been established on the basis a civil servant wage close to the medium wage in the general government.

Estimated weights of the quarters							
	1995	1996	1997	1998	1999	2000	2001
<b>Q1</b>	23.1%	23.5%	24.6%	24.6%	24.4%	23.6%	23.1%
<b>Q2</b>	27.4%	27.8%	27.4%	27.4%	27.2%	27.2%	27.4%
<b>Q3</b>	23.1%	23.5%	23.1%	23.1%	22.9%	22.9%	23.1%
<b>Q4</b>	26.4%	25.3%	24.9%	24.9%	25.5%	26.2%	26.4%

This method has two advantages: first, the problem of the month January which contains two months of wages is solved and secondly the exceptional payments are recorded when they are due to be paid. In doing so, the coherence with the rule of the ESA 95 (§4.12) and with the recordings of the advance payments of tax on wages (D.51) and actual social contributions (D.611) in the quarterly accounts is respected. This last point is very important for the internal consistency of the quarterly accounts.

This method has also a disadvantage: any impact on the temporal pattern of the item appears at the dates the wages are modified, either because they are adapted to the inflation in relation to the Consumer Price Indices or because a general increase of the scale of wages is decided by the government.

### ***D29 Other taxes on production, payable***

This item is not registered separately in the annual accounts. The importance is not very relevant and the concerned amounts are compiled under the item intermediate consumption (P2).

### ***D3 Subsidies***

#### **SOURCES**

##### Central Government and State Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available six weeks after the end of the quarter.

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Data is available on a payment order basis.

#### Local Government and Social security funds

No direct information is available on a quarterly basis.

#### **METHODS**

##### General Government

This item is defined by the following equation:  $D3 = D3$  (total paid by General Government and institutions of the EU) -  $D3$  (subsidies granted by the institutions of the EU).

For the time being, the annual amount is smoothed for distribution over the four quarters of the year in question.

For this transaction, the choice of this method is not only justified by the unavailability of good basic quarterly indicators but also by the fact that the transactions are very stable quarters after quarters and/or that the principles of the ESA 95 system imply a recording on an accrual basis and not when the payment is done.

The calendar of payment orders is not significant from an economic point of view (some payments can be related to several months of activity).

#### ***D4 Property income, payable***

This item concerns only the interest charge because the other components are either nil (distributed income of corporations, reinvested earnings on direct foreign investment) or not collected separately in the annual accounts (rents) and compiled under the item intermediate consumption (P2).

#### **SOURCES**

##### Central Government

In the Research Department of the NBB the inventory of the public debt on a loan-by-loan basis for the most important part of the federal debt is available. On this basis, a calculation of the interest charge on an accrual basis is calculated for each quarter. The result is used as basic quarter indicator.

##### State Government, Local Government and Social security funds

No direct information is available on a quarterly basis.

#### **METHODS**

##### General Government

Chow and Lin method: see general remarks.

#### ***D5 Current taxes on income, wealth etc., payable***

The concerned amounts are not very important and are temporally attributed, by convention, to the fourth quarter of the year.

#### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

##### Central Government

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Quarterly data following payment orders is available with a time lag of 3 months.

#### State Government and Local Government

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

Quarterly data following payment orders is available with a time lag of 3 months.

#### Social security funds

Quarterly data, on an accruals basis, is available at a time lag of 3 months. Several agencies of the social security system transmit the information covering the following social benefits: cash benefits to persons unable to work due to sickness or injury, retired and survival pensions, unemployment benefits and family allowances.

### **METHODS**

#### General Government

Chow and Lin method: see general remarks.

#### ***D633+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

### **SOURCES**

#### Central Government, State Government and Local Government

No direct information is available on a quarterly basis.

#### Social security funds

In practice, the information comes from the Institut National d'assurance maladie-invalidité (INAMI), the agency of the social security system in charge of the social benefits in kind concerning the sickness. The information used to establish quarterly patterns (e.g. to develop indicators) is available three months after the end of the month. When the first estimation of the figure for a given quarter is calculated, only data for the first two months of the quarter is available and it is necessary to make a forecast for the third month of the quarter. In the bookkeeping of the INAMI, the social transfers in kind are recorded when the accounting department controls and accepts the expenses. The data on a true accrual basis recording is only available six months after the end of the quarter. When this information becomes available, it is included in the accounts.

#### ***D7 Other current transfers, payable***

### **SOURCES**

#### Central Government and State Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available six weeks after the end of the quarter.

Data is available on a payment order basis.

A special attention is given to the "GNP" based fourth own resource which is a transaction outside the budget. The figures are transmitted by the Federal Public Service of Finance and recorded on a cash basis.

### Local government and Social security funds

No direct information is available on a quarterly basis.

#### **METHODS**

##### General Government

Chow and Lin method: see general remarks.

#### ***D8 Adjustment for the change in net equity of households in pension funds reserves***

Actually, no funded social insurance scheme is included in the general government sector.

#### ***D91+D92+D99 Capital taxes, investment grants and other capital transfers, payable***

#### **SOURCES**

##### Central Government and State Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available six weeks after the end of the quarter.

Data is available on a payment order basis.

The special cases of court decisions with retroactive effect are registered on a individual basis.

##### Local Government and Social security funds

No direct information is available on a quarterly basis.

#### **METHODS**

##### General Government

Chow and Lin method: see general remarks.

## **7. Revenue of general government**

For taxes collected by central government (S.1311) and actual social contributions received by social security funds (S.1314), quarterly basic data are available.

For the other items of the revenue side, only infra-annual data for the revenue recorded in the revenue budget of the Belgian State (S.1311) is collected.

For the year 2002, the relative weight of each sub sector of general government for the various expenditure categories is presented in the following table.

<b>Belgium (2002)</b>	<b>Central government (S1311)</b>	<b>State Government (S1312)</b>	<b>Local Government (S1313)</b>	<b>Social security funds (S1314)</b>	<b>General Government (S13)</b>
<b>Market output + output for own final use + payments for the other non-market output (P11 + P12 + P13)</b>	21.2 %	40.0 %	36.6 %	2.3 %	100 %
<b>Taxes on Production and imports</b>	76.1 %	10.2 %	10.8 %	2.9 %	100 %

<b>(D2) (**)</b>					(92.8 %)
Of which: VAT (D211) (**)	100 %	0 %	0 %	0 %	100 % (99.9 %)
<b>Other subsidies on production, receivable (D39)</b>	-	-	-	-	-
<b>Property income (D4) (*)</b>	48.5 %	7.3 %	39.7 %	4.5 %	100 %
<b>Taxes on income and wealth (D5) (**)</b>	91.4 %	1.8 %	4.9 %	1.9 %	100 % (99.1 %)
<b>Actual Social Contributions (D611) (**)</b>	3.6 %	0 %	0 %	96.4 %	100 % (96.2 %)
<b>Imputed social contributions (D612)</b>	34.4 %	48.5 %	16.8 %	0.3 %	100 %
<b>Other current transfers (D7) (*)</b>	56.9 %	29.0 %	13.9 %	0.1 %	100 %
<b>Capital Taxes (D91) (**)</b>	6.6 %	93.4 %	0 %	0 %	100 % (88.3 %)
<b>Investments grants + other capital transfers, receivable (D92 + D99) (*)</b>	49.5 %	17.7 %	32.8 %	0.0 %	100 %

(\*) The transactions TRD41, TRD7, TRD92 and TRD99 are consolidated. The other transactions are not consolidated.

(\*\*) For taxes (D2, D211, D5 and D91) and actual social contributions (D611), the percentage of the coverage is given within brackets.

### ***P11+P12+P131 Market output, output for own final use and payments for the other non-market output***

For the time being, no direct information is collected and the annual amount is distributed, in a smoothed way over the four quarters of the year concerned.

For this transaction, the choice of this method is not only justified by the unavailability of good basis quarterly indicators but also by the fact that the transactions are very stable quarters after quarters and that the principles of the ESA95 system imply a recording on an accrual basis and not when the payment is done.

Some of the receipts included in these items are only paid once or several times a year but the services are supplied throughout the year (the garbage disposal fees, the rentals for the real estate services of non-residential buildings, the payment for the collection of taxes on behalf of the Institutions of the European Union, the course and examination fees in high schools and universities,...).

The item market output (P11) has been affected by some discontinuities which have been taken into account in the calculation:

- from 1st January 2001, the reimbursement of collection costs for agricultural levies and customs duties has risen from 10% to 25%;
- from 1st January 2002, the television and radio licences are no longer considered as sales of non-financial corporations, but as other current taxes paid to the State Government. Therefore, the public units which work in broadcasting are reclassified from non-financial corporations into the State Government and their turnovers are included in the market output of the General Government.

## ***D2 Taxes on production and imports***

### **D2 Non-VAT type taxes**

#### **SOURCES**

##### Central Government, State Government and Local Government

In general, sufficient information to establish quarterly patterns (e.g. to develop basic indicators) is available 3 months after the end of the quarter.

Data is available on cash basis.

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

The taxes collected by the Central Government on behalf of State Government include some registration duties (D21), betting and gaming tax (D21), tax on automatic amusement machines (D29), tax on the opening of establishments for the sale of fermented beverages (D29) and advance payment of tax on income from real property (D29) and succession duty (D91). For the Local Government, only tax on income from real property (D29) and income tax by assessment (D51) are concerned.

Since 2002 supplementary taxes are legally attributed to the State Government and at present collected by Central Government on behalf of State Government. These taxes are: some other registration duties (D21), taxes related to motor vehicles (D29), taxes on registration of vehicles (D21) and the Euro-toll disc (D29).

##### Social security funds:

No direct information is available on a quarterly basis.

#### **METHODS**

##### General Government

This item is defined as:  $D2 \text{ (Non-VAT type taxes)} = D2 \text{ (total paid to the tax authorities)} - D2 \text{ (Non-VAT type taxes paid to the institutions of the EU}^{12}\text{) - VAT type taxes.}$

The table below shows the compliance timetable to establish the time adjusted cash registration.

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<sup>12</sup> ECSC levy on mining and iron and steel producing enterprises, taxes from the common agricultural policy and customs duties.

<b>Taxes</b>	<b>Time-lag between the activity date (or the determination date of the amount of the tax) and the due date</b>	<b>Sub-sectors</b>
<b>Excise duty on manufactured tobacco (D212)</b>	3 months (until 31 December 1996), 2 months (since 1 January 1997)	S.1311
<b>Advance payment of tax on income from real property (D29)</b>	2 months	S.1312 and S.1313
<b>Vehicle duty paid by self-employed and corporations (D29)</b>	1 month	S.1311 (since 2002, S.1312)
<b>Taxes on stock exchange business (D21)</b>	1 month (since 1 April 2002)	S.1311

These adjustments are made systematically on annual data and on quarterly data with an exception for the taxes on the ownership or use of land, buildings or other structures used by enterprises in production (in practice the advanced payment of tax on income from real property which applies mainly to buildings) for which the adjustment is only applied on annual data. The annual amount (known for past years or estimated for the current year) obtained by this way is distributed, in a smoothed way over the four quarters of the year concerned by applying a linear trend<sup>13</sup>.

For other taxes on production and imports, there is no adjustment 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.

## **D2 VAT type taxes**

### **SOURCES**

#### Central Government

Quarterly cash data are available with a delay of 3 months.

### **METHODS**

#### Central Government

Taxes are recorded on a cash basis in the budgets and the data have to be retreated to become consistent with ESA95 rules. VAT taxes are based on self-assessment, which means that the taxpayer sends to the government a return showing the amount of tax to be paid and then pays that sum in due course. For VAT, a correction is made for the time difference between the payment date and the period to which it refers. For any given quarter, revenues related to economic transactions which took place during the previous quarter have to be deducted from the cash-based VAT amount, and similarly revenues in respect of economic transactions taking place during the quarter in question but collected during the following quarter have to

<sup>13</sup> The annual amounts are not divided by 4 in order to avoid the artificial break between the fourth quarter and the first quarter of the following year.

be added. This operation gives the amount of VAT on the basis of “time adjusted cash registration”, and is the chosen method.

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

<b>Taxes</b>	<b>Time-lag between the activity date (or the determination date of the amount of the tax) and the due date</b>	<b>Sub-sectors</b>
<b>VAT (D211)</b>	1 month	S.1311

The VAT so calculated is the total of the VAT paid to the tax authorities. To obtain the VAT recorded as receipts by the general government, the VAT paid to the Institutions of the EU is then deducted on a cash basis.

### ***D39 Other subsidies on production, receivable***

Actually, this transaction is nil in Belgium.

### ***D4 Property income, receivable***

Four sub-series are distinguished: the dividends received by the sub-sector local government, the dividends received by the other sub-sectors with a distinction for the dividends received from the central bank and the property income other than dividends.

#### The dividends received by the sub-sector Local government.

The dividends received by the sub-sector local government principally include dividends paid by utility works in electricity, gas and water supply and also in cable television. The total amount is recorded in the second quarter of the year because the most of the enterprises have the annual meeting of shareholders during that period.

When the figure for the second quarter of the year t is calculated, a sample of the annual accounts of the enterprises involved for the year t-1 is available via the Central Balance Sheet Office<sup>14</sup>.

#### The dividends received from the central bank (NBB)

The State Share in the central banks earnings represents mainly the dividends received from the central bank. It is important not to confuse this State Share, recorded as a expense in the profit and loss account of the NBB, with the part of the State in the distribution of the dividends, as shareholder of the NBB. They form both however dividends paid in the sense of ESA95.

In accordance with the recommendations of the "ESA95 Manual on government and debt" on gold and foreign exchange in the central bank, the foreign exchange difference results are excluded from the dividends.

<sup>14</sup> The role of the Central Balance Sheet Office mainly consists in gathering the annual accounts of almost all companies which are based in Belgium, in handling them and putting them at the disposal of any interested person.

As the State Share is paid to the State on an irregular basis, this amount is recorded in the annual account of the Central government following the accounts of the NBB, that is to say on an accrual basis and not when the payments to the State are actually made.

In the quarterly accounts, the annual amounts of the State Share are distributed, in a smoothed way over the four quarters of the year concerned.

#### Others dividends

They are recorded mainly in the second quarter for the same reason mentioned under the paragraph dealing with “dividends received by the sub-sector local government”.

#### **The property income other than dividends**

For the time being, no direct information is collected and the annual amount is distributed, in a smoothed way over the four quarters of the year concerned.

### ***D5 Current taxes on income, wealth, etc.***

#### **SOURCES**

##### Central Government, State Government and Local Government:

In general, sufficient information to establish quarterly patterns (e.g. to develop indicators) is available 3 months after the end of the quarter.

Data is available on a cash basis.

##### Social security funds:

No direct information is available on a quarterly basis.

#### **METHODS**

##### General Government

For taxes on income and wealth, the government issues assessments for the payment. The date on which the assessment was issued is chosen as the time of recording, rather than the year during which the revenue were generated. There is a problem regarding the amount to be recorded, since as a rule the assessments are issued for amounts higher than those actually collected. In this cases, 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 pre-payments of taxes paid by self-employed persons and corporations, the indicator is on a pure cash basis.

The following table shows the compliance timetable 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 (D51)	1 month	S.1311
Advance payment of tax on earnings (D51)	1 month	S.1311
Income tax by assessment (D51)	2 months	S.1311 and S.1313
Vehicle duty paid by households (D59)	1 month	S.1311 (since 2002, S.1312)

For the description of the statistical method, see the paragraph related to D2 Taxes on production and imports.

#### Remarks on the quarterly pattern of the direct taxes

There are four main categories within the direct taxes: the advance payment of tax on income from capital, the advance payment of tax on earnings (essentially the tax on wages and salaries retained at source by employers), the pre-payments from self-employed and corporations and the final balance (assessments). In the national accounts, these taxes are recorded following the cash receipts data with time-adjustment (time lag of one or two months depending on the category), except for the pre-payments which are recorded on a pure cash basis.

From an annual point of view, the calculation method used for the advance payment of tax on earnings and the pre-payments ensures that the full accrual principle is applied for 90 p.c. of the taxes on income. By adding the advance payment of tax on income from capital and the assessments for which we work with the assessment dates, 98 p.c. of the direct taxes on income are recorded on an accrual basis.

From a quarterly point of view, the implementation of the full accrual basis is more difficult to realise because the pre-payments on cash basis are not directly linked with the developments in the business cycle: 70 p.c. of the pre-payments of self-employed are paid in April and the corporations pay each time 40 p.c. of their pre-payments in April and in December.

### ***D611 Actual social contributions***

#### **SOURCES**

##### Central Government

Quarterly data is available with a time-lag of 3 months and are cash based data.

State Government and Local Government

No direct information is available on a quarterly basis

##### Social Security Funds

Accrual data are not available with a time lag of t+3 months. Cash adjusted data calculated on cash data by the Research Department of the National Bank of Belgium are used.

## **METHODS**

### General Government

Chow and Lin method: see general remarks.

### ***D612 Imputed social contributions***

For the time being, no valid direct information on a quarterly basis is available and the annual amount is distributed, in a smoothed way over the four quarters of the year concerned.

For this transaction, the choice of this method is not only justified by the unavailability of good basis quarterly indicators but also by the fact that the transactions are very stable quarters after quarters.

### ***D7 Other current transfers, receivable***

## **SOURCES**

### Central Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available four weeks after the end of the quarter.

Data is available on a cash basis.

The part of the excise duties received from Luxembourg following the treaty of the Belgian-Luxembourg Economic Union is recorded on this item.

### State Government, Local Government and Social security funds

No direct information is available on a quarterly basis.

## **METHODS**

### General Government

Chow and Lin method: see general remarks.

### ***D91 Capital taxes***

## **SOURCES**

### Central Government and State Government

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

### Local Government and Social security funds

There are no capital taxes collected by these two sub-sectors.

## **METHODS**

### General Government

The following table shows the compliance timetable to establish the time adjusted cash registration.

<b>Taxes</b>	<b>Time-lag between the activity date (or the determination date of the amount of the tax) and the due date</b>	<b>Sub-sectors</b>
<b>Succession duty (D91)</b>	2 months	S.1312

For the description of the statistical method, see the paragraph related to D2 Taxes on production and imports.

### *D92 and D99 Investment grants and other capital transfers*

#### **SOURCES**

##### Central Government

In general, the information used to establish quarterly patterns (e.g. to develop indicators) is available four weeks after the end of the quarter.

Data is available on a cash basis.

State Government, Local Government and Social security funds

No direct information is available on a quarterly basis.

#### **METHODS**

##### General Government

Chow and Lin method: see general remarks.

## CZECH REPUBLIC

## Description of Czech practice, Year 2004

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

Every category covered by the Commission Regulation 264/2000 complies with criterion of 90%.

Data covered by European Parliament and Council Regulation 12121/2002 are based, as much as possible, on direct information from basic sources.

The Ministry of Finance provides financial statements for budgetary and semi-budgetary organizations. Data are obtained in an aggregated form. Financial statements for semi-budgetary organizations from the Ministry of Finance are available only half-yearly. Extra-budgetary funds and other institutions assigned to the sector of general government provide individual financial statements. The quarterly statistical questionnaire is used for semi-budgetary organizations and public universities. Data for social security funds are based primarily on a quarterly statistical survey. See annex.

Starting 1st quarter 2005 the Ministry of Finance will provide quarterly data from financial statements (profit and loss statements) for semi-budgetary organizations.

The quarterly statistical questionnaire will be used for public universities and for selected government units.

### 2. Compliance with ESA95 Rules

Most of the figures are in compliance with ESA95 (for 2004);

The problem concerns:

- a) Information on transaction, i.e.
  - state guarantees
  - accrued interest on loans and state securities issued by the Ministry of Finance;
- b) Methodological adjustments: some methodological adjustments are calculated only in the annual national accounts. However, the correction of these adjustments is comprised of an insignificant part of the government output – approximately less than 1,0 % of the total output.
- c) Consolidation of the interest : information is not available

### 3. Consistency between annual and quarterly data

Consistency between annual and quarterly data is particularly ensured by the same delimitation of the government sector. The sector includes budgetary organizations, semi-

budgetary organizations (in compliance with 50% criterion), extra-budgetary funds and other special government units, public universities and health insurance companies.

The direct sources obtained every calendar quarter from these government units (in particular from their quarterly financial statements) ensure consistency as well.

Figures before 2003 were estimated on an annual accounts basis. Figures were disaggregated according to annual accounts by statistical and mathematical methods to ensure reconciliation of quarterly estimates and annual national accounts data.

#### **4. Revision policy**

If more up-dated data of previous quarters are available every quarter of the current year is revised

The National Accounts Department has carried out a revision of the annual national accounts from 1995 to 2000. Quarterly figures have been revised in compliance with the annual data.

For the year 2001 quarterly accounts were based on a definitive version of the annual accounts and for the year 2002 were harmonized with a semi-definitive version of the annual accounts.

Quarterly figures for the year 2003 were in compliance with a preliminary version of the annual national accounts.

2004 will be corrected according to annual national accounts.

The revision of quarterly data will be made stage by stage and regularly.

#### **5. General remarks**

The description of the Czech Republic's compilation practices and compliance with the requirements of Commission Regulation 264/2000 and European Parliament and Council Regulation 1221/2002 concerns the year 2003 and 2004. For 2002 quarterly data sources for compiling quarterly non-financial national accounts are not sufficient. Data from 2002 were based on a semi-definitive version of the annual accounts. Figures were disaggregated according to statistical and mathematical methods. So, this is our description of the compilation practices for 2003 and 2004.

We are preparing a complete revision of Table 2500 for the entire time series, which will be ready by 30th June 2005. We are going to publish this revision data in July 2005 in the Czech Republic.

#### **6. Expenditure of general government**

##### ***P2 Intermediate consumption***

##### **SOURCES**

Financial statements, statistical questionnaires and supplement information.

See point Ad 1) and Annex

## METHODS

The cash data from budgetary organizations are treated as accrual data and no adjustment is calculated. Information from other government units is reported on accrual basis.

Adjustments:

- a) military expenditure are added

The Ministry of Defence and The Ministry of Interior Affairs consider all expenditures appointed to military equipment as capital expenditure according to their accounting rules. For national accounts purposes are adjusted only Ministry of Defence data. Military equipment expenditures of Ministry of Interior Affairs are recorded only as gross fix capital formation.

The Ministry of Defence divided (according to requirement of CSO) these expenditures into two parts:

- part appointed as intermediate consumption
- capital expenditures.

The Ministry of Defence quantifies expenditures on the purchase of military weapons of destruction and the equipment needed to deliver them and CSO recorded them according to ESA95 as intermediate consumption P.21. A remaining part belongs to gross fix capital formation and is recorded as P.51.

- b) financial leasing (repayment) is deducted

The reason for the adjustments results from enterprise accounting system, which does not correspond to the methodology of national accounts. Whole leasing repayments are recorded under expenses on purchasing services.

Financial leasing is not significant in the government sector. Central budgetary organizations must not use it (according to new budgetary rule). In particular municipalities or other government units use it.

- c) Wages in kind are deducted

In institutional unit's accounting system there are some items of wages and salaries in kind included in social expenses or other expense items. Within the first stage of compiling quarterly accounts they are incorporated in intermediate consumption and there the corrections must be made. Such wages and salaries in kind are treated as wages and salaries (D.11) according to ESA 95.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

## SOURCES

Financial statements and statistical questionnaires.

See point Ad 1) and Annex

Quarterly information sources for P.52 and P.53 are not available.

## **METHODS**

Data are on a cash basis for budgetary organizations and on accrual basis for semi-budgetary organizations and social security funds.

Military expenditures are eliminated from gross fixed capital formation and included in intermediate consumption.

Gross fixed capital formation is influenced by privatization of municipal flats still being processed in the Czech Republic.

### ***D1 Compensation of employees***

#### **SOURCES**

Financial statements, statistical questionnaires and supplement information.

See point Ad1) and Annex

#### **METHODS**

Quarterly data are on an accrual basis. Estimate methods are also used.

Adjustments:

- a) wages in kind
- b) imputed social contributions (D.122/D.612) - approximate

The institutional unit's accounting system treats some expenditures as social expenditures, i.e. meal vouchers, allowances for recreation, sport or cultural contributions etc. The data are split between wages in kind and imputed social contributions (in the national accounts) according to information from quarterly statistical questionnaire and from the annual statistical survey of total labour costs - TLC - on individual types of wages in kind.

- Wages in kind include:
- Wages and salaries in kind: - as a part of taxable wages and salaries.
- Contributions - e.g. meal vouchers, recreation, cultural and sport events used for motivation, social assistance, expenditures on clothing of non-civil members (uniforms) etc.
- Per-diem on business trips: - meals and drinks are estimated as a part of surveyed travelling costs (30% as a part of wages and salaries in kind, 70% as a part of intermediate consumption). Estimation of the proportion of per diem on business trips to travelling costs needs to be updated.

### ***D.29 Other taxes on production, payable***

#### **SOURCES**

Direct sources from financial statements and statistical questionnaires are used.

See point Ad1) and Annex

#### **METHODS**

The amount (based on cash and accrual bases) comprises a small amount.

Budgetary organizations record paid taxes as aggregate item in their expenditure under the item “Taxes and fees” (and separately record only tax on income from secondary activities, which are taken as market output).

Therefore, the amount of “Taxes and fees” is split. The part of the amount is classified in D.29 and P.2 (payment for services).

### ***D3 Subsidies***

#### **SOURCES**

Financial statements and statistical questionnaires are used.  
See point Ad1) and Annex

#### **METHODS**

The Ministry of Finance provides data on a cash basis for budgetary organizations and the quarterly amount and annual amount as well are treated as accrual. The subsidies depend on resources from the State budget and an institutional unit has no legal claim to it. The government has no liabilities. No adjustment is made.

Subsidies paid by other government units (e.g. by the National Property Fund or by the Support Guarantee Agricultural and Forestry Fund) are recorded on an accrual basis.

They include, for instance, subsidies to non-financial corporations, subsidies to support business of enterprises, which employ at least 60% of citizens with a reduced capacity to work, subsidies to agricultural enterprises. In the years from 1995 to 2000 subsidies to financial institutions in particular to the Czech Consolidation Bank and to their subsidiaries amounted to a significant part of subsidies.

From the 2nd quarter of 2004 the subsidies contain subsidies paid from EU Funds. EU grants are still paid through the government to other institutional sectors. The Ministry of Finance provides the information as a whole. Other information is not available.

### ***D4 Property income, payable***

#### **SOURCES**

Direct sources are used primarily for interest (D.41) and rent of land (D.45) paid by budgetary organizations. Financial statements and statistical questionnaires are used.

See point Ad1) and Annex

#### **METHODS**

Indicators are based on cash and accrual basis.

Interest (D.41) paid by the budgetary organizations is on cash basis; interest paid by other government units is recorded on accrual basis.

Majority of the interest is on securities issued by the Ministry of Finance, on foreign loans or on its swaps arrangement. However the information is only on cash basis.

### ***D.5 Current taxes on income, wealth etc., payable***

#### **SOURCES**

Direct sources from financial statements and statistical questionnaires are used.

See point Ad1) and Annex

## **METHODS**

Indicators are based on cash and accrual basis

Budgetary organizations record the tax on income only for secondary activities, which is taken as market output (profit and loss statement).

Other government units record taxes on income in their financial statement (profit and loss statement) separately.

### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

Financial statements for budgetary organizations and information from the Ministry of Labour and Social Affairs are used as basic sources.

See point Ad1) and Annex

#### **METHODS**

a) Social benefits paid under a social insurance scheme such as pensions, sickness and unemployment benefits are paid regularly monthly by the Czech Social Security Administration (S.1311) and are recorded on accrual basis.

b) Social benefits provided by the local government and classified as social assistances, which are not made under the social insurance scheme. These benefits are on a cash basis. Cash payments are equal to accrual payments.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

#### **SOURCES**

Financial statements for budgetary organizations and information from health insurance companies are used as data sources. See point Ad1) and Annex

#### **METHODS**

- a) Part of the social benefits in kind is observed in the national accounts as social security benefits, reimbursement (D.6311). It includes household expenditures on medicines, transport to the hospital etc. The amount of such transactions is negligible in the Czech Republic.
- b) Social benefits made under health insurance include payments for providing health services to households. They are included as social benefits in kind (D.6312). They are on an accrual basis.
- c) Social benefits paid by the local government – municipalities (D.6313) are provided as social assistance in kind. They are not made under the social insurance scheme. Data are obtained on a cash basis and treated as accrual.

### ***D7 Other current transfers, payable***

#### **SOURCES**

Financial statements and statistical questionnaires.

See point Ad1) and Annex

## **METHODS**

The item D.7 is consolidated within the item D.73 i.e.

- within the government sub-sector
- within the general government sector.

However data under the item D.7 completed in the tables 2501/2502 constitute transfers consolidated within the government sub-sectors. They will be fully consolidated within the general government sector in compliance with annual data presented in the table 0200 (“Main Aggregates of General Government”).

The transfers within the government sub-sector are surveyed and recorded in quarterly government accounts and in the annual national accounts under special items D.731 – transfers between sub-sectors and D.732 – transfer within sub-sector (on the level of the sub-sector).

### ***D8 Adjustment for the change in net equity of households in pension funds reserves***

#### **SOURCES**

#### **METHODS**

The transaction is not occur

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

#### **SOURCES**

Financial statements, statistical questionnaires and supplement information.

See point Ad1) and Annex

#### **METHODS**

The information on capital taxes and investment grants from the budgetary organizations are on a cash basis. They are treated as accrual amounts. Data from other government units are on an accrual basis.

The items D.92 and D.99 are consolidated on the sub-sector level (within sub-sector). But they are not consolidated between government sub-sectors. The items are not shown separately in Table 2500. They will be recorded fully consolidated in compliance with annual data presented in the table 0200 (“Main Aggregates of General Government”).

These items are surveyed and recorded in the quarterly government accounts and in annual national accounts as

D.921, D.991 – transfers between government sub-sectors,

D.922, D.992 – transfers within government sub-sector (on the level of the sub-sector),

D.923, D.993 – transfers between the government sector/sub-sector and other institutional sector.

The item D.993 includes the information about state guarantees. This information obtained from the Ministry of Finance is not sufficient.

In the Czech Republic privatization of municipal flats is still in progress. This process has an impact on the item D.993 and is included in expenditures as a transfer free of charge.

## **7. Revenue of general government**

### ***P11+P12+P131 Market Output, output for final use and payments for the other non-market output***

#### **SOURCES**

The sources are financial statements and statistical questionnaires.

See point Ad1) and Annex

#### **METHODS**

The calculation of output of units allocated to the general government sector is based on the fact that units of the type of non-market producer are involved. They report revenues from sales of services such as revenues from rented buildings or sold publications or revenues in the form of administrative fees. Some organizations have also unit's secondary activity, which does not constitute any independent institutional unit. Revenue from this secondary activity is taken as market output.

P.11 includes revenues from sales of products, property renting revenues and revenue from secondary activities of government units and provided services by a government unit its employees (which are a part of wages in kind).

P.12 includes revenue from investments on own account. Information is on an accrual basis.

P.131 includes tuition revenues, administrative (50%) and court fees (payments for provided government services), waste deposition charges or fees for use of public areas or output of the dwellings services etc.

The government regulates the rent in the municipal dwellings and there is a great disparity between public and private rents. The estimation of the output of the dwelling services is based on user cost method and the output is treated as non-market production.

Data are on a cash basis and on an accrual basis, too and in the point of it no adjustments are made.

### ***D2 Taxes on production and imports***

#### **SOURCES**

The Ministry of Finance provides regularly quarterly information on taxes

#### **METHODS**

Methods used for the calculation comply with the Regulation (EC) No 2516/2000 of The European Parliament and of The Council of 7 November 2000 modifying the common principles of the European system of national and regional accounts in the Community (ESA 95) as concerns taxes and social contributions.

For all kinds of tax revenue, time-adjusted cash revenue is used. All the information about cash revenue is drawn from daily reports made by the Czech Central Bank where Ministry of Finance has its accounts where most of the taxes are collected. Municipalities have their

accounts in commercial banks and thus information about collected taxes by municipalities is drawn from their reports. This amount represents only a small part.

### **Value Added Tax**

VAT revenue is divided into three parts:

- 1) payments collected by the tax administration,
- 2) tax refunds paid by the tax administration (only till 2004),
- 3) payments collected by the customs administration (since 2005 only non-business imports)

Ad 1) The law implies that tax accrued to taxation period (a month or a calendar quarter) is due on 25th day after the end of taxation period. It means that tax accrued in March, June, September and December is collected on the 25th day of the subsequent month, in practice approximately up to the end of the month (there are technical periods of payment transactions, delayed payments etc.). Thus, there is a lag of one month. The revenues collected in April, July, October and January are therefore subtracted from collections of the current quarter and added to the previous one.

Ad 2) Until the end of 2004, tax administration refunded the tax credit arising from VAT on imports until 25th day of the second month after the taxation period. Because of possible delays and also because of easier computations, the refunds made by the end of May, August, November and February are subtracted and added back to the previous quarter. Since January 2005, nearly all imports have been self-assessed by importers in their tax returns. As such, Ad 1) applies on large majority of transaction no matter if internal or import. For the first quarter 2005 the former method is maintained.

Ad 3) The law and past experience imply that VAT on imports is due on 10th day after the import of goods. It means that collections on the 10th day in April, July, October and January are taking into account. Identically to the previous paragraph, since 2005 nearly all imports are included in one tax return due on 25th day after the end of taxation period. In 2005 and further, only so-called non-business imports fall under this category of administration (transactions made by non-taxable persons, inward proceeding under the drawback system and also disclosed illegal importations).

### **Excise duties**

All excises but tobacco fall under the same provisions considerably modified in 2004. The tax becomes chargeable when products are released for consumption, i. e., in general, when dispatched from a tax warehouse (a producer or a licensed independent warehouse). Tax period for intra-community transactions corresponds to one month. The tax is self-assessed on the 25th day following the end of month and paid up to the 40th day following the end of month. As such, there is two months time lag.

Excises duty on imported goods is due within 10th days after the reception of customs declaration if no special arrangement made. The quarterly amount of excises duties is increased by the collection by the 10th day in the following month.

Concerning tobacco products, the essential part of revenues is represented by the tax on cigarettes and other tobacco products paid to the Customs Office in Kolín via purchasing stamps. The revenue from not stamped tobacco products remains negligible. Stamps are due 60 days after their purchase. However, it should be noted that the time period for the settlement of purchased stamps was changed twice in 2004 compared to previous and actual

legislation. Firstly, in January 2004 the time period became limited to 30 days then, in May, it was restored to 60 days. As such, in 2004 an alignment according to the consumption seems necessary

### **Road Tax**

There are four tax advances settled by the end of January of the next year, the first one is payable in April. There is two months lag when calculated quarterly revenues.

### **Highway fee**

Whereas stamps are usually bought during the current year or in December of previous year, tax income of a current year is adjusted for December collections. As such, there is one month outstrip difference.

### **Property Taxes**

Since 2004 Real Property Transfer Tax is self-assessed within 3 months after the transaction took place. In 2004 some adjustment mainly in the first and second quarter appeared necessary due to parallel revenues arising from the previous and current system. The tax liability of Gift Tax and Inheritance Tax is assessed by the tax administration based on tax return submitted by the taxpayer. The tax is then payable within 30 days following the receipt of the assessment. Based on practice, one-year time lag is used for each quarter.

### **Real Estate Tax**

The tax is paid in four instalments within the year, therefore revenue on accrual basis is equal to the revenue on cash basis.

### **All other taxes, fees and levies**

In all other cases, cash revenue is equal to accrual revenue because the payments effectively correspond to the liability or there is no possibility to set up the moment when the liability occurs. Because of the risk of possible corrections within the year the annual amount is simply dividend by four.

## ***D39 Other subsidies on production, receivable***

### **SOURCES**

The Ministry of finance and other government units provide data on subsidies.

See point Ad1) and Annex

### **METHODS**

No amount is recorded under the item D.39, receivable.

Subsidies between government units are treated as a transfer within general government. It means within or between government sub-sectors. Subsidies into general government include particularly transfers to semi-budgetary organizations.

## ***D4 Property income, receivable***

### **SOURCES**

Information on interest (D.41) and rent of land (D.45) is obtained from direct sources (financial statements and statistical questionnaires).

See point Ad1) and Annex

## **METHODS**

Indicators are based on cash and accrual basis.

Interest (D.41), receivable by the budgetary organizations is on a cash basis. Interest, receivable by other government units is recorded on an accrual basis.

Data on D.45 for budgetary organizations are based only on a cash basis.

### ***D5 Current taxes on income, wealth etc.***

## **SOURCES**

The Ministry of Finance provides data regularly quarterly.

## **METHODS**

### **Corporate Income Tax**

Corporate income tax revenue consists of the tax self-assessed by companies (regions, municipalities) and withheld tax. The self-assessed tax is paid with prepayments in the current year and settlement in the next year. The quarterly amount of prepayments forming the accrual revenues of current year is thus adjusted by the settlement arising out of tax returns filed usually in July next year. A forecast annual amount of settlement is spread over all quarters. Secondly, withholding corporate income tax on interest is due by the end of the month following the month when the taxpayer was obliged to withhold the tax. There is a lag of one month.

### **Personal Income Tax**

Personal income tax on wages and salaries of current year is adjusted by one month and by the settlement related to the previous year (again, based on a forecast till July of current year). Withholding personal income tax on interest and dividend is due by the end of the month following the month when tax withheld. Personal income tax paid by taxpayers filing tax returns comprises prepayments and annual settlement usually by 31st of March next year. Prepayments are considered as the current year revenue adjusted by the settlement.

### ***D611 Actual social contributions***

## **SOURCES**

The Ministry Labour and Social Affaires and the Ministry of Health provide data on social contributions on cash a basis and monthly.

The quarterly data on an accrual basis are available, too.

## **METHODS**

The contributions are calculated in compliance with the Regulation EU No 2516/2000, article 3/ b.

Employers, employees and self-employed persons pay the social contributions into the State budget and into health insurance companies (classified in S.1314).

### **Actual Social Contributions include:**

- a) Social contributions:

The Ministry of Labour and Social Affairs provides information on social contributions paid into pensions, sickness and unemployment funds - on cash basis – regularly monthly. The cash is attributed into a month when the work took place; delay is one month. For instance – contributions paid in February are recorded as accrued in January (1. quarter = February + March + April).

b) Health insurance contributions:

Health insurance contributions include compulsory and voluntary (supplement) contributions.

The Ministry of Health provides information on health insurance contribution on cash basis – regularly monthly. The cash is attributed into a month when the work took place; delay is one month. For instance – contributions paid in February are recorded as paid in January (1. quarter = February + March + April).

Self-employed persons paid (in current year, e.g. 2004) an amount according to their revenue, which was achieved in the previous year (2003). In the next year (2005), the persons must discharge a debt resulting from the real revenue (according to tax declaration for 2004). The payments are treated as health social contributions in current year (i.e. 2004) as whole. No adjustment is made.

(The Ministry of Health has no information about it).

### ***D612 Imputed social contributions***

#### **SOURCES**

Quarterly and annual information on wages and salaries, on social expenditure and the annual statistical survey of total labour costs - TLC - on individual types of wages in kind are basic sources.

See point Ad1) and Annex

#### **METHODS**

D.612 is equal D.122. Data are derived according to statistical questionnaires.

### ***D7 Other current transfers, receivable***

#### **SOURCES**

Financial statements, statistical questionnaires and supplement information.

See point Ad1) and Annex

#### **METHODS**

The item is consolidated in the item D.73 i.e.

- within government sub-sector
- within general government sector.

However data under the item D.7 completed in the tables 2501/2502 constitute transfers consolidated within the government sub-sectors. They will be fully consolidated within the general government sector in compliance with annual data presented in the table 0200 (“Main Aggregates of General Government”).

The transfers within the government sub-sector are surveyed and recorded in quarterly government accounts and in the annual national accounts under special items D.731 – transfers between sub-sectors and D.732 – transfer within sub-sector (on the level of the sub-sector).

The item includes grants from EU (D.74). The information was obtained from the Ministry of Finance for the 2nd quarter 2004. But the information is not split by the institutional sectors; the information is not available.

### ***D91 Capital taxes***

#### **SOURCES**

Direct sources obtained from the Ministry of Finance.

#### **METHODS**

Data are on a cash basis and they are treated as accrual. They include gift tax and inheritance tax. The subject of gift tax is free acquisition of property. The acquirers or the donors (gifts from abroad) pay the tax. The subject of inheritance tax is the acquisition of property by inheritance.

### ***D92+D99 Investment grants, other capital transfers, receivable***

#### **SOURCES**

The Ministry of Finance and other government units (e.g. the National Property Fund or the Czech Consolidation Agency) provide direct sources.

See point Ad1) and Annex and a special information.

#### **METHODS**

Information is based on cash and on accrual basis.

The items D.92 and D.99 are consolidated on the sub-sector level (within sub-sector). But they are not consolidated between government sub-sectors. The items are not shown separately in Table 2500. They will be recorded fully consolidated in compliance with annual data presented in the table 0200 (“Main Aggregates of General Government”).

These items are surveyed and recorded in the quarterly government accounts and in annual national accounts as

D.921, D.991 – transfers between government sub-sectors,

D.922, D.992 – transfers within government sub-sector (on the level of the sub-sector),

D.923, D.993 – transfers between the government sector/sub-sector and other institutional sector.

**Quarterly (half-year) sources of data and delay - General government sector**

<b>Type of institutional unit</b>	<b>NAME OF QUESTIONNAIRE/STATEMENT</b>	<b>Range of survey</b>	<b>Quarterly or Half-yearly</b>	<b>Delay - Days</b>
<b>Central government sector (S.1311)</b>				
Budgetary organisations	<u>Financial statements:</u> Fin 2-04 U, Revenue and expenditure (main activities) Úč ÚOPO 4-02, Profit and loss statement (secondary activities) (Financial statements processed by the Ministry of Finance – aggregated data)	100%	Q  H-Y	T+65 or more than 65 days
Semi-budgetary organisations	<u>Statistical questionnaire:</u> PO 3 – 04, Quarterly statistical questionnaire for semi-budgetary organisations and selected organisations (Data on profit and loss and balance sheet; questionnaires processed by the CSO)	Sample survey	Q	T+60
	<u>Financial statements:</u> Úč ÚOPO 4-02, Profit and loss statement;  (Financial statements processed by the Ministry of Finance – aggregated data)	100%	Half-yearly (Q since 2005)	T+65 or more than 65 days
State funds (7 funds: Cinematography, Culture, Agricultural, Environment, Transport, Housing, etc.)	<u>Financial statements:</u> Fin 2-04 Funds, Revenue and expenditure of state funds  (Financial statements processed by the Ministry of Finance- individual and aggregated data; Quarterly data are provided in aggregate form)	100%	Q	T+65 or more than 60 days
Land Fund	<u>Financial statements</u> (like to entrepreneurs): Generation and use of the fund  (Individual data from the unit)		Q	T+40
National Property Fund	<u>Financial statements</u> (like to entrepreneurs): Generation and use of the fund  (Individual data from the unit)		Q Q	T+40
Support and Guarantee Fund for Farmers and Forestry	<u>Financial statements</u> (for entrepreneurs): Profit and loss statement (Individual data from the unit)		Q Q	T+40 or more than 40 days
Czech Consolidation Agency	<u>Financial statements</u> (for banks): Profit and loss statement (Individual data from the unit)		Q	T+40

Subsidiaries of CKA: Czech Financial Company, Konpo, Prisko	<u>Financial statements</u> (for entrepreneurs): Profit and loss statement  (Individual data from the units)		Q	T+40
Czech Collection Company	<u>Financial statements</u> (for entrepreneurs): Profit and loss statement (Individual data from the unit)		Q	T+40
Railway of Transport Administration (Since 2003)	<u>Financial statements</u> (for entrepreneurs): Profit and loss statement (Individual data from the unit)		Q Q	T+40 or more than 40 days
Public universities	<u>Statistical questionnaire (for non-profit institutions):</u> PO 3 – 04, Quarterly statistical questionnaire for semi-budgetary organisations and selected organisations (Data on profit and loss and balance sheet; questionnaires processed by the CSO)	100%	Q	T+40

### Local government (S.1313)

Regional offices, municipalities and Voluntary association of municipalities (Budgetary organisations)	<u>Financial statements:</u> Fin 2-12 M, Revenue and expenditure Úč ÚOPO 4-02, Profit and loss statement (on secondary activities)  Financial statements processed by the Ministry of Finance – aggregated data	100%	Q H-Y	T+65 or more than 65 days
Semi-budgetary organisations	<u>Statistical questionnaire:</u> PO 3 – 04, Quarterly statistical questionnaire for semi-budgetary organisations and selected organisations (Data on profit and loss and balance sheet; questionnaires processed by the CSO)  <u>Financial statements:</u> Úč ÚOPO 4-02, Profit and loss statement;  (Financial statements processed by the Ministry of Finance – aggregated data)	Sample survey  100%	Q  H-Y	T+60  T+65 or more than 65 days

### Social security fund (S.1314)

Health insurance companies	<u>Statistical questionnaire:</u> ZDP 3-04 (Data on profit and loss = questionnaires processed by the CSO)  <u>(Financial statements:</u>	100%	Q	T+60
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	<p>Selected indicators on activities of health insurance companies</p> <p>Supplementary source - Several indicators from state supervisory authorities under the Ministry of Finance)</p>	100%	Q	T+75 to T+80
Other information on government units	<p><u>Supplement information (from administration sources) on:</u></p> <ul style="list-style-type: none"> <li>• Revenue and expenditure of the State budget (more detailed an information on General Budget Administration, i.e. a chapter of the State budget – from the Ministry of Finance)</li> <li>• Information on called state guarantees (granted by the State budget) from the Ministry of Finance (the quarterly information is not complete)</li> <li>• Information on “other capital transfers” (D.99) due to purchases of bad claims; information on swaps interest from the Czech Consolidation Agency</li> <li>• Taxes (time adjusted) from the Ministry of Finance (Tax Department);</li> <li>• EU grants from the Ministry of Finance (“National Fund Department”);</li> <li>• Information on military expenditure from the Ministry of Defence;</li> <li>• Social contributions (to the pension, sickness, unemployment funds – cash and accrual) and benefits from the Ministry of Labour and Social Affairs; The information is time adjusted by the National Accounts Department</li> <li>• Health insurance contributions (cash) from the Ministry of Health The information is time adjusted by the National Accounts Department</li> </ul>		<p>Q</p> <p>Q</p> <p>Q</p> <p>Q</p> <p>Q</p> <p>Q</p> <p>Monthly</p> <p>Monthly</p>	<p>T+60</p> <p>T+60 or more than 60 days</p> <p>T+60</p> <p>T+60</p> <p>T+60</p> <p>T+60</p>

## DENMARK

## Description of Danish practice, Year 2002

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

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

#### Revisions within the year

Within a year which is not yet complete, i.e. in the first to the third quarters, the previous quarters may be subject to ongoing revisions.

#### Revisions after the end of the year

After the end of the year, all four quarters will be updated with the publication of a new annual version for the year in question.

Sources and methods by category:

### 5. General remarks

Favourable position Denmark has from the outset been in a favourable position as regards estimating quarterly statistics for general government. Quarterly accounting information is available for both central government and the counties and municipalities. Virtually all significant units are covered by genuine primary statistics.

#### Central government

Under the Budget Act [Finansloven], central government institutions send their accounting records in every day to Økonomistyrelsen [the Agency for Governmental Management]. This information is in the same degree of detail as the annual central government accounts. The returns to Økonomistyrelsen also include accounting items posted after the end of the calendar year, the "supplement period". The sum of monthly returns, including returns for the supplement period, thus corresponds to the annual account.

### Municipalities and counties

The municipalities and counties send accounting-type information to the Ministry of the Interior every quarter. This information is less detailed than the final annual accounts. Two tables are sent, with information on expenditure and revenue, divided by kind/function. Since the returns do not include the supplement period, the total for the four quarters reported does not tally with the national accounts total. A revised version of the annual accounts is not available until they are published by Danmarks Statistik in mid-May of the following year.

### Social security funds

These are covered by actual quarterly accounts sent to Danmarks Statistik, primarily from ATP [the Labour Market Supplementary Pension Scheme].

### Other sources

Finally, Danmarks Statistik's national accounts-based coding of the Budget Act and the budgets of the counties and municipalities (February version) also plays an important part. The February version of national accounts processing of the Budget Act forms the starting point for the statistical treatment of the monthly accounting information from Økonomistyrelsen. The February version's national accounts processing of the municipal and county budgets then forms the basis for the statistical treatment of the quarterly returns to the Ministry of the Interior, and also enables estimates to be made of accounting items in the supplement period. Finally, the February version provides an initial estimate for variables where other information is not available.

### Problems

The quarterly accounting returns for public institutions have a few special problems in common which are less serious for the corresponding annual accounts. The most important of these are:

- Incorrect records;
- Problems with periodization and lack of information on the supplement period;
- The lack of quarterly accounts for "self-owning institutions" [i.e. those owning their own capital].

### Incorrect records

These occur much more frequently in the quarterly returns than in annual ones. Incorrect records (and any missing records) are often corrected by a counterpart entry in the following quarter. Important and obvious errors are corrected by Danmarks Statistik.

### Problems with periodization

If the statistics are to paint an accurate picture of activity in the public-sector economy, it is, of course, crucial for expenditure and revenue to be divided in to the periods correctly, i.e. that they should refer to the period in which the goods are acquired, for example, or in which

the employment took place. In the case of annual accounts, which are normally completed several months after the end of the accounting year, this problem is a very minor one. The supplement period ensures that expenditure and revenue are recorded in the year to which they refer.

The quarterly accounting returns for central government, counties and municipalities are not based on closed accounts in the same way, but are more like a snapshot of the amount of expenditure and revenue recorded in the accounting systems at the end of the quarter. Calculations have to be made to correct for the resulting problems. The method is discussed below.

### "Self-owning institutions"

In the municipalities, in particular, there are many "self-owning institutions" which have an "operating agreement" with the municipalities. Many kindergartens, for example, have this form of management. Such institutions receive an annual subsidy from the municipality to cover their operating expenditure. It is only when the municipalities' annual accounts are submitted that the accounts for these institutions are included in their overall accounts. The quarterly accounting returns do not include information on items such as purchases of goods within these institutions, and the necessary corrections therefore have to be made. The method is discussed below.

## **6. Expenditure of general government**

### *P2 Intermediate consumption*

#### **SOURCES AND METHODS**

Central government (Weight of P2: 36%)

##### Step 1

Monthly data sets from Økonomistyrelsen are combined to form a quarterly data set. All expenditure and revenue with identical account numbers is aggregated into an account showing a value corresponding to the sum of the amounts in the monthly accounts under that account number.

##### Step 2

All expenditure and revenue items are classified at the most detailed accounting level into a national accounts classification. The first stage is to transfer the national accounts classification from the same year's budget statistics to account numbers which are identical. The use of budget statistics makes it possible to transfer new accounts introduced during the year (since the accounts in question are included in the budget). The remainder, e.g. account numbers set up after the budget was approved, are extracted and classified manually. Amounts for this remainder group are insignificant.

##### Step 3

The figures are validated by comparing the quarterly calculation with the budget statistics for the same year, the previous year's accounts-based annual versions and the latest quarters. Validation is at the level of areas of ministerial responsibility. It may reveal incorrect classifications and missing entries, and corrections are made wherever possible.

#### Step 4

An estimate from the latest budget statistics is used to include institutions subsidised by central government (non-budgetary institutions). This estimate is based on a projection of the most recent year for which accounting figures are available. The annual figure is divided by quarter using the Denton algorithm.

#### Step 5

For the calculation of the fourth quarter, information is also available on entries accounted in the so called "supplement period". These are evened out so that most of them are posted in the first quarter and the remainder in the other three quarters. For central government, amounts for the supplement period are fairly small.

#### Local government (Weight of P2: 63%)

##### Step 1

Data are received from the Interior Ministry. They are error-searched and attempts are made to correct any substantial or obvious errors.

##### Step 2

The municipalities' expenditure to subsidised institutions comes under type 50-59 in the accounts (subsidies to persons and institutions). A certain percentage of this expenditure is transferred to types covering wages and salaries and purchases of goods. The percentage share is worked out as the percentage discrepancy between the summed entries for type 50-59 for the first to the fourth quarters of the previous year and the final type 50-59 entries in the closed account for the previous year. This gives an estimate of the share which will typically be "parked" on type 50-59. The procedure assumes that the share which is "parked" does not vary very much from year to year. It is also assumed that the "parked" amount accounts for roughly the same share of type 50-59 from quarter to quarter. When data are available for a completed year in the form of four completed quarters and a final account, the "correct" amount, which is to be transferred from type 50-59 to types concerning wages and salaries and intermediate consumption can be calculated. It is still assumed that the percentage share of type 50-59 which is to be transferred in the individual quarters within a given year remains the same.

##### Step 3

For the municipal sector, there is no information available on the supplement period and this therefore has to be calculated as a residual, i.e. the difference between the entries in the first to the fourth quarters and the final accounts. The supplement period entries have to be divided up over the previous four quarters. This cannot be done, of course, until the final annual account is available. The supplement period figures therefore have to be estimated even when the first quarter is worked out. This is based on information on the previous year's supplement period, the total budget for the year and the entries available for the first quarter. The estimate of the supplement period figure is revised continually as figures are worked out for new quarters. The final supplement period figure is calculated when the final accounts are available. Thus corrections may be made at any time to previous quarters as a result of new and improved estimates of supplement period figures, and again when the annual account is available and the supplement period can thus be calculated.

Some of the entries in the supplement period refer to the fourth quarter and should therefore be transferred to that period. Some of the entries made in the fourth quarter refer to the third

quarter and should therefore be transferred to the third quarter. The same applies to the other quarters with the exception of the first, where the previous year's supplement period collected up late records. There will be entries referring to other than the previous quarter, but they are ignored, since they are assumed to be of insignificant amounts. A complete and correct transfer of entries between quarters is not possible, however, since there are no sources which can provide information on this "overflow" between quarters. It is therefore assumed that the "overflow" remains constant from one quarter to the next and that it is therefore sufficient to transfer an amount corresponding to the estimated "overflow" from the supplement period to the first quarter. That share of the supplement period which is deemed not to be "overflow" from the previous quarter is divided equally over the remaining quarters.

#### Social security funds (Weight of P2: 1%)

Quarterly information for Social security funds is available. All categories including intermediate consumption are compiled using full quarterly accounts. The only exception is administrative expenses in unemployment funds. These expenses are compiled using the annual budget statistics and the Denton algorithm. We don't consider this as a problem due to the fact that these expenses are fairly small and evenly distributed over quarters.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES AND METHODS**

This category is compiled using the same sources and methods as Intermediate consumption.

#### Central Government (Weight of P5 and K2: 33%)

#### Local Authorities (Weight of P5 and K2: 67%)

#### Social security funds (Weight of P5 and K2: 0%)

### ***D1 Compensation of employees***

#### **SOURCES AND METHODS**

The change in recorded expenditure on wages and salaries in the quarterly accounting returns will reflect the following:

- Number of employees;
- Wage rate adjustments, which are normally made on 1 April and 1 October;
- The payment of special holiday bonuses under collective agreements on 1 May;
- The payment of overtime, gratuities etc., which are usually paid in December.

These last two should not give rise to any increase in total wages and salaries in the second or the fourth quarters, but should be evened out over the whole year. However, it is not possible to smooth out the figures with sufficient accuracy.

For these reasons it was decided to base the compensation of employees for historic years on the previous employment-based figures. From 1st quarter 2002 and ahead data for the quarterly accounted expenditure on wages and salaries of central government, the counties and municipalities will be included as the main indicator when figures are worked out for the compensation of employees. In practice we compile an indicator based figure for compensation of employees and a figure based on the accounted primary information. These

two figures are compared and if we observe a difference, corrections are made to either the indicator based or the accounted figure.

The sources and methods concerning the account based figure are the same as described under intermediate consumption.

Central Government (Weight of D1: 27%)

Local Authorities (Weight of D1: 72%)

Social security funds (Weight of D1: 1%)

### ***D29 Other taxes on production, payable***

#### **SOURCES AND METHODS**

Other taxes consist of taxes on real property, weight duty on motor vehicles and employers contribution to scheme for refunding trainee costs.

Information concerning taxes on real property is obtained from the accounted taxes on real property in the real estate register.

Weight duty on motor vehicles is obtained from the Ministry of taxation in book value.

Employers contribution to scheme for refunding trainee costs is obtained from AER's quarterly accounts.

Central Government (Weight of D1: 33%)

Local Authorities (Weight of D1: 77%)

Social security funds (Weight of D1: 0%)

### ***D3 Subsidies***

#### **SOURCES AND METHODS**

Central Government (Weight of D3: 81%)

Subsidies cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

Local Authorities (Weight of D3: 19%)

See description under Central Government.

Social security funds (Weight of D3: 0%)

No subsidies are paid by Social security funds.

### ***D4 Property income, payable***

#### **SOURCES AND METHODS**

Central Government (Weight of D4: 95%)

Property income cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

Local Authorities: (Weight of D4: 5 %)

See description under Central Government.

Social security funds (Weight of D3: 0%)

See description under Central Government.

***D5 Current taxes on income, wealth etc., payable***

Not applicable.

***D62 Social benefits other than social transfers in kind***

**SOURCES**

Central Government (Weight of D62: 19%)

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%)

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 person's 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.

***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

**SOURCES AND METHODS**

This category is compiled using the same sources and methods as Intermediate consumption.

Central Government (Weight of D6311+D63121+d63131: 0%)

Local Authorities (Weight of D6311+D63121+D63131: 100%)

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Social security funds (Weight of D6311+D63121+D63131: 0%)

***D7 Other current transfers, payable***

**SOURCES AND METHODS**

Central Government (Weight of D7: 83%)

Other current transfers cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

Local Authorities: (Weight of D7: 9%)

See description under Central Government.

Social security funds (Weight of D7: 8%)

See description under Central Government.

***D8 Adjustment for change in net equity of households in pensions funds reserves***

Not applicable.

***D9 Capital taxes, investment grants and other capital transfers, payable***

**SOURCES AND METHODS**

Central Government (Weight of D9: 78%)

Other capital taxes, investment grants and other capital transfers, payable cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

Local Authorities: (Weight of D9: 7%)

See description under Central Government.

Social security funds (Weight of D9: 15%)

See description under Central Government.

**7. Revenue of general government**

***P11+P12+P131 Market output, output for final use and payments for other non-market output***

**SOURCES AND METHODS**

This category is compiled using the same sources and methods as Intermediate consumption.

Central Government (Weight of P11+P12+P131: 39%)

Local Authorities (Weight of P11+P12+P131: 61%)

Social security funds (Weight of P11+P12+P131: 0%)

## ***D2 Taxes on production and imports***

### **SOURCES**

#### Central Government (Weight of D2: 93%)

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: 7%)

See description under Central Government.

### **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 is 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.

#### ***D21 VAT-type taxes:***

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: his 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).

***D39 Other subsidies on production, receivable***

**SOURCES AND METHODS**

Central Government (Weight of D39: 0%)

Other subsidies on production, receivable don't exist for Central government.

Local Authorities: (Weight of D39: 100%)

Other subsidies on production, receivable cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

Social security funds (Weight of D39: 0%)

Other subsidies on production, receivable don't exist for Social security funds.

***D4 Property income, receivable***

**SOURCES AND METHODS**

Central Government (Weight of D4: 49%)

Property income cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

Local Authorities: (Weight of D4: 6%)

See description under Central Government.

Social security funds (Weight of D4: 45%)

See description under Central Government.

***D5 Current taxes on income, wealth, etc.***

**SOURCES**

Central Government (Weight of D5: 46%)

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: 54%)

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.

### ***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 employee's 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.

### ***D612 Imputed social contributions***

#### **SOURCES AND METHODS**

#### Central Government (Weight of D612: 40%)

Imputed social contributions cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

#### Local Authorities: (Weight of D612: 60%)

See description under Central Government.

#### Social security funds (Weight of D612: 0%)

See description under Central Government.

### ***D7 Other current transfers, receivable***

#### **SOURCES AND METHODS**

#### Central Government (Weight of D7: 16%)

Other current transfers cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

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Local Authorities: (Weight of D7: 41%)

See description under Central Government.

Social security funds (Weight of D7: 43%)

See description under Central Government.

### ***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.

### ***D92+D99 Investment grants, other capital transfers, receivable***

#### **SOURCES AND METHODS**

Central Government (Weight of D92+D99: 63%)

D99 Investment grants, other capital transfers, receivable cannot be described on the basis of the existing sources and are therefore replaced by values from budget statistics, divided by quarter using the "Denton algorithm".

Local Authorities: (Weight of D92+D99: 37%)

See description under Central Government.

Social security funds (Weight of D92+D99: 0%)

See description under Central Government.

## GERMANY

## Description of German Practice, Year 2002

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

The criterion laid down in Art. 3 of Commission Regulation (EC) No 264/2000 is complied with fully for final tax data (D.2; D.5; D.91), final actual social contributions (D.611) and final social benefits (D.62), but not in all cases for first estimates of quarterly data. For other types of revenue and expenditure the 90% criterion is not required to be met. Nonetheless, a high degree of direct information is also included in these data.

### 2. Compliance with ESA 95 rules

In so far as necessary, the basic data are transformed in order to comply with the concepts of ESA 95.

### 3. Consistency between annual and quarterly data

In the national accounts the quarterly data are fully consistent with the annual data.

In principle, quarterly (or sometimes even monthly) data form the basis for compiling accounts in most cases. Annual data are integrated after the (provisional) quarterly data have been compiled. However, the (quick) quarterly or monthly basic statistics do not necessarily add up to the (subsequently published) annual basic statistics because there may be budget adjustments at the end of the year. Thus payment flows for year  $n+1$  which actually belong to year  $n$  are included in the final annual basic statistics for year  $n$ . However, they are not necessarily integrated into the (quick) quarterly statistics for the fourth quarter of year  $n$ .

For statutory accident insurance and for municipal associations only annual data are available. These are therefore divided among the quarters.

### 4. Revision policy

In the area concerned (first estimate of the quarterly figures) missing data from the quarterly basic statistics are supplemented by estimates, taking into account all available data (in particular legal changes). Once the missing quarterly basic statistics become available, the results are revised step by step. After revision, the results are largely based on quarterly basic statistics. Finally, the provisional results are squared with the later final annual results (alignment).

### SOURCES

#### Central government

Quarterly results from the Federal Ministry of Finance for the federal budget and for the special assets of the Federal Government. Final annual results of the Federal Ministry of

Finance. For transactions from the rest of the world to government or from government to the rest of the world – in so far as necessary – supplementary data from the balance of payments. Adjustments for non-cash transactions (e.g. debt forgiveness) from additional records of the Federal Ministry of Finance.

#### State government

Quarterly cash results of public finance statistics. Final annual results of public finance statistics. For transactions from the rest of the world to government and from government to the rest of the world – in so far as necessary – supplementary data from the balance of payments.

#### Local government

Quarterly cash results (excluding municipal associations) of public finance statistics. Final annual results (including municipal associations) of public finance statistics. For transactions from the rest of the world to government and from government to the rest of the world – in so far as necessary – supplementary data from the balance of payments.

#### Social security funds

Monthly results of the pensions insurance of wage and salary earners and of unemployment insurance; quarterly results of statutory health insurance, statutory long-term care insurance, the agricultural retirement fund, miners' pension insurance; annual data for statutory accident insurance. Final annual results of the individual branches of social security. For transactions from the rest of the world to government and from government to the rest of the world – in so far as necessary – supplementary data from the balance of payments.

## **5. General remarks**

The general description mentioned above applies equally to all types of revenue and expenditure mentioned in Regulations (EC) Nos 264/2000 and 1221/2002 with the exception of the construction investments of local authorities and acquisitions less disposals of non-produced non-financial assets (see relevant section for description).

## **6. Expenditure of general government**

In 2002 the expenditure of general government had the following structure:

### *General government expenditure 2002*

Specification	EUR billions	Share of expenditure in %
Total expenditure	1023.9	100
Intermediate consumption	84.5	8.2
Compensation of employees	167.7	16.4
Other taxes on production	0.1	0
Property income	65.2	6.4
Subsidies	30.9	3.0
Social benefits other than social transfers in kind	409.6	40.0
Social benefits in kind	163.3	15.9
Other current transfers	35.2	3.4
Capital transfers	34.6	3.4

Gross capital formation	34.3	3.4
Acquisitions less disposals of non-produced non-financial assets	-1.4	-0.1

## ***P2 Intermediate consumption***

### **SOURCES**

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in the intermediate consumption of general government:

Sub-sector of general government	Share of P.2 in %
Central government	24.3
State government	29.7
Local government	38.1
Social security funds	7.9

### **METHODS**

The method applied is described in the general remarks.

## ***P5+K2 Gross capital formation, acquisitions less disposals of non-produced non-financial assets***

### **SOURCES**

For construction investments – in order to be able to present the investments in accordance with the progress of construction – it is not the cash expenditure for construction work of central, state and local government that is used, but the results of the production statistics in the construction sector, broken down into construction industry, finishing trades, construction output of manufacturing industry, construction output of architects, engineers, estate agents etc., and construction output of households. For the construction industry the annual survey of the construction industry gives the investment level for the year as the “annual construction output”. The monthly activity survey looks both at the hours worked in the construction industry and at the contractor of the construction services – including general government. These results are used to calculate the quarterly construction investments of general government in construction.

For finishing trades the annual level of construction investments is determined on the basis of turnover tax statistics. The quarterly breakdown is based on the results of the quarterly reports on handicrafts. The sub-division by type of construction – including public construction – is based on the monthly activity survey of the construction industry.

Production and external trade statistics provide quarterly results for the construction output of manufacturing industry.

For the construction output of architects, engineers, estate agents etc., turnover tax statistics provide annual figures. The breakdowns by quarter and type of construction are based on the structures of the construction industry and finishing trades.

The own-account construction of households is based on construction activity statistics. The breakdowns by quarter and type of construction are also based on the breakdowns of the construction industry and finishing trades.

These calculations provide the quarterly results for the construction investment of general government.

Documentation of the net acquisition of undeveloped land is based on statistics on the market value of building land (annual in-depth structure of the integration of purchases by sector and subsector of general government) linked to quarterly information from the public accounts.

The sources of the other components of this expenditure category (P.5 + K.2) are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in gross investments and in acquisitions less disposals of non-produced non-financial assets (P.5 + K.2) of general government

Subsector of general government	Share in (P.5 + K.2) in %
Central government	19.7
State government	20.1
Local government	57.4
Social security funds	2.9

## METHODS

The method used is described in the general remarks.

### *D1 Compensation of employees*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in the compensation of employees of general government:

Subsector of general government	Share of D.1 in %
Central government	13.7
State government	54.3
Local government	23.5
Social security funds	8.5

## METHODS

The method used is described in the general remarks.

### *D29 Other taxes on production, payable*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in other taxes on production of general government:

Subsector of general government	Share of P.2 in %
Central government	20.0
State government	40.0
Local government	20.0
Social security funds	20.0

## METHODS

The method used is described in the general remarks.

### *D3 Subsidies*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in subsidies of general government:

Subsector of general government	Share of D.3 in %
Central government	24.5
State government	45.3
Local government	16.7
Social security funds	13.5

## METHODS

The method used is described in the general remarks.

### *D4+D41 Property income and interest, payable*

## SOURCES

The property income (D.4) of general government is identical to the interest (D.41) paid by general government.

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in the property income and interest of general government:

Subsector of general government	Share of D.4 in %
Central government	60.5
State government	31.0
Local government	8.2
Social security funds	0.3

## METHODS

The method used is described in the general remarks.

### *D5 Current taxes on income, wealth, etc., payable*

In Germany the government does not pay current taxes on income, wealth, etc.

### *D62 Social benefits other than social transfers in kind*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in social benefits other than social transfers in kind of general government:

Subsector of general government	Share of D.62 in %
Central government	12.2
State government	10.9
Local government	4.9
Social security funds	72.0

## METHODS

The method used is described in the general remarks.

### ***D6311+D63121+D63131 Social transfers in kind representing expenditure for goods provided directly to households by market producers***

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in social transfers in kind of general government:

Subsector of general government	Share of (D.6311+D.63121+D.63131) in %
Central government	0.1
State government	2.8
Local government	10.2
Social security funds	86.9

## METHODS

The method used is described in the general remarks.

### ***D7 Other current transfers, payable***

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in other current transfers of general government:

Subsector of general government	Share of D.7 in %
Central government	66.1
State government	27.1
Local government	6.1
Social security funds	0.7

## METHODS

The method used is described in the general remarks.

### *D8 Adjustment for the change in the net equity of households in pension funds reserves*

So far this item is not required to be calculated for the general government sector.

### *D91+D92+D99 Capital taxes, investment grants and other capital transfers, payable*

## SOURCES

In Germany the government does not pay capital taxes (D.91).

The sources for the other components are described in the introductory general remarks. In addition, for the calculation of investment grants, documentation is also drawn from the Federal Ministry of Finance.

In 2002 the sub-sectors had the following shares in the capital transfers of general government:

Subsector of general government	Share of (D.92 and D.99) in %
Central government	38.2
State government	51.5
Local government	8.8
Social security funds	1.5

## METHODS

The method used is described in the general remarks.

## 7. Revenue of general government

In 2002 the revenues of general government had the following structure:

### *General government revenue 2002*

Specification	EUR billions	Share of revenues in %
Total revenue	949.5	100
Payments for output (P.11+P.12+P.131)	40.5	4.3
Other subsidies on production	0.8	0.1
Property income	17.6	1.9
Taxes (excluding capital taxes)	477.6	50.3
Taxes on production and imports	250.5	26.4
Taxes on income and wealth	227.1	23.9
Social contributions	389.0	41.0
Actual social contributions	367.2	38.7
Imputed social contributions	21.8	2.3
Other current transfers	15.4	1.6
Capital transfers	8.7	0.9
Capital taxes	3.0	0.3
Investment grants and other capital transfers	3.7	0.4

### *P11+P12+P131 Market output, output produced for own final use and payments for other non-market output*

#### SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in revenues from output (P.11+P.12+P.131) of general government:

Subsector of general government	Share of (P.11+P.12 +P.131) in %
Central government	11.5
State government	22.9
Local government	65.5
Social security funds	0.1

## METHODS

The method used is described in the general remarks.

### *D2 Taxes on production and imports*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in other subsidies received by general government:

Subsector of general government	Share of D.2 in %
Central government	55.8
State government	32.6
Local government	11.6
Social security funds	0.0

## METHODS

The method used is described in the general remarks.

### *D39 Other subsidies on production, receivable*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in other subsidies received by general government:

Subsector of general government	Share of D.39 in %
Central government	0.0
State government	18.7
Local government	81.3
Social security funds	0.0

## METHODS

The method used is described in the general remarks.

### *D4 Property income, receivable*

## SOURCES

The sources are described in the introductory general remarks. In addition, the profit and loss account and notes from the Annual Report of the Deutsche Bundesbank are used in order to

be able to eliminate financial transactions (realised capital gains, writing back of reserves) from the profit transferred from the Deutsche Bundesbank to the federal government.

In 2002 the sub-sectors had the following shares in the property income received by general government:

Subsector of general government	Share of D.4 in %
Central government	59.3
State government	10.7
Local government	19.4
Social security funds	10.6

## METHODS

The method used is described in the general remarks.

### *D5 Currant taxes on income, wealth, etc.*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in other subsidies received by general government:

Subsector of general government	Share of D.5 in %
Central government	44.5
State government	43.4
Local government	12.1
Social security funds	0.0

## METHODS

The method used is described in the general remarks.

### *D611 Actual social contributions*

## SOURCES

The sources are described in the introductory general remarks.

Actual social contributions to general government are collected exclusively by the social security funds subsector:

Subsector of general government	Share of D.611 in %
Central government	0.0
State government	0.0
Local government	0.0
Social security funds	100.0

## METHODS

The method used is described in the general remarks.

### *D612 Imputed social contributions*

## SOURCES

Imputed social contributions for civil service pensions (including assistance for pensioners) are determined by calculation in that a percentage rate in line with the contribution rate for pensions insurance for the employee plus 7% is added to the remuneration of actively employed civil servants. The sources for the underlying civil service remunerations and for other imputed social contributions are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in imputed social contributions of general government:

Subsector of general government	Share of D.612 in %
Central government	16.4
State government	68.5
Local government	9.7
Social security funds	5.4

## METHODS

The method used is described in the general remarks.

### *D7 Other current transfers, receivable*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in other current transfers received by general government from other sectors:

Subsector of general government	Share of D.7 in %
Central government	3.7
State government	21.5
Local government	26.8
Social security funds	48.0

## METHODS

The method used is described in the general remarks.

### *D91 Capital taxes*

## SOURCES

The sources are described in the introductory general remarks.

In Germany capital taxes are collected exclusively by the state government subsector:

Subsector of general government	Share of D.91 in %
Central government	0.0
State government	100.0
Local government	0.0
Social security funds	0.0

## METHODS

The method used is described in the general remarks.

### *D92+D99 Investment grants, other capital transfers, receivable*

## SOURCES

The sources are described in the introductory general remarks.

In 2002 the sub-sectors had the following shares in capital transfers received by general government (excluding capital taxes):

Sub-sector of general government	Share of (D.92 + D.99) in %
Central government	5.0
State government	36.6
Local government	56.0
Social security funds	2.4

## METHODS

The method used is described in the general remarks.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information**

The requirements for the use of direct information set out in Article 3 of the Commission Regulation (EC) No 264/2000 and in Article 4 of the European Parliament and Council Regulation 1221/2002 are met.

### **2. Compliance with ESA95 Rules**

Basic data for the taxes are transformed in compliance with ESA95 concepts. For the transactions related to quarterly GDP estimations and at the same time covered by Regulation 1221/2002 the basic data system being used at the moment is mainly on a cash basis both for revenues and expenditures. It does not allow, e.g. without additional information, to implement the ESA95 requirements regarding the accrual accounting.

### **3. Consistency between annual and quarterly data**

The annual and the quarterly data sources are described in general remarks. The methods based on the direct information available at the quarterly level are the same as for the annual, except for the GFCF estimates (differences are described below).

### **4. Revision policy**

In general, quarterly data are revised when the new annual data becomes available, i.e. the quarterly data reported earlier on the same year would be revised according to the annual data. The deadline for the annual national accounts publication is t+18. In spring 2004 national accounts data were revised in line with the revision of annual and quarterly GDP figures.

Sources by Category

### **5. General remarks**

At present the fully quarterly non-financial accounts for the general government sector have not been compiled in Estonia. As described above, the basic data system being used is mainly on a cash basis both for revenues and expenditures and it does not allow us at the moment to fully respect the ESA95 requirements regarding the accrual accounting.

Moreover, until 2004 quarterly data sources were available only for part of general government units as state institutions, local government units and social security funds. The rest of general government units (extra budgetary foundations, public legal institutions and health care institutions, mainly financed by government) have been obligated to report only on an annual basis.

Since 2004 the Ministry of Finance has introduced the new bookkeeping system of the governmental accounting, which should provide the quarterly and annual data of all general

government institutions on an accrual basis, but till now serious problems occur with the timeliness of the data receiving. Inevitably, the long time-period is required to establish and develop the complete general government accounting system implementing all ESA95 requirements (accruals principles, correct classification of transactions, consolidation rules, accounting of non-deductible VAT, paid by government units, etc).

## **6. Expenditure of general government**

### ***P2 Intermediate consumption***

#### **SOURCES**

##### Central Government

The quarterly data on intermediate consumption for state institutions are available from the Ministry of Finance provided monthly cash reports on the state budget execution. On a quarterly basis only the amount of state transfers to the rest of central government institutions (mentioned in the general remarks) are obtainable from the state budget execution.

##### Local Government

The quarterly data on intermediate consumption for all local government units are available from monthly cash reports on the local budget execution collected by the Ministry of Finance.

##### Social Security Funds

The quarterly data on intermediate consumption for social security funds are available from quarterly accrual reports on budget execution of Health Insurance Fund and Unemployment Fund.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

The quarterly data on GFCF are available from monthly cash reports on the execution of state and local government's budget. For calculations of adjusted annual GFCF, statements describing the movements of fixed assets are available, and since these reports provide more accurate data about acquisitions and disposals of fixed assets in required subdivisions, the quarterly GFCF is also revised according to adjusted annual figures using the quarterly structure. GFCF of public and municipal health service organisations, foundations and other public institutions are estimated on the basis of previous year's annual statements of fixed assets. Sources for estimating Acquisitions less disposals of non-financial non-produced assets (K2) are the same as for GFCF estimates.

### ***D1 Compensation of employees***

#### **SOURCES**

##### Central Government

The quarterly data on compensation of employees for state institutions units are available from the Ministry of Finance provided monthly cash reports on the state budget execution. On a quarterly basis only the amount of state transfers to rest of central government institutions (mentioned in the general remarks) are obtainable from the state budget execution.

### Local Government

The quarterly data on compensation of employees for all local government units are available from monthly cash reports on the local budget execution collected by the Ministry of Finance.

### Social Security Funds

The quarterly data on compensation of employees for social security funds are available from quarterly accrual reports on budget execution of Health Insurance Fund and Unemployment Fund.

### ***D29 Other taxes on production, payable***

#### **SOURCES**

The quarterly data on other taxes on production paid by general government are available from the monthly cash reports on the state budget execution provided by the Ministry of Finance.

### ***D3 Subsidies***

#### **SOURCES**

The quarterly data on subsidies paid by general government are available from the monthly cash reports on the state budget execution provided by the Ministry of Finance and data for subsidies paid by local government units are available from monthly cash reports on the local budget execution also collected by the Ministry of Finance. Annual reports on payments of national agricultural and rural development supports and supports of the European Union on accrual bases are available from The Agricultural Registers and Information Board (ARIB), a government institution subordinated to the Ministry of Agriculture.

### ***D4 Property income, payable***

#### **SOURCES**

Quarterly data are available on a cash basis from the state and local governments' quarterly budget execution reports and on an accrual basis from social insurance, health insurance and unemployment insurance quarterly reports. The annual data are available from the same sources. The state and local governments' budget execution reports are made by the Ministry of Finance, social insurance expenditure report by the Social Insurance Board (Ministry of Social Affairs), health insurance budget by the Estonian Health Insurance Fund and unemployment insurance budget by the Estonian Unemployment Insurance Fund. Annual reports are available from the general government public-legal institutions, foundations and health care activities on an accrual basis.

### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

Data for social benefits are available on a cash basis from the state and local governments' quarterly budget execution reports and on an accrual basis from social insurance, health insurance and unemployment insurance quarterly reports. The annual data are available from the same sources.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

#### **SOURCES**

##### Central Government

The quarterly data on social transfers in kind related to expenditure of central government are available from the Ministry of Finance provided monthly cash reports on the state budget execution.

##### Local Government

The quarterly data on social transfers in kind related to expenditure of local government are available from monthly cash reports on the local budget execution collected by the Ministry of Finance.

##### Social Security Funds

The quarterly data on social transfers in kind related to expenditure of social security funds are available from quarterly accrual reports on budget execution of Health Insurance Fund.

### ***D7 Other current transfers, payable***

#### **SOURCES**

Quarterly data are available on a cash basis from the state and local governments' quarterly budget execution reports and on an accrual basis from social insurance, health insurance and unemployment insurance quarterly reports. The annual data are available from the same sources.

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

#### **SOURCES**

Capital transfers paid to Rest of the world – Balance of Payments data. Other capital transfers including Investment Grants (between General Government sub sectors and grants paid to other institutional sectors) – the quarterly data are available from monthly cash reports on the execution of state and local governments' budget.

## **7. Revenue of general government**

### ***P11+P12+P131 Market output, output for own final use and payments for the other non-market output***

#### **SOURCES**

##### Central Government

Data on output for own final use are not available. The quarterly data on market output and payments for the other non-market output for state institutions are available from the Ministry of Finance provided monthly cash reports on the state budget execution. The data for the rest of central government institutions (mentioned in the general remarks) are available on an annual basis.

##### Local Government

Data on output for own final use are not available. The quarterly data on market output and payments for the other non-market output for all local government units are available from monthly cash reports on the local budget execution collected by the Ministry of Finance.

#### Social Security Funds

Data on output for own final use are not available. The quarterly data on payments for the other non-market output for social security funds are available from quarterly accrual reports on budget execution of Health Insurance Fund.

### ***D2 Taxes on production and imports***

#### **SOURCES**

Taxes on production and imports mainly consist of VAT and excise duties on alcohol, tobacco, fuel, motor vehicle, import duties, betting and gambling tax, car registration tax, land tax and local taxes on sales and advertising.

#### Central Government

Monthly cash data for VAT and other taxes are available from the Ministry of Finance budget revenue reports and Estonian Tax and Customs Board reports 20 days after the end of the month.

#### Local Government

Monthly cash data of taxes collected by local governments are also available from the Ministry of Finance budget revenue reports. The annual land tax is due to be paid in three payments: April, July and October in equal parts. The actually collected by Estonian Tax and Customs Board land tax amount data allocated to local governments are currently available on a cash basis.

### ***D4 Property income, receivable***

#### **SOURCES**

All the sources are the same described already under expenditure item D4.

### ***D5 Taxes on income, wealth, etc.***

#### **SOURCES**

#### Central Government

The taxes concerned are personal income tax (on the total taxable income including wages and salaries, interest, dividends, capital gains etc.) and corporate tax (on distributed profits). Cash data are available monthly from the Ministry of Finance tax revenue reports for both personal income and corporate tax collections.

#### Local Government

The taxes included are the allocated part of personal income tax (56% of actual collected amount) and local taxes related to certain kind of property paid by owners (motor vehicles, boats, animals). The monthly cash data are available from the Ministry of Finance tax revenue reports.

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***D61 Social contributions (D611 Actual social contributions and D612 Imputed social contributions)***

**SOURCES**

Monthly cash data are available from the Ministry of Finance tax revenue reports. Since 2000 the actual social contributions (social tax) are directly collected by Central Government (Estonian Tax and Custom Board) and after transferred to Social Security Funds under the provision of tax law. The total tax rate of 33% is distributed in following parts: 20% to Social Insurance Fund (pensions) and 13% to Health Insurance Fund.

***D7 Other current transfers, receivable***

**SOURCES**

All the sources are the same described already under expenditure item D7.

***D91 Capital taxes***

**SOURCES**

According to the tax legislation in Estonia this category of tax at present is not applied. This item consists of fees on inheritable properties (death duties) and data are received from Estonian Chamber of Notaries as an expert estimate.

***D92+D99 Investment grants, other capital transfers, receivable***

**SOURCES**

Capital transfers received from the Rest of the world – Balance of Payments data. Capital transfers related to privatization – Estonian Central register of Securities. Other capital transfers including Investment Grants (between General Government sub sectors and grants received from other institutional sectors) – the quarterly data are available from monthly cash reports on the execution of state and local governments' budget.

## GREECE

## Description of Greek Practice, Year 2002

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### Central government

In the following we shall describe briefly the sources and methods used for the compilation of central government quarterly non-financial accounts. Where necessary and in order to avoid repetitions we shall group the transactions which are similar in treatment and/or methods.

The main source of central government accounts in quarterly as well in annual basis is the Budget Outturn (for years t-1,t-2 etc) and the Budget (for the year t,t+1) as compiled by the Ministry of Finance by the General Accounting Office. For legal entities the main source are the specific budgets outturns, mostly of the most important legal entities.

The Budget Outturn contains all the necessary data for revenues and expenditures allocated in specific code numbers by category for direct and indirect taxes as well as for the other categories of revenues as the various revenues from sales of goods and services or the revenues of investment grants.

The same codification applies for the expenditure side, where the Budget Outturn describes by specific code numbers all the expenditures current and capital (capital expenditures are described as a, mostly, total amount and therefore an additional source is needed (obtained from another division of the Ministry of Finance), in order to allocate the respective total amount by specific category of investment). For example wages are grouped in the category of 200-400 code numbers. The difference in the recording of revenues and expenditures attributes to the fact that revenues are recorded in the Budget Outturn as amounts evidenced as well as amounts cashed, while in the Budget Outturn expenditures are recorded in a cash basis only. This fact however does not create any problem as arrears in expenditures are rare and in any case are taken into account when compiling the annual and the quarterly non-financial accounts.

In the following we shall briefly describe the main transactions as appear in the quarterly non-financial accounts of central government. For the time being the sub sector of Legal Entities (which is part of the Central Government sub sector) follows the same compilation procedure as the sub sector of the Central Government.

Expenditure side of the Quarterly non-financial accounts for the Central Government.

### ***Transactions D1, P2 (wages and intermediate consumption), D74Pay,D75Pay.***

As stated in the beginning of this short note the primary source of data for the compilation of quarterly non-financial accounts for the sub sector of central government is the Budget Outturn for final data and the Budget for data that refer to the current year.

Data are however provided for annual data and therefore additional information is required in order to compile the quarterly non-financial accounts. In this context we have asked the General Accounting Office to provide us with a list of the main categories of expenditures in a quarterly cash basis (as stated, in the expenditure side, the cash basis is also a fiscal basis, at

least for all the current expenditure transactions). The list was obtained, but we think that further elaboration is needed since quarterly data are provided in a 14 month basis (12 months for the specific year and two “extensions”). The problem is that the two month extension –12 months plus two extensions- contain substantial amounts that must be allocated to the relative quarter. This further elaboration is currently under way and we hope to improve the quality of the non-financial quarterly accounts (expenditure side) by receiving the amounts that refer to the two extensions allocated into the related quarters.

The above mentioned problem is common for every kind of current expenditure transactions.

### ***Capital expenditures (P51, D9Pay).***

As stated above, we use as a basic source the annual Budget Outturn which contains information only as a gross total figure as far as investments is concerned , and some analysis for the capital transfers. This kind of information is not very useful for the non-financial accounts compilation and we must receive quarterly information from another source. We are currently in contact with the Ministry of Finance and the department related with the realization of the Investment Budget (part of the Budget Outturn) in order to obtain data on the realization of investments and capital transfers on a quarterly basis. This work is under progress and we expect results that will improve the quality of quarterly accounts.

The same procedure as described above, applies mostly in the compilation of quarterly non-financial data for the legal entities sub sector, which is also a sector of the central government.

### ***Transactions D2, D5, D91: indirect, direct and capital taxes.***

The compilation of taxes is based on the data received by the General Accounting Office which compiles quarterly revenues in both evidenced and cash amounts.

However the respective quarterly data are lagged in the sense that the quarterly figures follow the annual ones as far as the final data are concerned. For example in year 2002 in month November, we can obtain the final annual data for the year 2001, that is the Budget Outturn for the year 2001, and the final quarterly data for the year 2001. Quarterly data for the first and second quarter of the year 2002 are available as estimates only. This fact led us to distinguish the compilation of quarterly data into two categories: for all the quarters of the year 2001 the final quarterly figures are used in compiling the quarterly accounts for taxes for the year 2001. For the year 2002 (quarters 1st and 2nd ) we use indices based on the annual increase between the years 2001 and 2002 which are used in order to compile quarterly data for taxes for the 1st and 2nd quarter of the year 2002. When the respective final quarterly data for the 1st and 2nd quarter for the year 2002 become available, the estimates will be revised.

### ***Other current revenues transactions: D74, D75, P11 etc.***

The same procedure as the one described above is followed, as the quarterly data obtained from the General Accounting Office allow us to classify the respective amounts into the relevant categories.

However, in some cases, and in order to have the overall picture, only the sub categories of code numbers are used and not each specific code number. We must bear in mind that the code numbers are grouped into hundreds then tens and then unit code number (for instance code number 800: employees contributions is divided into sub codes 810,820 which are divided into 811, 812, etc) So in compiling quarterly accounts we use code numbers 810 and 820.

### ***Transactions for capital transfers receipts: D92Rev.***

The same procedure is used for this kind of capital transfers. However this kind of capital resources (which refer to code number 8300 : Transfers from the E.U) is not provided in detail by the respective quarterly data of the General Accounting Office and further elaboration is necessary in order to improve the quarterly figures.

## ***METHODOLOGY OF QUARTERLY ACCOUNTS FOR LOCAL GOVERNMENT***

### **GENERAL**

The quarterly accounts for the local government sub-sector (S13.2) of general government (S13) were compiled on a voluntary basis for the first time in June 2002 and were revised in September 2002 in the light of the guidelines issued by Eurostat. Since September 2002, the provision of quarterly accounts for sub-sectors of general government has been compulsory pursuant to Regulation 1221/2002. Specifically, within 90 days of the end of the reference quarter, the National Accounts Directorate must provide data for the reference quarter as well as corrected data for previous quarters. The data forwarded so far refer to quarters from 1999 up to the third quarter of 2003.

### **SOURCES**

The local government sub-sector comprises all municipalities and rural districts in accordance with the administrative breakdown provided for under Greek legislation. The total number of units is around 1 100. The sub-sector does not include public enterprises, which operate on a commercial basis or keep their own accounts. However, the accounts do include transactions between municipalities and public enterprises (subsidies, for instance).

Municipalities and rural districts come under the general government sector because their income comes chiefly from central government subsidies – which cover the bulk of their operating costs – and from taxes. They do not produce services or goods that are marketed competitively.

Most of the data used to compile the accounts were drawn from the following sources:

- a) The exhaustive census of local government bodies conducted by the NSSG on an annual basis. The last reference year was 1999. The data from this survey are used chiefly to compile annual accounts. The data taken from this survey are highly detailed, cover all non-financial transactions by municipalities and rural districts and follow the breakdown provided for under the current code of income and expenditure of local government bodies. The income and expenditure categories correspond to those of the ESA95.
- b) Data from the Government Financial Statement and Budget, most of which refer to current transfers and investment subsidies.
- c) Quarterly and annual data collected by Directorate D39 of the Government's General Accounts Office covering a large number of the units and transactions under scrutiny. These data cannot be considered exhaustive. They are collected by means of a questionnaire which is sent to the relevant directorate of the government GAO and which includes aggregated income and expenditure categories (income from taxes and duties not broken down by tax category, income from entrepreneurial activity, compensation of employees, interest payments, etc.). In other words, these data are

not as detailed as those from the annual survey but are nevertheless the only figures available on a quarterly basis that can safely be used (providing certain assumptions are made) to compile quarterly accounts by calculating representative indicators.

Data must be submitted by municipalities and rural districts whose budgets exceed GDR 200 000 000 million [stet] (€587 000) per year. Since the introduction of the new law on local government bodies (1999 financial year), which provides for the merger of local government bodies, the number of units has decreased from around 5 800 to around 1 100, meaning that over 70% are obliged to provide data. This figure is increasing year by year, since the threshold of €587 000 is not revised upwards.

### ***METHOD OF CALCULATING BASIC PARAMETERS***

For the compilation of the quarterly accounts from 1999 to 2002, a basic principle was applied – namely that the quarterly data for each year had to tally cumulatively with the corresponding annual figures, where these had already been calculated. To this end, use was made of each quarterly percentage for each income and expenditure category as shown in the GAO's D29 questionnaire, so that the annual amount already calculated could be shown on a quarterly basis. The basic problem that had to be overcome was that the income and expenditure shown in the relevant questionnaire did not tally fully with the breakdown of the categories provided for in the ESA95. This problem was overcome by making certain assumptions. The D39 questionnaire is currently being revised and should shortly meet national accounting requirements. In the immediate term, this will lead to improvements in the sources and thus more accurate calculation of parameters.

### **TAXES**

The D39 questionnaire contains an expenditure category entitled “taxes – duties” which, whilst corresponding fully with the code for the income and expenditure of municipalities, does not meet national accounting requirements, since this category also includes income that is not classified as taxes. Nor is this broken down into tax categories in accordance with the ESA 95 classification. This being the case, it was assumed that the category “taxes – duties” can be used equally for the category of taxes and for sales of services. To do this, income for each quarter was calculated as a portion of the total annual income for this category as shown by the sum of the quarterly figures. These percentages are then applied to all categories of tax, the assumption being that for each quarter the same percentage is levied for each category of tax. This operation covers the years 1999 to 2001.

Since there are no national accounts figures for the first three quarters of 2003, account was taken of the change in this category of income compared with the corresponding quarters of 2002. This percentage was then applied to the figure for the corresponding quarter in 2002.

### **INTERMEDIATE CONSUMPTION**

Questionnaire D39 contains a category of expenditure entitled “other expenditure”, comprising a set of expenditure which largely corresponds to the purchase of consumer goods but with no breakdown.

To calculate intermediate consumption on a quarterly basis, per-quarter expenditure was calculated for this category as a percentage of total annual expenditure as shown by the sum of the quarters concerned. These percentages were then applied to the total for expenditure on intermediate consumption as shown in the annual national accounts. This operation covers 1999 to 2002.

Since there are no national accounts figures for the first three quarters of 2003, account was taken of the change in this category of expenditure compared with the corresponding quarters in 2002. This percentage was applied to the figure for the corresponding quarter in 2002.

### **INVESTMENT EXPENDITURE**

Municipalities and rural districts make investment expenditure which is chiefly financed from PDE subsidies and from own resources such as taxes and duties levied by the municipalities etc. Most of this spending goes on road construction, electric lighting, plant purchases and the like.

Questionnaire D39 contains a category of expenditure entitled “investments” showing the amounts spent by municipalities each quarter without further breakdown (e.g. road construction, purchase of mechanical plant, etc.). To calculate this expenditure on a quarterly basis, the per-quarter figure for this category is calculated as a percentage of total annual expenditure for this category as shown by the sum of the quarters. These percentages are then applied to the total corresponding expenditure recorded in the annual national accounts. This covers 1999 to 2001.

Since there are no national accounts figures for the first three quarters of 2003, account was taken of the change in this category of expenditure compared with the corresponding quarters for 2002. This percentage was applied to the parameter for the corresponding quarter in 2002.

### **INVESTMENT SUBSIDIES**

Income for this category comes primarily from the public investment programme drawn up each year by central government, and is used for the funding of investment expenditure.

Questionnaire D39 contains a category of income entitled “subsidies from the public investment programme (PDE)” showing the sums received by the municipalities each quarter under the Government financial statement.

To calculate quarterly income from PDE subsidies, the per-quarter figure for this category is calculated as a percentage of total annual income from PDE subsidies as shown by the sum of quarterly totals. These percentages are then applied to the total corresponding income recorded in the annual national accounts. This covers 1999 to 2001.

Since there are no national accounts figures for the first three quarters of 2003, account was taken of the change in this category of expenditure compared with the corresponding quarters for 2002. This percentage was then applied to the corresponding amount for the quarter in 2002.

### **WAGES**

Questionnaire D39 includes a category of expenditure entitled “wages” which corresponds fully with the income and expenditure code of municipalities and meets national accounting requirements.

To calculate quarterly wages, the percentage of wages per quarter was computed as a portion of the total annual expenditure on wages shown by the sum of quarters. These percentages were then applied to the wages total shown in the annual national accounts. This operation covers the years 1999 to 2002.

Since there are no national accounts figures for the first three quarters of 2003, account was taken of the change in this category of expenditure compared with the corresponding quarters of 2001. This percentage was then applied to the figure for the corresponding quarter of 2002.

## INTEREST

The D39 questionnaire contains a category of expenditure for interest paid. To calculate this component on a quarterly basis, use was made of the same methodology as for wages.

## INCOME FROM CURRENT TRANSFERS

Income in this category comes essentially from State subsidies.

Questionnaire D39 contains a category entitled “subsidies from Government financial statement” showing the amounts received by the municipalities per quarter from the Government financial statement.

To calculate subsidies from the Government financial statement on a quarterly basis, the per-quarter amount of this category of income was calculated as a portion of total annual income from State subsidies as shown by the sum of the quarters in question. These percentages were then applied to the total corresponding expenditure as recorded in the annual national accounts. This operation covers 1999 to 2001.

Since there are no national accounts figures for the first three quarters of 2003, account was taken of the change in this category of expenditure compared with the corresponding quarters in 2002. This percentage was then applied to the figure for the corresponding quarter in 2002.

### ***Report on the methodology and sources used to compile the quarterly non-financial accounts of Social Security Institutions (sub-sector S.1314)***

Re: Regulation No 1221/2002 of the European Council of 10 June 2002 on quarterly non-financial accounts for general government.

## SOURCES

The source we use to compile the quarterly non-financial accounts of social insurance bodies and public hospitals (sub sector S.1314) is the set of quarterly economic data sent to us by the government’s General Accounts Office, specifically Directorate D39. For the year 2000, say, the Directorate supplied us with quarterly data on the income and expenditure of all public hospitals in Greece and 90 social insurance institutions. The quarterly non-financial data supplied to us are collected by directorate D39 on the basis of a questionnaire from the relevant bodies comprising 9 categories of income and 7 of expenditure.

## METHODS

Income in the quarterly non-financial accounts of social security institutions (S.1314)

Transactions P11, P12, D2, D611, D612, D7: marketable product, product for own final consumption, taxes, social contributions, current transfers.

The income figures supplied to us by D39 for non-financial quarterly data yield nine categories: employee and employer contributions separately, taxes, income from business activity, receipts on behalf of third parties, other income and subsidies broken down by source. This first step is to ensure that these categories correspond to ESA95 transactions. Specifically, employee and employer contributions with D611, taxes and duties with D2, income from business activity with P11, P12 and P131 and other income and EEC subsidies with D7. Once we have definitive annual data for all quarters in the year in question, we determine the corresponding amounts for each quarter and for each transaction we break down the total based on these quantities. When we want to create the accounts for a quarter - the first quarter of 2003, say - we take the corresponding amount from the first quarter of

2003 and compare it with the corresponding quarter from the previous year (2002) for each transaction. We thus derive indicators which we apply to transactions from the previous year (2002) and thus create the corresponding quarter for the current year, i.e. the first quarter of 2003.

#### Capital transfers, receivable: D9

For this transaction, we proceed as above for the data available to us, the only difference being that the capital transfers given to us by the General Accounts Office for the social security institutions are recorded the month/quarter they are received. This also explains the large quarter-on-quarter discrepancy in the amounts for each year.

#### Expenditure in the quarterly non-financial accounts of social security institutions, S.1314

Transactions D1, P2, D62, D7, P51, K2: compensation of employees, intermediate consumption, social benefits, other current transfers, gross fixed capital investments, acquisitions less disposals of intangible non-manufactured non-produced assets

The expenditure data given to us by D39 on non-financial data on a quarterly basis yield seven categories - wages, pensions, benefits, receipts on behalf of third parties, interest, other expenditure and investment.

First we ensure these categories tally with the corresponding ESA95 transactions. Specifically, wages with D1, pensions and benefits with D62, debit interest with D41, investments with P51 and K2 and other income with P2 and D7. We then proceed as we described for income in order to generate the corresponding quarterly accounts.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information**

A high percentage of the quarterly data is based on direct information obtained from the various accounting records provided by general government sector agents, with the exception of local authorities, whose data are compiled using statistical models supplemented by some estimates.

### **2. Compliance with ESA-95 rules**

The basic data are processed so that they are fully consistent with the concepts of ESA-95.

### **3. Consistency between annual and quarterly data**

Article 4(c) of Regulation (EC) N° 1221/2002 lays down the obligation for the quarterly data and the corresponding annual data to be consistent. In Spain, consistency is guaranteed by the fact that the annual data are available before those relating to the last quarter of the year, so that, when the fourth quarter is sent, the first estimate of the financial year to which it refers, which determines the amounts of the last quarter and entails the revision of the previous three quarters, is already available.

According to the Regulation on the application of the Protocol on the excessive deficit procedure, the Member States have to send the first provisional information for a year before 1 March of the following year. Even though, from a non-financial viewpoint, this information refers only to certain aggregates (borrowing requirement, gross fixed capital formation and interest), all the headings in the national accounts need to be compiled in accordance with a simplified system of accounts to permit subsequent compliance with Commission Regulation (EC) No 1500/2000.

In accordance with this practice, the first provisional data for one year would be available before those relating to the last quarter of the financial year in question, so in our case we request information on implementation on 31 March, 30 June and 30 September and the provisional end-of-year figures for the financial year, which will be the equivalent of the accumulated rate of implementation for the fourth quarter.

### **4. Revision policy**

Generally the data for the first three quarters of a specific year (year t) are revised on three occasions: the first before 1 March in t+1, when the first estimate is produced of the annual data for that financial year, the second before 1 September of t+1, on which date the estimate is revised, and the third when the definitive accounts are published in financial year t+2.

The fourth-quarter results are revised only twice (September of t+1 and t+2) because, as stated above, the fourth quarter is available after the date on which the first annual estimate for the reference financial year is compiled.

In addition to these revisions, of course, if, after the data for a quarter have been compiled, it is established that an operation took place which should be assigned to it, the data for that quarter will be amended in the next quarterly notification.

Sources and methods by categories

## 5. General remarks

The sources and methods used for the formation of the various categories of resources and uses governed by Regulations (EC) No 264/2000 and No 1221/2002 are basically the same for the various sub-sectors which make up the general government sector, with the exception of the local subsector which, in view of its special characteristics, requires a compilation procedure which is completely different from the rest, both in terms of sources and methods.

- CENTRAL GOVERNMENT SUBSECTOR

- The quarterly accounts of the State are compiled using direct information from various administrative records and accounting documents. These include sources such as the Accounting Information Database System (SIC' 2), the Treasury Accounts of the State with the *Banco de España* and the information from management centres like the Treasury Directory-General, Community Funds Administration Units, ICO or CESCE. The information available is highly developed and highly reliable.
- Most of the information for the quarterly accounts of central government bodies comes from accounting information collected in a questionnaire prepared by the IGAE to this end. That information is supplemented by estimates to varying degrees according to the heading considered, as can be seen in the enclosed tables.

- AUTONOMOUS COMMUNITIES SUBSECTOR

The quarterly accounts for this subsector are compiled from direct information collected in a standardised accounting information questionnaire approved within the Fiscal and Financial Policy Council, a joint body representing the Autonomous Communities and the State. This questionnaire contains the information necessary for meeting the methodological requirements laid down by the ESA-95, and is consistent with the deadlines laid down in Regulations (EC) No 264/2000 and No 1221/2002. Within this subsector it is also necessary to supplement the data thus obtained with estimates which essentially refer to the Universities, the relative weight of which varies according to the resources or uses heading, as can be observed in the enclosed tables.

- LOCAL AUTHORITIES SUBSECTOR

- No information with less than annual periodicity is available in the local authorities subsector. Obtaining this kind of information with an acceptable time lag raises numerous difficulties because more than 8 000 heterogeneous units exist within this subsector.

The quarterly accounts of the local authorities are compiled using statistical models the results of which are corrected and rounded off using certain estimates. At the time of compiling this Manual, however, work is under way on selecting a sufficiently representative sample of local authorities to provide direct quarterly information on the economic activity pursued at local level.

- The statistical models used are based on variables such as the rates of year-on-year change in the local authorities' resources and uses in recent financial years, the rates of change in each of the headings for other subsectors of general government with direct information on these, the original appropriations laid down in the general budgets of the local authorities and their rates of change on the preceding financial year and the change in the consumer price index forecast for the financial year.
- The results obtained in this way are supplemented and corrected using individual estimates for each heading which take account of factors such as the transfers of powers to local authorities or changes in regulations, inter alia.

- **THE SOCIAL SECURITY SUBSECTOR**

The direct information available on Social Security provides 100% coverage. These data are obtained from the closure of the budgets of the Social Security System, Mutual Schemes for Industrial Accidents and the National employment Institute and from accounting information questionnaires (see the Autonomous Communities subsector) for healthcare and social services expenditure by the Autonomous Communities.

## **ANALYSIS BY CATEGORIES**

The following tables offer two kinds of information:

1. The relative weight of the various subsectors of general government under each item of income or expenditure laid down in Regulations (EC) No 264/2000 and No 1221/2002;
2. The amount in absolute and percentage terms of the sources used for compiling these items.

The data refer to the financial year 2001.

## **6. Expenditures of general government**

### ***P2 Intermediate consumption***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	21.5
Autonomous Communities	20.4
Local authorities	34.8
Social Security	23.3

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	5514	4428	0	6433	16375	59.2
Forecasts	446	1215	1927	0	3588	13.0
Statistical model	0	0	7706	0	7706	27.8

***P5+K2 Gross capital formation and net acquisitions of non-financial non-produced assets***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	27.9
Autonomous Communities	34.1
Local authorities	32.2
Social Security	5.8

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	5748	6605	0	1275	13628	62.5
Forecasts	329	835	1402	0	2566	11.8
Statistical model	0	0	5606	0	5606	25.7

***P51 Gross fixed capital formation***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	27.5
Autonomous Communities	34.2
Local authorities	32.4
Social Security	5.9

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	5532	6457	0	1255	13244	62.1
Forecasts	320	843	1382	0	2545	12.0
Statistical model	0	0	5528	0	5528	25.9

***D1 Compensation of employees***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	27.0
Autonomous Communities	33.4
Local authorities	17.3
Social Security	22.3

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	18120	19364	0	15188	52672	77.4
Forecasts	238	3362	2357	0	5957	8.7
Statistical model	0	0	9429	0	9429	13.9

### ***D29 Other taxes on production, payable***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	21.9
Autonomous Communities	24.2
Local authorities	34.4
Social Security	19.5

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	23	28	0	25	76	59.4
Forecasts	5	3	9	0	17	13.1
Statistical model	0	0	35	0	35	27.5

### ***D3 (D31+D32) Subsidies***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	32.1
Autonomous Communities	25.8
Local authorities	17.3
Social Security	24.8

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	2258	1820	0	1747	5825	82.7
Forecasts	1	0	244	0	245	3.5
Statistical model	0	0	976	0	976	13.8

### ***D4 Property income, payable***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	83.5
Autonomous Communities	10.7
Local authorities	5.4
Social Security	0.4

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	17162	2138	0	88	19388	94.0
Forecasts	42	72	224	0	338	1.7
Statistical model	0	0	894	0	894	4.3

### ***D41E Interest***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	83.5
Autonomous Communities	10.7
Local authorities	5.4
Social Security	0.4

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	17161	2135	0	88	19386	94.1
Forecasts	42	75	222	0	336	1.6
Statistical model	0	0	890	0	890	4.3

### ***D62 Social benefits other than social transfers in kind***

(heading transmitted pursuant to Regulation(EC) N° 264/2000)

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	8.4
Autonomous Communities	0.6
Local authorities	0.4
Social Security	90.6

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	6698	454	0	72156	79308	99.6
Forecasts	1	11	62	0	74	0.1
Statistical model	0	0	248	0	248	0.3

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	2.7
Autonomous Communities	23.9
Local authorities	1.0
Social Security	72.4

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	455	4058	0	12301	16814	99.0
Forecasts	0	0	36	0	36	0.2
Statistical model	0	0	143	0	143	0.8

### ***D7 (D74+D71+D75) Other current transfers, payable***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	64.4
Autonomous Communities	15.1
Local authorities	18.2
Social Security	2.3

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	4792	1024	0	169	5985	79.6
Forecasts	56	115	274	0	445	5.9
Statistical model	0	0	1094	0	1094	14.5

### ***D9 (D92E+D99E) Capital transfers, payable***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	39.2
Autonomous Communities	51.8
Local authorities	8.0
Social Security	1.0

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	3626	4780	0	92	8498	91.6
Forecasts	15	24	147	0	186	2.0
Statistical model	0	0	590	0	590	6.4

## **7. Revenue of general government**

### ***P11+P12+P131 Market output, output for own final use and payments for other non-market output***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	25.5
Autonomous Communities	26.2
Local authorities	40.5
Social Security	7.8

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	1789	901	0	607	3297	42.4
Forecasts	194	1134	629	0	1957	25.2
Statistical model	0	0	2514	0	2514	32.4

## ***D2 Taxes on output and imports***

(heading transmitted pursuant to Regulation (EC) N° 264/2000)

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	68.0
Autonomous Communities	13.0
Local authorities	19.0
Social Security	0.0

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	50483	9663	4587	0	64733	87.2
Forecasts	0	0	1903	0	1903	2.6
Statistical model	0	0	7614	0	7614	10.2

## ***D211 Value-added-type taxes***

(heading transmitted pursuant to Regulation (EC) N° 264/2000)

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	88.3
Autonomous Communities	3.0
Local authorities	8.7
Social Security	0.0

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	32433	1121	3195	0	36749	100.0
Forecasts	0	0	0	0	0	0.0
Statistical model	0	0	0	0	0	0.0

## ***D4 Property income, receivable***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	81.5
Autonomous Communities	4.0
Local authorities	6.8
Social Security	7.7

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	6932	326	0	654	7912	92.5
Forecasts	43	19	116	0	178	2.1
Statistical model	0	0	464	0	464	5.4

### ***D5 Current taxes on income, wealth, etc.***

(heading transmitted pursuant to Regulation (EC) N° 264/2000)

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	82.9
Autonomous Communities	9.6
Local authorities	7.5
Social Security	0.0

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	56446	6564	3875	0	66885	98.2
Forecasts	0	0	244	0	244	0.4
Statistical model	0	0	977	0	977	1.4

### ***D611 Actual social contributions***

(heading transmitted pursuant to Regulation (EC) N° 264/2000)

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	0.9
Autonomous Communities	0.0
Local authorities	0.0
Social Security	99.1

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	721	2	0	82111	82834	100.0
Forecasts	0	0	0	0	0	0.0
Statistical model	0	0	0	0	0	0.0

### ***D61 Imputed social contributions***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	91.2
Autonomous Communities	3.0
Local authorities	3.9
Social Security	1.9

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	5056	157	0	104	5317	95.9
Forecasts	1	11	43	0	55	1.0
Statistical model	0	0	171	0	171	3.1

### ***D7 Other current transfers received, receivable***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	29.4
Autonomous Communities	23.5
Local authorities	22.1
Social Security	25.0

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	1452	1116	29	1282	3879	75.7
Forecasts	55	88	220	0	363	7.1
Statistical model	0	0	881	0	881	17.2

### ***D91 Capital taxes***

(heading transmitted pursuant to Regulation (EC) N° 264/2000)

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	0.6
Autonomous Communities	54.4
Local authorities	45.0
Social Security	0.0

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	14	1344	37	0	1395	56.4
Forecasts	0	0	215	0	215	8.7
Statistical model	0	0	862	0	862	34.9

### ***D92+D99 Investment grants, other capital transfers, receivable***

GENERAL GOVERNMENT SUBSECTOR	RELATIVE SHARE %
Central government	4.5
<i>Adjustment for uncertain collection</i>	50.4
<i>Rest</i>	36.9
Autonomous Communities	126.2
<i>Adjustment for uncertain collection</i>	12.0
<i>Rest</i>	45.6
Local authorities	50.0
<i>Adjustment for uncertain collection</i>	0.0
<i>Rest</i>	14.8
Social Security	-80.7
<i>Adjustment for uncertain collection</i>	37.6
<i>Rest</i>	2.7

SOURCES	CENTRAL GOVERNMENT	AUTONOMOUS COMMUNITIES	LOCAL AUTHORITIES	SOCIAL SECURITY	TOTAL	%
Direct information	1993	2385	513	153	5044	304.0
Forecasts	81	183	63	0	327	19.7
Statistical model						
<i>Adjustment for</i>	-1999	-474	254	-1493	-3712	-223.7
<i>uncertain collection</i>	-1999	-474	0	-1493	-3966	-239.0
<i>Rest</i>	0	0	254	0	254	15.3

## FRANCE

## Description of French Practice, Year 2000

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

We use direct indicators for tax revenue, contributions received, benefits paid and current expenditure (compensation of employees, intermediate consumption and interest). The amounts covered by direct sources are set out in the annex.

	% OF DIRECT INFORMATION
Taxes	95%
Of which: D2 Taxes on Production and imports	94%
Of which: D211: VAT	100%
Of which: D5: Current taxes on income and wealth	97%
Of which: D91: Capital Taxes	100%
D611: Actual Social Contributions	90%
D62: Social benefits, other than social transfers in kind	85%

### 2. Compliance with ESA 1995

The quarterly accounts are compiled in conformity with ESA 95.

### 3. Consistency between annual and quarterly accounts

The problem varies, depending on whether or not infra-annual indicators are available.

- Calibration: Where infra-annual indicators (direct or indirect) are available, they are calibrated across the annual accounts. The calibration equation is then used to compile the quarterly accounts, so as to correct any bias. When the fourth quarter is estimated, a calibration is carried out across the provisional annual accounts. The annual accounts are actually based on more exhaustive methods. The annual discrepancy between the two estimates is spread over the quarters in order to smooth out the trends which are adjusted for working days and seasonal variations (to avoid “step-like” progressions).
- Smoothing: If no infra-annual indicator (a forecast or statistical model) is available, the account is compiled in such a way as to respect the annual target, while having the smoothest possible quarterly developments. When the provisional annual account is compiled, the estimated annual target is replaced by the trend shown in the provisional account.

Consequently, in both cases, the quarterly accounts are calibrated across the semi-definitive and definitive annual accounts. They are therefore always calibrated across the gross annual accounts (but not for working days or seasonal variations).

It should be noted that the gross quarterly accounts data based on infra-annual indicators are not smoothed out: that is done by seasonal adjustment. As a result, certain tax revenues show major peaks and troughs.

#### **4. Revision policy**

The quarterly accounts are the subject of three publications, which become available 42 or 43, 50 and 90 days respectively after the end of the quarter. Each version of the accounts includes revisions for the entire period; these revisions become progressively less important with the passing of time. They are caused by the replacement of extrapolations by observed indicators, to gross indicator revisions and, sometimes, to revised methodology. Although quarterly data can be amended in this way in each publication, beginning with the start of the series, that is not the case for the gross annual data obtained from them. These are calibrated on the annual accounts, using the following procedure: In the end of March, the quarterly accounts incorporate data for the EDP procedure in the publication of the 4<sup>th</sup> quarter. Approximately on 20<sup>th</sup> May, the data for the new annual national accounts are incorporated with the publication of the first quarter. Thus, in May 2005, the gross quarterly accounts of general government were calibrated on the annual accounts for the years 1993-2002 (definitive), 2003 (semi-definitive) and 2004 (provisional).

#### **Sources and methods by category**

#### **5. General remarks**

The quarterly accounts are compiled using a fixed methodology. An attempt is made to link an indicator with each national account aggregate. If there is a suitable indicator, it is calibrated across the annual accounts aggregate (an econometric equation, estimated annually, of the type:

annual account = a\*indicator + b). This equation aims to adjust the indicator for any bias, especially inadequate coverage.

If no indicator is available, the Economic Budgets forecast provided for by the Finance Bill or the one in the Social Security Accounts Report (RCSS) is used as an annual target, since the latter is smoothed out each quarter.

If there is no forecast, and therefore no information, the account is based on a smoothed-out annual extrapolation produced from a statistical model which includes no information on the period under consideration.

#### **6. Expenditure of general government**

##### ***P2 Intermediate consumption***

##### **SOURCES**

We use the estimates made by the Directorate-General for Public Finance (DGCP). For the general budget, they are based on the auxiliary expenditure accounts, namely the 40 000 budget expenditure lines, to which the Directorate for Public Finance assigns a national

accounting code. The quarterly centralisation of establishments in the hospital sector managed by the DGCP was set up in 1997 and makes it possible to estimate expenditure by hospitals.

## METHODS

Calibration/benchmarking

### *P5+K2 Gross capital formation and acquisitions less disposals of non-financial non-produced assets*

## SOURCES

Infra-annual sources are only available for gross fixed capital formation (P51), which accounts for 96% of the aggregate. Our indicators are as follows:

- the producer price of household equipment.
- monthly housing starts and starts on various types of non-residential building (offices, commercial premises, schools, hospitals, etc) decided by the public administration.
- the Public Works Directorate's quarterly value barometer of major maintenance work, which distinguishes housing and non-residential building.
- the monthly construction index published by the Directorate for Economic and International Affairs (DAEI) of the Ministry of Public Works, which operates a price indicator for the building sector.
- the value of public works, communicated by the National Federation of Public Works.
- VAT indices for the following sectors of activity: computer equipment and architecture, engineering and inspection.

## METHODS

### GFCF (P51)

Where an infra-annual indicator exists, calibration/benchmarking is applied on a product-by-product basis. For household equipment, the value indicator is constructed as a product of the GFCF (in volume), which is smoothed out, and of the producer price for household equipment.

For GFCF in the form of new construction, applying period grids to operational start-ups gives "building equivalents" for each type of building. GFCF in the form of major maintenance work is evaluated using quarterly value barometers, distinguishing between housing and non-residential buildings. Both indicators are then weighted by their share in GFCF in general government construction in the base year. The indicator for GFCF in the form of construction is the sum of building equivalents for the non-residential sector (offices, colleges, hospitals, etc.) plus the indicator for major maintenance work on non-residential buildings. Calibration is initially applied to volume. The value indicator of GFCF is the GFCF in volume multiplied by the price indicator

- P52, K2.

Annual target smoothing is obtained using statistical models.

## ***D1 Compensation of employees***

### **SOURCES**

The source for D11 and D121 is the same as for P2.

For D122, the indicators are the pensions paid to former agents of the State and actual employees' contributions received by the State via Agence France Trésor.

### **METHODS**

- Calibration/benchmarking for D11 and D121.
- Imputed social contributions are equal to State civil pensions less receipts for civil pensions and the corresponding compensation paid.

$D122 = D623 - \text{receipts} - \text{compensation}$

D623 and receipts are obtained by calibration/benchmarking, and compensation by smoothing out an annual target obtained via a statistical model.

## ***D2 Taxes on production and imports, payable***

### **SOURCES**

General government income (cf. income).

### **METHODS**

Taxes on wages and labour (D291) paid by general government are obtained via two separate calibrations, which separate taxes from contributions (transport payment and the National Housing Aid Fund). Other taxes on production (D292) are calibrated across the tax on built-on land.

## ***D3 Subsidies***

### **SOURCES**

Economic budgets.

### **METHODS**

Smoothing.

## ***D4 Property income, payable***

### **SOURCES**

For D41, the source is the same as for P2. We use only interest paid by the State.

The remainder is estimated from the Economic Budgets.

### **METHODS**

Calibration/benchmarking for D41 paid by the State and smoothing for the remainder.

### ***D5 Current taxes on income, wealth, etc., payable***

#### **SOURCES**

Economic budgets.

#### **METHODS**

Smoothing.

### ***D62 Social benefits other than welfare transfers in kind***

#### **SOURCES**

The main funds (unemployment, health, family and old age) provide the paid quarterly amounts directly.

In the case of funds which do not provide infra-annual information, the targets are the RCSS forecasts.

Employers' direct benefits (D623) are measured using a direct indicator provided by the Treasury Accounting Agency, which enters the pensions paid to former agents of the State.

#### **METHODS**

Calibration/benchmarking at a highly disaggregated level and smoothing of targets.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products provided to households via market producers***

#### **SOURCES**

General government expenditure (D1, D29, D39, P2).

For expenditure on market health, the indicators are the statistics on reimbursements provided by the national health insurance funds.

Identifiable market expenditure on housing is calibrated using housing benefit provided by the National Family Benefits Fund.

#### **METHODS**

We calculate market D631 as the difference between general government consumption and P132. To obtain P132, we take P1 and deduct from it P11, P12 and P131, for which we have a direct (accruals-basis) indicator (cf. income).

Production (P1) is equal to the sum of intermediate consumption plus value added, which itself is equal to market and non-market value added. We estimate market value added from the value added of the branches “military materiel” and “electricity, gas and water”, calculated in the IOT. Non-market value added is equal to the sum of uses in the operating account (wage bill, social contributions, taxes on production less subsidies, consumption of fixed assets):

$$\text{Non-market B1} = \text{D11nm} + \text{D121nm} + \text{D122 nm} + \text{D291 nm} + \text{D292 nm} + \text{CFC nm}$$

The CFC is smoothed.

General government consumption is calculated on a product-by-product basis.

We possess direct indicators for expenditure on market health and property services. Identifiable consumption of non-market health and education is obtained by calibration across the quarterly general government production account in value. More precisely, the indicator used is the amount of intermediate consumption, the wage bill, contributions, taxes on production, and the counterpart of subsidies on production and costs. This amount corresponds for accounting purposes to general government output, from which the consumption of non-market fixed assets and the market gross operating surplus are deducted.

The remainder is obtained by smoothing out annual series extrapolated using statistical models.

### ***D7 Other current transfer, payable***

#### **SOURCES**

Economic budgets.

#### **METHODS**

Smoothing.

### ***D9 Capital taxes, investment grants, other capital transfers, payable***

#### **SOURCES**

Economic budgets.

#### **METHODS**

Smoothing.

## **7. Revenue of general government**

### ***P11+P12+P131 Market output, output for final use and payments for other non-market output***

#### **SOURCES**

Income indicators transmitted quarterly by the Directorate-General for Public Finance are taken from the monthly accounts of public revenue and the quarterly centralisation of establishments in the hospital sector managed by the DGCP.

#### **METHODS**

Calibration/benchmarking

### ***D2 Taxes on production and imports***

#### **SOURCES**

The fiscal income indicators are provided by three main bodies: the Directorates-General for Public Finance, Taxes and Customs. The rates have been provided by the DG for Public Finance since September 2003. The series began in 1997 (cf. P2). The transport payment and the National Housing Aid Fund are income data provided by the Central Agency of Social Security Organisations, while the data on guaranteed insurance wages are obtained from the Employment Insurance Fund.

## **METHODS**

The three VAT indicators are shifted by two months for Customs receipts and by one month for other receipts, so that recording is done on an accruals basis, not on a cash basis. The total is then calibrated. The distinction between VAT collected by the State and by the European Union is made using the corresponding apparent rates.

Taxes and duties on imports (D212) received by general government are smoothed. Taxes on products (D214) are estimated on a product-by-product basis. General government receives the amount of taxes on products less what is received by the rest of the world, which is smoothed.

We have direct indicators for the tax on petroleum products and registration duties. Taxes on products in the corresponding branches are calibrated across these indicators. For certain products, the tax on products in volume is measured from quarterly production (in volume) of the product in question and the smoothing of the annual apparent rate. Various price indicators then make it possible to compile the accounts in volume terms. The value indicator obtained in this way is calibrated and fixed to obtain the accounts of the taxes on products in value. The amount of taxes on other products is very small. The volume is then obtained by smoothing the annual series. The value is estimated by multiplying the volume by the smoothed annual price.

Taxes on wages and labour (D291) received by general government are obtained by two separate calibrations, which separate taxes from contributions (transport payment, guaranteed insurance wages and the National Housing Aid Fund). Other taxes on production (D292) are calibrated and fixed on all tax receipts provided by the DGCP or the Directorate-General for Taxes.

### ***D39 Other subsidies on production, receivable***

#### **SOURCES**

Economic budgets.

#### **METHODS**

Smoothing

### ***D4 Property income, receivable***

#### **SOURCES**

The Public Accounting Directorate provides since 1998 the compensation in respect of the State guarantee granted to savings banks as well as the Levies on the reserve and guarantee fund of the National Savings Fund and on the Popular Savings Reserve Fund for the non fiscal part of resources. These resources are part of D.42.

#### **METHODS**

Data regarding the levies on the reserves and guarantee funds are exhaustive and therefore not adjusted by the calibrating/benchmarking technique. The remaining part of the aggregate is smoothed.

## ***D5 Current taxes on income, wealth, etc.***

### **SOURCES**

The fiscal income indicators are provided by three main bodies: the Directorates-General for Public Finance and Taxes, and the Central Association of Social Security Organisations. The indicators relate to amounts actually collected.

### **METHODS**

Current taxes on income and assets are calibrated by paying institutional sector. General government income is the amount paid by all institutional sectors.

Taxes on income (D51) paid by the rest of the world are obtained by calibration across a composite indicator, being the sum of non-market profits and a fixed part of the tax on income from securities (IRVM).

Income taxes paid by all corporations are calibrated across an indicator composed mainly of the income from corporation tax and annual flat-rate taxation (equivalent to corporation tax for companies whose turnover is below a certain threshold), deduction at source on distributed profits, social contributions on profits and the exceptional payment by the oil companies for the years 2001 and 2002.

The amount of income taxes paid by households is obtained by calibration across a composite indicator. This indicator is the sum of:

- receipts from generalised social welfare contributions (CSG), the contribution to the welfare debt repayment levy (CRDS) and the social levy of 2% on various types of income (employment, replacement, inheritance and investment) collected via the Central Association of Social Security Organisations, the Directorate-General for Public Finance and the Directorate-General for Taxes,
- a fixed part of IRVM,
- net income tax revenue (gross income less income tax reductions). The information on income tax reductions is available on an annual basis.

Taxes paid by general government are obtained by smoothing an annual target (cf. expenditure).

*Other current taxes (D59)* are obtained by calibrating across an indicator aggregating several separate indicators. This involves mainly taxes (dwelling tax, part of the tax on unbuilt land), part of the tax on vehicle registration certificates, part of the vehicle tax and of the solidarity tax on high net worth.

## ***D611 Actual social contributions***

### **SOURCES**

The social security funds publish the value of employers' and employees' contributions which they have received.

These data are generally centralised by the Central Agency of Social Security Organisations and published monthly. The indicators used are based on the amounts actually paid into social security funds.

For agricultural workers, the Agricultural Mutual Fund provides the value of employers' and employees' contributions. Other special schemes applying to employees are obtained by smoothing out the corresponding annual series.

The Employment Insurance Fund provides an overall indicator of contributions to employment insurance schemes. Indicators of contributions to supplementary schemes are obtained by aggregating contributions to the two main funds which manage complementary pension schemes.

For non wage-earners not working in agriculture (mainly craftsmen and the professions), the indicators are the contributions received by one of the main funds under specific schemes for non wage-earners.

## **METHODS**

In order to obtain the data on an accruals basis, contributions received by funds are shifted by one month. Actual social security contributions are calibrated on a case-by-case basis where there is an infra-annual indicator. Otherwise, the targets set out in the RCSS are smoothed.

### ***D612 Imputed social contributions***

Cf. D122 (D612=D122)

### ***D7 Other current transfers, receivable***

#### **SOURCES**

Economic budgets.

#### **METHODS**

Smoothing.

### ***D91 Capital taxes***

#### **SOURCES**

An income indicator for free transfers serves to calibrate capital taxes paid by households. It is communicated by the Directorate-General for Public Finance.

#### **METHODS**

Calibration/benchmarking

### ***D92+D99 Investment grants, other capital transfers, receivable***

#### **SOURCES**

Economic budgets.

#### **METHODS**

Smoothing.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **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.

### **5. General remarks**

The present description is related with Reg. 264/2000 and is foreseen to be updated in the future. For Reg. 1221/2002 with regard to compliance with direct information the situation is the following: For Central Government approximately 80% of the data is based on direct quarterly information, while for Local Government most of the data is based on quarterly trend indicators. Local Government units receive the majority of their funding from Central Government and the trend indicators used are largely based on the levels of grants paid each quarter.

## 6.+7. Expenditure of general government and Revenue of general government

### SOURCES AND METHODS BY CATEGORY

#### *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.

#### *D5 Taxes on income, wealth, etc.*

##### SOURCES

Central Government (Weight of D5: 100 %)

Primarily from Revenue Commissioners

##### METHODS

Central Government

Quarterly data will be compiled from monthly cash returns.

#### *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.

#### *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.

## ***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.

## ITALY

## Description of Italian practice, Year 2002

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

The priority of ISTAT National Accounts Direction (the NAD) is to use direct information every time that it is possible to estimate the quarterly aggregates of the General Government non-financial accounts. Generally, quarterly data for all these aggregates are collected by the Ministry of Economy and Finance (MEF) on a cash basis for all the public bodies. Moreover this Ministry records some information on an accrual basis for some items of the expenditures (notables in the case of Interest and in the case of Social benefits other than social transfers in kind). The “Cassa Depositi e Prestiti”<sup>15</sup> supplies the NAD monthly information on its transactions on interests (payable and receivable) on an accrual basis.

The coverage of direct information is therefore very high (nearly 100%) but, unfortunately, in some cases the cash data do not have a significant quarterly pattern from an economic point of view. The results obtained using this kind of data can be misleading on the study of economic phenomena related to the General Government (GG) activities. To avoid mistakes in interpreting quarterly results, the NAD has decided to use either a mathematical method or some kind of indirect information for the estimate of the aggregates in which the problem arises. In spite of the use of indirect information or mathematical method, the percentage of direct information implemented in the quarterly estimates of non consolidated GG accounts is very high. Consistently with the Article 3 of Regulation 264/2000, the 90% criteria is met for taxes data (D2, D5, D91) and for Actual Social Contributions (D611) and social benefits (D62).

The Ministry of Health collects direct information on an accrual basis from quarterly flows accounts compiled by Local Public Health Units. Only a part of this information, is used in the estimation process implemented by the NAD because it is still at an initial stage and data collected need to be analyzed in order to check their reliability. The NAD expects to use the whole information supplied during the year 2004. When these new data are used during the elaboration process the coverage of direct information will be further increased.

### 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 of taxes in order to eliminate the time lag between accrual and assessment/cash time of recording). In this way indicators are obtained and used in the estimate.

The statistical approach used consists in estimating the items of the account by applying the quarterly indicators to annual benchmarks. In this way the NAD establishes the quarterly outcomes on the annual ones.

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<sup>15</sup> The “Cassa Depositi e Prestiti”-the CDDPP- is an extra-budgetary Central Government unit.

To apply the quarterly indicators to annual benchmarks, a regression model is estimated for each of the figures. This underlying model is subject to adjustment one time at year when some new annual constraints (National Accounts estimates) are disposable.

### 3. Consistency between annual and quarterly data

The Italian national quarterly accounts system includes elements of both approximations of annual compilation techniques and quarterly disaggregated 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 is elaborated in the same way as the annual ones and statistical methods are used only to achieve consistency with the annual figures in the sense that yearly data have to be equal to the sum (or the mean) of the four quarters. In the latter case statistical methods are used:

- 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.

To fill the gap between the annual (exhaustive) and the quarterly (partial) information, some adjunctive techniques are used such as 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)<sup>16</sup>. Before applying this method, an annual regression between the indicators and its subject is carried out 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 disaggregated procedure.

The mathematical method implemented when there is no information is Denton<sup>17</sup>. Such a method guarantees the consistency with annual data by construction.

### 4. Revision policy

#### Standard revisions

During the year  $t$  each quarter as well as the quarters of the two previous years ( $t-1$ ,  $t-2$ ) can be revised.

<sup>16</sup> CHOW, G. AND A. L. LIN (1971), "Best Linear Unbiased Interpolation, Distribution and Extrapolation of Time Series by Related Series", *The review of Economics and Statistics*, n. 53, pp. 372-375. BARBONE L., G. BODO AND I. VISCO (1981), "Costi e profitti nell'industria in senso stretto: un'analisi su serie trimestrali, 1970-80", *Bollettino della Banca d'Italia*.

<sup>17</sup> DENTON, F. T. (1971), "Adjustment of Monthly or Quarterly Series to Annual Totals: an Approach Based on Quadratic Minimization", *Journal of American Statistical Association*, n. 66, pp. 99-102.

When new annual data are estimated – normally the last three years can be revised (t-1,t-2,t-3)- also the quarters of the two previous years (t-4,t-5) can be subject to changes, so that the revisions can be extended back to year t-5.

#### Extraordinary revisions

When a special event occurs- e.g. new sources are available or new methods are implemented - the whole time series can be revised.

### **Sources and Methods by Category**

## **5. General remarks**

Quarterly data on General Governments are collected by the Ministry of Economy and Finance on a cash basis for all the public bodies. Some other direct information, as said above, is provided on an accrual basis by the MEF itself and by other public bodies. Generally all these pieces of information are available for different public bodies and easily imputable to the sub-sectors of General Government. There are quarterly data on the State<sup>18</sup> and the CDDPP for the Central Government (CG); on the Municipalities, the Provinces, the Regions and the Local Public Health Units for the Local Government (LG) and finally on the Social Security Funds (SSF). Other quarterly data supplied by the MEF for the other public bodies are available. However, this information is not shared between Central and Local Government and it is on a cash basis.

## **6. Expenditure of general government**

### ***P2 Intermediate consumption***

#### **SOURCES**

##### Central Government (Weight of: 26.2%)

For the State quarterly information on a quasi accrual basis (commitments) is supplied by the MEF to Istat.

##### Local Government (Weight of: 70.4%)

Quarterly information for P2 by main bodies<sup>19</sup> belonging to Local Government is collected by the MEF on a cash basis.

Information on an accrual basis for Local Public Health Units is collected by the Ministry of Health.

##### Social Security Funds (Weight of: 3.4%)

Quarterly information on the value of goods and services used as input by Social Security Funds is collected and published by the MEF on a cash basis.

#### **METHODS**

##### Central Government

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<sup>18</sup> Note that the State is only a public body belonging to Central Government.

<sup>19</sup> The public bodies here identified as “main bodies” are Municipalities and Provinces, Regions and Local Public Health Units.

The available accrual information is used as indicator in the procedure BBV. This procedure provides a quarterly estimate of P2 for the State.

#### Local Government

The quarterly information on a cash basis for main local bodies<sup>20</sup>, except for Local Health Units, is used as indicator in the procedure BBV to obtain the quarterly estimate of intermediate consumptions payable by these bodies. For Local Health Units the data on an accrual basis are used to obtain the final estimation.

#### Social Security Funds

The quarterly information for SSF is used as indicator in the procedure BBV to obtain the quarterly estimate of intermediate consumptions payable by these bodies.

#### General Government

P2 for GG on a quarterly basis is the result of the procedure BBV. In this procedure the indicator is given by the previous estimates.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

##### *K2 Acquisitions less disposals of non-financial non-produced assets<sup>21</sup>*

A systematic source available on a quarterly basis is inexistent, but it is possible to collect information on the amount of transactions and the moment in which the transactions occur by the sale contract.

##### *P5 Gross fixed capital formation<sup>22</sup>*

Sources on the side of expenditures are exhaustive. The available information is on a cash basis; however, in this case, cash data are very similar to accrual ones because public administrations often make their payments according to the progress in constructions' works made during the year.

Information on sales of fixed capital is available when the amounts are significant. This kind of information gives the possibility to establish the moment in which transactions (e.g. public auctions) occur and the related amounts.

#### Central Government

Quarterly information for P5 for the State is collected by the MEF on a cash basis.

#### Local Government

Quarterly information for P5 for main bodies<sup>23</sup> belonging to Local Government is gathered by the MEF on a cash basis.

#### Social Security Funds

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<sup>20</sup> See previous footnote.

<sup>21</sup> Percentages for sub sectors are not meaningful in this case because K2 can be negative or positive according to transactions occurred in the year and for sub-sectors.

<sup>22</sup> Percentages for sub sectors are not meaningful in this case because P51 can be negative or positive according to transactions occurred in the year and for sub-sectors.

<sup>23</sup> See footnote 5.

For P5 the available sources on a quarterly basis are separable into sales and purchases. This information is on a cash basis and it is published by the MEF.

To fill the gap left by the previous sources, other quarterly MEF data for the other public bodies are available. This information is not shared between Central and Local Government and it is on a cash basis.

## **METHODS**

### *K2 Acquisitions less disposals of non-financial non-produced assets*

If information is not available, the quarterly estimate of K2 is made through the mathematical method. Otherwise, the amount of each transaction is imputed at the moment in which the transaction occurs (it has been the case, for instance, of UMTS licences accrued in December of year 2000).

### *P5 Gross fixed capital formation*

When the necessary information is available, the amounts of the public auctions (and similar transactions) are directly attributed to the quarter in which they accrued.

#### Central Government

The cash information (net of the known amounts of public auctions and similar) is used as indicator in the procedure BBV to obtain a quarterly estimate of P5 for the State.

#### Local Government

The quarterly data (net the known amounts of public auctions and similar) for main local bodies is used as indicator in the method BBV to obtain P5 on an infra-annual basis for these bodies.

#### Social Security Funds

Sales and purchases are estimated individually on a quarterly basis by using the available information and the procedure BBV. The amounts of public auctions (and similar transactions) are elaborated separately.

#### General Government

The quarterly data for the other public bodies are used in the procedure BBV to obtain the infra-annual estimate of gross fixed capital formation for all bodies involved.

## ***D1 Compensation of employees***

### **SOURCES**

#### Central Government (Weight of D1: 56.1%)

Monthly data on compensation of employees collected by the MEF are available for the State on an accrual basis. This information covers the main part of the total amounts payable by the State to its employees.

#### Local Government (Weight of D1: 41.7%)

For main local bodies (Municipalities and Provinces, Regions, Local Public Health Units and Universities) quarterly data on a cash basis are available in the MEF publication.

#### Social Security Funds (Weight of D1: 2.2%)

The MEF gathers quarterly information on compensation of employees on a cash basis for SSF.

## **METHODS**

### Central Government

The monthly data for the State are available in a breakdown that allows to estimate wages and salaries for the main categories of employees. In order to extend these figures to the whole population, per capita data are calculated, on a quarterly basis: the result is multiplied by the quarterly employment of the State and this amount is used as indicator in the procedure BBV to obtain the quarterly estimate of compensation of employees payable by the State.

### Local Government

The infra-annual information for main local bodies is used as indicator in the procedure BBV to obtain the quarterly estimate of compensation of employee's payable by these bodies. The original information is deeply analyzed in order to verify if there are no accounting problems (e.g. payments for arrears) and it is eventually time-adjusted.

### Social Security Funds

The quarterly available information on SSF has not been used so far. For the time being the quarterly estimate is obtained by the mathematical procedure without using direct information. Original data has to be better analyzed in order to eliminate any no immediately explainable irregularities.

### General Government

The results of the previous estimates are added to produce an infra-annual indicator for total General Government. This indicator is introduced in the procedure BBV to obtain the quarterly estimate of D1.

## ***D29 Other taxes on production, payable***

## **SOURCES**

### Central Government (Weight of: 53.8%)

Quarterly data for D29 paid by CG are collected by the MEF but such information do not show an infra-annual pattern significant from an economic point of view.

### Local Government (Weight of: 44.6%)

Available sources on a quarterly basis are not economically significant.

### Social Security Funds (Weight of: 1.6%)

Sources on a quarterly basis are not available.

## **METHODS**

### General Government

The quarterly estimate of D29 payable by GG is obtained using the amounts of compensation of employees, payable by GG as indicator in a statistical procedure. In fact the main tax payable by the General Government (99% of the total) is the 'IRAP', the tax basis of which is the amount of wages and salaries of public employees.

## ***D3 Subsidies***

### **SOURCES**

#### Central Government (Weight of: 41.7%)

Sources on a quarterly basis on subsidies paid by GG (not shared between CG and LC) are available but their profile, in an infra-annual-basis, is not economically significant. The NAD employs only a small amount of the available direct information in the procedure to estimate D3 because the use of this information can be misleading if some analysis on a quarterly basis has to be carried out.

#### Local Government (Weight of: 58.3%)

See the sources for CG.

### **METHODS**

#### General Government

When the direct information is significant from an economic point of view (for example in the case of subsidies paid by local government to the railways) it is used as an indicator in the procedure BBV. For the residual amounts the analysis is carried out by industries. In particular for agriculture industry and for those directly linked to it, the subsidies are distributed on the basis of the quarterly production of each subsidized product. Subsidies linked to the other industries are distributed by using, for each industry, value added indicators. The subsidies are so related to the economic activity on which they are due following the solution recommended in the Handbook on quarterly national accounts (3.134) when indicators significant from an economic point of view are not available.

## ***D4 Property income, payable***

### **SOURCES**

#### *D41 Interest*

#### Central Government (Weight of D41p: 96.2%)

Monthly data on interest payable by both the State and the CDDPP are available on an accrual basis. In both cases the sources are the same as the ones used for the calculation of annual data. These data consist of interest on postal savings collected by the CDDPP itself for the CDDPP and data on internal and foreign debt prepared by the Ministry of Economy and Finance (MEF) for the State on the basis of a methodology agreed upon with Istat aimed at strictly applying the ESA95 rules.

On a cash basis the following data are available: interest on State bonds paid to Social Security Funds and interest paid by the State on loans contracted to finance other Ministries. This information is collected and published by the MEF.

#### Local Government (Weight of D41p: 2.9%)

Cash data on interest payable by Local Authorities (Municipalities and Provinces and Regions) are available both for the total expenditure and for the part payable to the CDDPP on a quarterly basis. These data are collected and published by the Ministry of Economy and Finance.

#### Social Security Funds (Weight of 0.9%)

Cash data on interest paid by Social Security Funds collected by the MEF are accessible on a quarterly basis. It is possible to distinguish this amount in the part paid to the State, the part paid to other public bodies and the part paid to sectors other than General Government.

#### *D45 Rent*

Information for D45 payable is not available on a quarterly basis.

### **METHODS**

#### *D41 Interest*

##### Central Government

Interest payable by the State to sectors other than General Government is divided by type as shown in the following table in which their composition in percentage is given.

Each type of interest is estimated on a quarterly basis following the procedure below:

- 1) Monthly interest on internal debt is added to obtain quarterly data (their sum on an annual basis gives the yearly amounts);
- 2) Monthly interest on foreign debt is added to obtain quarterly data (their sum on an annual basis gives the yearly amounts);
- 3) There is no quarterly information for interest on Treasury bonds payable to the CDDPP: then the mathematical method Denton is used to obtain a quarterly estimate; in this case the amount is very low and, finally, is consolidated at Central Government level.

***Table 1 Interest payable by the State to sectors other than GG- year 2002***

	<b>Interest payable by the State</b>	<b>% on total</b>
1	Interest on internal debt	89.7
2	Interest on foreign debt	8.0
3	Interest on Treasury bonds payable to the CDDPP	-0.3
4	Interest on Treasury bonds payable to Social Security Funds	-0.7
5	Interest payable on loans contracted to finance other Ministries	3.3
6	Total interest payable	100.0

- 4) using the available direct information the method BBV is implemented to obtain a quarterly estimate of interest on Treasury bonds payable to Social Security Funds;
- 5) cash information is used in a temporal disaggregated method BBV to obtain an infra-annual estimate of interest payable on loans (the source is very similar to the one used for the annual calculation: the method is used only to obtain consistency with annual data).

Finally the quarterly total amount of consolidated interest<sup>24</sup> payable by the State is obtained by adding the results of points 1-5.

Interest payable by the CDDPP to sectors other than General Government is estimated on a quarterly basis following the pattern of table 2 shown below.

<sup>24</sup> That is net of interest paid to the CDDPP and Social Security Funds.

**Table 2: Interest payable by the CDDPP to sectors other than GG- year 2002**

Interest payable by the CDDPP to sectors other than GG	% of total
1 Interest on postal savings	97.7
2 Other interest	2.3
3 Total	100

- 1) Information on a monthly basis is provided by the CDDPP for interest on postal savings. The source of this information is the same as the data used in the annual estimate. To obtain a quarterly estimate, monthly data are added to obtain quarterly data and the statistical method BBV is used only to reach total consistency with annual data.
- 2) The “other interest” is estimated by using the available direct information in the method BBV.

The sum of the values from point 1 and 2 provides the quarterly estimate of interest payable by the CDDPP to sectors other than GG.

#### Local Government

The method to calculate interest payable by Local Authorities (Municipalities, Provinces, and Regions) is based on the elimination of the part payable to GG bodies from the amounts of interest payable by local bodies. This quarterly information (cash basis) is used as an indicator in the statistical procedure BBV.

The mathematical method is used to estimate quarterly data on interest for Local Public Health Units.

#### Social Security Funds

To obtain D41 payable by SSF on a quarterly basis, the available information on interest due by Social Security Funds to sectors other than GG is used as an indicator in the statistical procedure BBV.

#### *D45 rent*

The lack of specific information requires the use of the mathematical method to estimate D45 payable on a quarterly basis. The relative importance of rents is negligible, so the size of the eventual estimation error is very low.

### ***D5 Current taxes on income, wealth, etc., payable***

#### **SOURCES**

##### Local Government (Weight of: 46.9%)

Sources on a quarterly basis for current taxes on income and wealth paid by GG are not available. However this aggregate is not so significant, in fact D5p represents only 0.2% of total expenditure on a yearly basis.

##### Social Security Funds (Weight of: 53.1%)

See Local Government.

## METHODS

### General Government

The infra-annual estimate of D5p is obtained using the quarterly results on property income receivable (D4r) as indicator in the procedure BBV. The total amount of these taxes is principally generated by interest on deposits and securities held by GG units. This amount, however, is not relevant.

### ***D62 Social benefits other than social transfers in kind***

## SOURCES

### General Government

Information on D62 on an accrual basis is available for the whole General Government. This kind of information is produced by the Ministry of Economy and Finance on a monthly basis. The 90% of data supplied by experts of the Ministry is based on direct information, the residual part is estimated by Ministry itself using statistical methods.

### **Backwards data (1991Q1-2001Q4)**

#### Central Government (Weight of D62: 1.7%)

In the Central Government the amounts concerned are of two types: 1) imputed Social Contributions; 2) other Social Benefits. The former consists 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 Economy and Finance 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 Economy and Finance 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).

#### 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 Economy and Finance in the RTC.

#### Local Authorities (Weight of D62: 0.9%)

From the Ministry of Economy and Finance, quarterly cash data are available for benefits paid by Municipalities, Provinces, Regions as 'Transfers to Households'. The Local Government data include also social benefits in kind (information to disjoin them are not available).

#### Social Security Funds (Weight of 97.4%)

Social Security Funds benefits include both Social insurance and Social assistance benefits. From the Ministry of Economy and Finance, quarterly cash data are available for benefits paid by Social Security Funds as ‘Transfers to Households’. In addition, data on payments, due to decisions of law, of amounts accrued in the past but occurred in the quarter are provided by the by Ministry of Economy and Finance.

## **METHODS**

### General Government

No statistical methods are implemented in the estimation of NAD.

### **Backwards data (1991Q1-2001Q4)**

#### 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 when the costs associated with these pensions were recorded in State budget<sup>25</sup>. 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.

#### 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

After subtracting the amounts accrued in the past from the data on a cash basis, quarterly data on Social benefits other than social transfers in kind are calculated by using the Chow-Lin procedure.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

## **SOURCES**

### Central Government (Weight of: 0.5%)

Sources on a quarterly basis are not available.

### Local Government (Weight of: 99.1%)

The quarterly information for D631part is collected by the Ministry of Health on an accrual basis. This data cover about 100% of the amount payable by Local Government for D631part.

<sup>25</sup> 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.

On a cash basis the information on D631part for Local Government is included in the voice “purchases of goods and services” of Local Public Health Units published by the MEF each quarter.

#### Social Security Funds (Weight of: 0.4%)

Sources on a quarterly basis are not available.

### **METHODS**

#### Local Government

The available information on an accrual basis is used to estimate the aggregate in the procedure BBV.

#### General Government

The result of the previous estimate is used as an indicator in the procedure BBV to obtain the quarterly estimate of D631part for GG.

### ***D7 Other current transfer, payable***

#### **SOURCES**

##### *D71 net non-life insurance premium*

Sources on a quarterly basis are not available.

##### *D74 Current international cooperation*

Direct information on D74 is collected by the MEF on a cash basis (100% of the total amount).

##### *D75 miscellaneous current transfers*

#### Central Government (Weight of: 64.0%)

Quarterly information for miscellaneous current transfers payable by the State is collected by the MEF on a cash basis. These data are distinguished in transfers to Households and to Non-Profit Institutions Serving Households, transfers to Corporations and transfers to the Rest of World. Except for data concerning D75 payable to the Rest of the World (GNP based fourth own resources), this information has not always a quarterly economic significant pattern.

#### Local Government (Weight of: 32.8%)

Quarterly information for D75 payable by main bodies<sup>26</sup> belonging to Local Government is collected by the MEF on a cash basis. The breakdown of the available sources is the same of the CG.

#### Social Security Funds (Weight of: 3.2%)

The available quarterly information on transfers to Corporations is not meaningful from an economical point of view.

To fill the gap left by the previous sources, a quarterly MEF information for remaining public bodies is available. This information is not shared between Central and Local Government and it is on a cash basis.

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<sup>26</sup> See note 5.

## METHODS

### *D71 net non-life insurance premium*

The lack of information requires the use of a mathematical method to estimate D71 payable on a quarterly basis. The amount of net non-life insurance premium is negligible in a relative sense.

### *D74 Current international cooperation*

No estimation method is used because the source is the same of annual data<sup>27</sup>.

### *D75 miscellaneous current transfers*

#### Central Government

Concerning miscellaneous current transfers payable by the State to the Rest of the World no estimation method is used, while the remaining part of D75 quarterly estimate for the State is elaborated applying the mathematical method.

#### Local Government

In both cases of Municipalities and Provinces and of Regions, the available information is used as indicator in the statistical procedure (BBV) to obtain a quarterly estimate.

The mathematical method is used to estimate D75 for local public health units.

#### Social Security Funds

The quarterly estimates for SSF are achieved implementing the mathematical procedure.

#### General Government

The infra-annual data for the remaining public bodies are used in the procedure BBV to obtain the quarterly estimate of D75.

### ***D8 Adjustment for the change in the net equity of households in pension funds reserves***

In Italy, this item is not estimated for the compulsory pension funds managed by General Government.

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

## SOURCES

#### Central Government (Weight of: 55.3%)

Quarterly information for capital transfers payable by the State is collected by the MEF on a cash basis. These data are distinguished in current transfers to: Households, Corporations. This information can be shared between D92 and D99.

Cash data are also available for the CDDPP, but this information has not a quarterly economic significant pattern.

Infra-annual information on investment grants to the Rest of World payable by the Central Government is supplied by the MEF.

#### Local Government (Weight of: 44.7%)

<sup>27</sup> The sum of the quarterly information on an annual basis gives the yearly amounts estimated by the NAD.

Quarterly information for D9 payable by Regions and Municipalities and Provinces is collected by the MEF on a cash basis. The breakdown of the available source is: capital transfers to corporation and capital transfers to households.

To fill the gap left by the previous sources, quarterly MEF information for remaining public bodies is available. This information is not shared between Central and Local Government and it is on a cash basis.

## **METHODS**

### Central Government

D92 and D99 can be estimated separately using the existing information in the statistical method to obtain consistency with annual data for the State.

Capital transfers payable by the CDDPP (a very negligible amount) are estimated on a quarterly basis using the mathematical method.

No estimation method is used to obtain quarterly D92 to the Rest of the World.

### Local Government

In both the cases of Regions and Municipalities and Provinces the quarterly estimate is obtained using the available information as indicator in the procedure BBV.

### General Government

The quarterly data for the remaining public bodies are used in the procedure BBV to obtain a quarterly estimate of D9.

## **7. Revenue of general government**

### ***P11 + P12 + P131 Market output, output for own final use and payments for the other non- market output***

#### **SOURCES**

##### Central Government (Weight of: 15.5%)

Quarterly cash information on P11 and P131 are available, while for P12 there are no infra-annual sources. However the data for P11 and P131 are not economically significant on a quarterly basis.

##### Local Government (Weight of: 79.6%)

Information on P11 and P131 are collected by the MEF on a cash basis for Regions, Municipalities and Provinces and Local Public Health Units.

##### Social Security Funds (Weight of: 4.9%)

Sources on a quarterly basis for P11 and P131 are available. Unfortunately these sources are not significant from an economic point of view on an infra-annual basis.

To fill the gap left by the previous sources, quarterly MEF information for remaining public bodies is available. This information is not shared between Central and Local Government and it is on a cash basis.

## METHODS

### Central Government

Revenues for State Lotteries are used as indicator in the method BBV to obtain the quarterly series of the aggregate P11+P131+P12 because incomes from State Lotteries represent the main part of this aggregate for the State.

### Local Government

The infra-annual estimate of P11+P12+P131 is obtained using the available quarterly cash data as an indicator in the procedure BBV for Municipalities and Local Public Health Units. The quarterly estimate for Regions is reached through the mathematical method because the existing information has not a quarterly pattern significant from an economic point of view.

### Social Security Funds

The mathematical method is implemented to obtain the quarterly estimate of P11+P131 because the results reached using the available direct information are highly misleading for studying the infra-annual economic pattern of P11 and P131.

### General Government

The quarterly data for the remaining public bodies are used in the procedure BBV to obtain a quarterly estimate of P11+P12+P131 for all the GG Sector.

## ***D2 Taxes on production and imports***

### SOURCES

#### Central Government (Weight of D2: 68.5%)

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

#### Local Government (Weight of D2: 31.5%)

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 disaggregated 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. Confirming 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 placing them in the model; in

particular two relevant 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 outlying correction program<sup>28</sup>. In a few words an outlying 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 that a time-shifting of assessments data to the underlying economic period should be realised where such assessed amounts accrued.

Once adjusted, quarterly accrual data are obtained for the significant tax revenue categories by applying the quarterly disaggregated method used in Italy; finally an indicator for the total D2 is constructed by adding the quarterly figures obtained. This indicator establishes the quarterly pattern of D2 (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 table describe the major cases, which apply within Central Government:

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)	Assessment monthly	Time Shift
Methane gas	Coefficient multiplied by 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 added to tax on deeds at the vehicle licensing authority	Assessment-monthly	Time Shift

<sup>28</sup> The outliers correction program used is X11ARIMS of the Bureau of the Census.

## Central Government D2 taxes (excluding VAT type taxes)

**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.

### *VAT receipts (quarterly)*

In the data base implemented by Ministry of Economy and Finance VAT receipts are recorded on a monthly basis, 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;
  - another small various payments associated with VAT receipts. They are very specific items of negligible amount.
1. The Italian National Accounts Department records each payment in the appropriate quarter;
  2. the VAT due for each month of the year, but paid in different months, is attributed to the appropriate month;
  3. the VAT due for each quarter of the year, but paid in a different quarter is attributed to the appropriate quarter;
  4. prepayments are attributed to the fourth quarters because they are payments in advance for the economic activity carried out in the last quarter;
  5. various small payments are attributed to the quarters in which they are paid;
  6. 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. 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 National Accounts 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)<sup>29</sup>***

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 <sup>30</sup>
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.

#### ***D39 Other subsidies on production, receivable***

In Italy, General Government does not collect D39.

#### ***D4 Property income, receivable***

##### **SOURCES**

All the available quarterly information is collected by the MEF and it is on a cash basis. Some additional accrual information is available for the CDDPP. But the behaviour of this information in a quarterly economic sense has not been tested yet.

##### Central Government (Weight of: 59.5%)

Quarterly data are available for consolidated interest and other incomes from capital accrued by the State and by the CDDPP. Information on a large part of dividends paid by the State is also available.

##### Local Government (Weight of: 34.2%)

Infra-annual information on incomes from capital accrued by Regions, Municipalities and Provinces and Local Public Health Units are collected by the MEF.

<sup>29</sup> Only a few illustrative examples are shown.

<sup>30</sup> See footnote 3.

Nevertheless only quarterly data for Municipalities and Provinces can be used to estimate D4 receivable for the erratic pattern of the information on the Regions and the Local public health units.

#### Social Security Funds (Weight of: 6.3%)

Quarterly cash data on consolidated interest and other incomes from capital are available for SSF but some analysis on results achieved with this information shown a quarterly pattern not significant from an economic point of view.

### **METHODS**

#### Central Government

The infra-annual pattern of D4 for the State is calculated as a difference between incomes from capital and dividends paid by the State. The result of this operation is used as indicator in the procedure BBV.

The estimate of D4 received by the CDDPP is made using the mathematical method because the no-economic sense of the quarterly basic data.

#### Local Government

Quarterly data on Municipalities and Provinces are employed as an indicator of the infra-annual pattern of D4 in the procedure BBV. Instead the mathematical method is used for the Regions and the Local Public Health Units because the available information is not meaningful from an economic point of view. This procedure is followed because the amount of D4 for these latter public bodies is very negligible.

#### Social Security Funds

The Denton's method is used also to estimate D4 for SSF on a quarterly basis because the cash information produces inconsistent results.

#### General Government

The quarterly data for the remaining public bodies are used in the procedure BBV to obtain a quarterly estimate of D4 for all the GG sector.

### ***D5 Currant taxes on income, wealth, etc.***

### **SOURCES**

#### Central Government (Weight of D5: 86.6%)

Monthly data on taxes collected by the State are available. These consist of a Summarised Treasury Account on a cash basis (STA) and the tax report figures on an assessment basis (TRF). This data are both produced by the Ministry of Economy and Finance.

Current taxes on income and wealth paid to Central Government fall within the following categories<sup>31</sup> (which are those shown as National Accounts entries) - (see the following table):

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<sup>31</sup> Only a few illustrative examples are shown.

ANNUAL TAX HEADING	QUARTERLY INDICATOR	SOURCE
Personal Income tax	Personal Income tax	Assessment-monthly TRF
Corporations tax	Corporations tax	Assessment-monthly TRF
Withholding tax on income from deposits	Interest and revenue from capital + income from other capital different from dividends	Assessment-monthly TRF
Withholding tax on company dividends	Tax on companies and bonds	Assessment-monthly TRF
Capital gains tax on shares	Capital gains tax on shares	Assessment-monthly TRF

Both the kinds of information, TRF and STA, are normally available with a time lag of 70/80 days.

Local Authorities: (Weight of D5: 13.4%)

Up to now, information for mainly local taxes is obtainable from the TRF bulletin, so assessment data are available for them.

## METHODS

### Central Government

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

- Phase 1: The total item is broken down according to the type of tax, and the taxes selected were those that contributed the highest amount to the total item (their sum accounts for over 95% of it).
- Phase 2: Indicators are available for selected taxes from MEF information.
- Phase 3: The indicators are processed to make them conform to the concept of accrual.
- Phase 4: The optimal indirect Chow-Lin method (1971) is used to obtain the quarterly data.

### Local Government

Exactly the same procedure is used for central taxes.

## ***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 the Ministry of Economy and Finance. 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 in accordance 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 have 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 disaggregates 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 bodies<sup>32</sup>.
- Phase 3: The optimal indirect BBV 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.

### ***D612 Imputed social contribution***

#### **SOURCES**

##### Central Government (Weight of: 58.0 %)

Quarterly data on pensions provided by the State to own employees are collected by the MEF. This kind of information is on a cash basis.

##### Local Government (Weight of: 26.8%)

Sources on a quarterly basis are not available.

##### Social Security Funds (Weight of: 15.2%)

Sources on a quarterly basis are not available.

#### **METHODS**

##### Central Government

Imputed social contributions paid by the State represent about the 97% of D612 value for CG. Then the same data on pension provided by the State are used by the NAD like indicator in the BBV procedure to estimate D612 for CG.

##### General Government

The results obtained for the Central Government are used as indicator in the procedure BBV to achieve the quarterly estimate of total D612 paid by GG.

### ***D7 Other current transfers, receivable***

#### **SOURCES**

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<sup>32</sup> 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 civil servants.

### *D72 Non-life insurance claims*

Sources on a quarterly basis are not available.

### *D74 Current international cooperation*

Direct information on D74 is collected by the MEF on a cash basis (100% of the total amount) for total GG.

### *D75 Miscellaneous current transfers*

#### Central Government (Weight of: 62.0%)

Quarterly information for miscellaneous current transfers receivable by the State is collected by the MEF on a cash basis. These data are distinguished in transfers from Households and from Non-Profit Institutions Serving Households, transfers from Corporations and transfers from the Rest of World.

#### Local Government (Weight of: 32.7%)

Quarterly information for D75 receivable by main bodies<sup>33</sup> belonging to Local Government is collected by the MEF on a cash basis. The breakdown of the available sources is the same of the CG.

#### Social Security Funds (Weight of: 5.3%)

The quarterly information collected by the MEF on transfers from Corporations and Households is not meaningful from an economic point of view, however, the amount of D75r for SSF is negligible in a relative sense.

To fill the gap left by the previous sources, quarterly MEF information for remaining public bodies is available. This information is not shared between Central and Local Government and it is on a cash basis.

## **METHODS**

### *D72 Non-life insurance claims*

The lack of information requires the use of a mathematical method to estimate D72 on a quarterly basis however the amount of non-life insurance claims is negligible in a relative sense.

### *D74 Current international cooperation*

No estimation method is used because the sum of the quarterly data is equal to the annual estimate.

### *D75 Miscellaneous current transfers*

#### Central Government

The available quarterly information is used as indicator in the method BBV to estimate the infra-annual pattern of D75 for the State.

#### Local Government

In the case of Regions the available information is used as indicator in a statistical procedure (BBV) to obtain a quarterly estimate.

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<sup>33</sup> See note 5.

The mathematical method is used to estimate D75 for both Local Public Health Units and Municipalities and Provinces.

### Social Security Funds

The Denton method is also used to estimate D75 for Social Security fund.

### General Government

The infra-annual data for the remaining public bodies are used in the procedure BBV to obtain the quarterly estimate of D75r.

## ***D91 Capital taxes***

### **SOURCES**

#### Central Government (Weight of D91: 97.7%)

For this type of taxes, there are two direct sources of data, both published monthly by the Ministry of Economy and Finance: one is on an assessment basis and the other one is on a 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:

- tax relieves and settlements – direct taxes (extraordinary payment of taxes);
- tax relieves – indirect taxes (extraordinary payment of taxes);
- withholding tax on the severance paid;
- special tax for Europe (Eurotax);
- inheritance and gift duty;
- estate duty;
- extraordinary property tax on the value of building;
- extraordinary tax on the value of deposits, current accounts and deposits certificate;
- extraordinary tax to which owners of certain luxury goods are liable;
- tax shield.

#### Local Government (Weight of 2.3%)

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

### **METHODS**

#### Central Government

Quarterly data for the item ‘Capital Taxes’ are produced by using the following method:

- Phase 1: The total is broken down according to the type of tax. Indicators are produced for the taxes selected from MEF information. 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 BBV method is used to estimate the quarterly data.

#### Local Government

Exactly the same procedure as is used for central taxes.

## ***D92+D99 Investment grants, other capital transfers, receivable***

### **SOURCES**

#### *D92 Investment grants*

Quarterly information for investments grant received by GG is collected by the MEF on a cash basis. These data are not shared between Local and Central Government.

#### *D99 other capital transfers*

##### Central Government (Weight of: 34.8%)

Quarterly information for other capital transfers receivable by the State is collected by the MEF on a cash basis. These data are distinguished in transfers from Households, in transfers from Corporations and in transfers from the Rest of World.

Cash data are also available for the CDDPP, but this information has not a quarterly significant pattern in an economic sense.

##### Local Government (Weight of: 65.2%)

Quarterly information for D99 receivable by Regions and Municipalities and Provinces is collected by the MEF on a cash basis. The breakdown of the available source is: capital transfers from Corporation and capital transfers from Households.

To fill the gap left by the previous sources, quarterly MEF information for remaining public bodies is available. This information is not shared between Central and Local Government and it is on a cash basis.

### **METHODS**

#### *D92 Investment grants*

No estimation method is used because the sum of the quarterly data is equal to the annual estimate.

#### *D99 other capital transfers*

##### General Government

The quarterly data for GG is obtained using the mathematical method because all the available information has not an infra-annual pattern meaningful from an economic point of view.

### **Future Developments**

For the time being tests on quarterly flows accounts data of Local Public Health Units are carrying out to check their quality and their exhaustiveness. At the end of this process more accrual information will be available to make the estimates of the GG non consolidated accounts fully consistent with ESA95 rules.

## CYPRUS

## Description of country practice, Year 2002

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

The 90% criteria set out in Article 3 of the Commission Regulation (EC) 264/2000 is fully respected for taxes data (D2, D5, D91) and also for actual social contributions (D611) and Social Benefits (D62).

All requirements are met for the transactions covered by European Parliament and Council Regulation (EC) 1221/2002.

### 2. Compliance with ESA 95 rules

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

### 3. Consistency between annual and quarterly data

#### Central

The sources for quarterly data for the central government sub sector have the same degree of information as the annual data. The same volume of information is available for all types of revenues and expenditures of central government [800 revenue codes and 9000 expenditure codes]. All the transactions are codified according to ESA 95 definitions.

In order to achieve compliance with the accrual principle we monitor as well the deposits and advances accounts held in the Central Bank of Cyprus where we obtain additional information for the transactions of central government that have not been allocated in the specified quarter due to the fact that the National Treasury's "cut off day" is the last day of each of the accounting periods.

Accrual principle is also used on a quarterly basis for the recording of imports of military equipment. All cash-based expenditure of the so called "defence fund" provided from budgetary information, is ignored and instead we use the delivery approach method of recording the imports of military equipment from the trade statistics. Accrual principle has also been applied for the recording of the UMTS licenses in the third quarter of 2004. According to the accrual methodology the time of recording these licenses should be when the transfer of property rights between the parties involved occurs.

To conclude we can say that for central government sub sector the annual data is simply the sum of the quarterly figures.

#### Local Government

Due to the lack of quarterly data for the Local government sub sector, the quarterly data for this sub sector are based on the "best estimates" approach. Along with final yearly data t-1, all local authorities provide the budgeted figures for the current year t. Those data are then

processed according to the ESA 95 definitions and divided into four quarters. This is the first step taken into the establishment of quarterly accounts for the local authorities sub sector.

From the annual observations, however, we know that the sub sector of local government is heavily financed by the state budget through capital and current transfers.

Taking into account the current and capital transfers obtained by the state budget and directed into this particular sub sector and under the assumption that the annual interdependence and the detailed characteristics between these two sub sectors also exist between quarters, we readjust the quarterly figures obtained from their budgeted accounts for the year t.

#### Social Security Fund

The methods used to compile data on a quarterly basis are consistent with the methods used to compile annual figures.

### **4. Revision policy**

Since this is the first year that quarterly data is prepared, a formal revision policy has not been established yet. It is expected however, that all quarters of the year will be revised as soon as annual data is available so that annual and quarterly data are consistent.

For the data that is based on direct information [central government and social security] there will be no need for the accounts to be revised as consistency is guaranteed between annual and quarterly data.

All the details of the general government accounts, revenues and expenditures, can be found in the Cyprus Statistical Service website between 60 to 90 days after the end of each quarter.

### **5. General remarks**

#### **SOURCES AND METHODS BY CATEGORIES**

The sources and methods used for the formation of various categories used in the quarterly accounts are based on the Regulations (EC) No 264/2000 and No 1221/2002.

#### Central Government subsector

For the central government sector, data is available on a monthly basis in an electronic form, from the National Treasury. Then the data is analyzed and the appropriate ESA 95 code is allocated to each transaction.

For additional information see point 3, “Consistency between annual and quarterly data”.

#### Local Government subsector

Local Government consists of 33 municipalities and 298 community boards.

#### **SOURCES AND METHODS**

For additional information see point 3, consistency between annual and quarterly data

#### Social Security Fund subsector

Social Security Funds consists of 7 different funds; the general contributions fund, the supplementary fund, the unemployment benefit fund, the redundancy fund, the holiday fund, the social security fund and finally the insolvency fund.

## SOURCES

For each accounting period the National Treasury prepares the expenditure and revenue accounts for the Social Security Funds sector as a whole (not separately for each fund comprising the sector) broken down into 3-4 main categories of expenditure and revenue, indicating however the surplus of the sector. These accounts are provided to the statistical service 15 days after the closing of each accounting period (monthly) in an electronic form.

### 6. Expenditure of general government

The following table shows the relative weights of central, local and social security sub-sectors for the year 2003. The table was compiled under the Regulation (EC) No 264/2000 and No 1221/2002.

Cyprus 2003	Central Government (S1311)	State Government (S1312)	Local Government (S1313)	Social security funds (S1314)	General Government (S13)
Intermediate consumption (P2)	92.7%	-	7%	0.3%	100%
Gross capital formation + acquisitions less disposals of non-financial assets (P5 + K2)	85%	-	14.8%	0.2%	100%
Of which: Gross fixed capital formation (P51)	85%	-	14.8%	0.2%	100%
Compensation of employees (D1)	94.8%	-	4.7%	0.5%	100%
Other taxes on production (D29)	88.2%	-	11.8%	-	100%
Subsidies, payable (D3)	100%	-	-	-	100%
Property income (D4)	97.6%	-	2.3%	0.1%	100%
Of which: Interest (D41)	97.6%	-	2.3%	0.1%	100%
Current taxes on income, wealth, etc (D5)	-	-	-	-	-
Social benefits other than social transfers in kind (D62)	49%	-	-	51%	100%
Social transfers in kind related to expenditure on products supplied to households via market producers (D633 + D63121 + D63131)	100 %	-	-	-	100 %
Other current transfers (D7)	99.5 %	-	0.5 %	-	100 %
Adjustment for the	-	-	-	-	-

<b>change in net equity of households in pension funds reserves (D8)</b>					
<b>Capital taxes + investments grants + other capital transfers, payable (D91 + D92 + D99)</b>	100 %	-	-	-	100 %

### *P2 Intermediate consumption*

<b>SUB-SECTOR OF GENERAL GOVERNMENT</b>	<b>WEIGHT OF P2 (%)</b>
Central Government (S.1311)	92,7%
Local Government (S.1313)	7%
Social Security Funds (S.1314)	0,3%

### **SOURCES**

#### Central Government (weight of P2:92,7%)

For central government information is received on a monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of the month.

The data used is on a cash basis and transformed into accruals.

#### Local Government (weight of P2:7%)

Data is derived from their budgeted amounts for the year t+1 adjusted as indicated in paragraph 3 “Consistency with annual data”.

#### Social security (weight of P2:0.3%)

Information is collected from the National Treasury on a monthly basis.

### **METHODS**

#### Central Government

At the end of each quarter, the monthly reports that are received from the National Treasury are combined into a quarter. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report. Accrual adjustment is implemented for the purchases of military equipment and other types of expenditure as indicated by the advances accounts. See point 3, “Consistency between annual and quarterly data”.

#### Local Government

Estimation is made based on the annual budgeted accounts of the year t.

See point 3, “Consistency between annual and quarterly data”.

#### Social security funds

The quarterly accounts are prepared using the monthly figures. These are however concentrated into 3-4 categories. For quarterly purposes, based on annual weights we break down these categories into the level of detail required by the quarterly transmission. The sources and methodology used for the quarterly accounts are the same that are used for the annual accounts in order to ensure that the system of quarterly accounts is based on the best practice in annual accounts.

***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

<b>SUB-SECTOR OF GENERAL GOVERNMENT</b>	<b>WEIGHT OF P5+K2 (%)</b>
Central Government (S.1311)	85%
Local Government (S.1313)	14,8%
Social Security Funds (S.1314)	0,2%

**SOURCES AND METHODS**

Central Government (weight of P51: 85%)

This category is compiled using the same sources and methods as Intermediate consumption.

Local Government (weight of P5+K2: 14,8 %)

Same sources and methods as P.2

Social security funds (weight of P5+K2 0.2%)

Information is collected from the National Treasury of the Ministry of Finance on a monthly basis. See general remarks.

The same method as with P2 is applied.

***D1 Compensation of employees***

<b>SUB-SECTOR OF GENERAL GOVERNMENT</b>	<b>WEIGHT OF D1 (%)</b>
Central Government (S.1311)	94,8%
Local Government (S.1313)	4,7%
Social Security Funds (S.1314)	0,5%

## SOURCES

### Central Government (weight of D1:94.8%)

Two sub series are distinguished within the compensation of employees.

The wages and salaries D11 and Employer's Social Contribution D12. .

For central government information is received on a monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of each accounting period [monthly].

### Local Government (weight of D1:4.7%)

The same method is used as in the case of P2.

### Social security funds (weight of D1: 0.5%)

Information is collected from the National Treasury on a monthly basis. See general remarks.

## METHODS

### Central Government

At the end of each quarter, the monthly reports that are received from the National Treasury are combined into a quarter. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report.

### Local Government

Estimated according to the budgeted amounts of the year t.

### Social security funds

The same method as with P2 is applied.

### ***D29 Other taxes on production, payable***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D29 (%)
Central Government (S.1311)	88,2%
Local Government (S.1313)	11,8%
Social Security Funds (S.1314)	-

## SOURCES AND METHODS

### Central Government (weight of D29: 88.2%)

For central government information is received on a monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of the month.

### Local Government (weight of D29: 11.8 %)

The same method is used as in the case of P2. See point 3, "Consistency between annual and quarterly data".

Social security funds

Not applicable.

***D3 Subsidies***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D3 (%)
Central Government (S.1311)	100%
Local Government (S.1313)	-
Social Security Funds (S.1314)	-

**SOURCES AND METHODS**

Central Government (weight of D3: 100%)

For central government information is received on a monthly basis from National Treasury in an electronic form. Usually the data is received two weeks after the end of the month.

At the end of each quarter, the monthly reports that are received from the National Treasury are combined into a quarter. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report.

Local Government

Not applicable.

Social security funds

Not applicable.

***D4 Property income, payable***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D4 (%)
Central Government (S.1311)	97,6%
Local Government (S.1313)	2,3%
Social Security Funds (S.1314)	0,1%

**SOURCES**

Central Government (weight of D4:97.6 %)

For central government information is received on a monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of the month

Local Government (weight of D4:2.3 %)

Data is collected in annual basis (previous year) from municipalities & community boards.

Social security funds (weight of D4: 0.1%)

Information is collected from the National Treasury of the Ministry of Finance on a monthly basis. See general remarks.

**METHODS**

Central Government

At the end of each quarter, the monthly reports that are received from the National Treasury are combined into a quarter. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report. The data used is the actual one and needs no revision

The interests are consolidated in terms of total General Government.

Local Government

Estimation is made based on the budgetary accounts for the year t. See point 3, “Consistency between annual and quarterly data”.

Social security funds

This category concerns only the interest (D41).

The same method as with P2 is applied.

***D5 Current taxes on income, wealth, etc., payable***

**SOURCES AND METHODS**

Central Government

Not applicable.

Local Government

Not applicable.

Social security funds

Not applicable.

***D62 Social benefits other than social transfers in kind***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D62 (%)
Central Government (S.1311)	49%
Local Government (S.1313)	-
Social Security Funds (S.1314)	51%

**SOURCES AND METHODS**

Central Government (weight of D62: 49%)

For central government information is received on a monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of the month

At the end of each quarter, the monthly reports that are received from the National Treasury are combined into a quarter. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report.

Local Government

Not applicable.

Social security funds (weight of D62: 51%)

Information is collected from the National Treasury of the Ministry of Finance on a monthly basis. See general remarks.

The same method as with P2 is applied.

***D633+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D633+D63121+D63131 (%)
Central Government (S.1311)	100%
Local Government (S.1313)	-
Social Security Funds (S.1314)	-

**SOURCES AND METHODS**

Central Government (weight of D633+D63121+D63131: 100%)

For central government information is received on a monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of the month

At the end of each quarter, the monthly reports that are received from the National Treasury are combined into a quarter. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report.

Local Government

Not applicable

Social security funds

Not applicable

### ***D7 Other current transfers, payable***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D7 (%)
Central Government (S.1311)	99,5%
Local Government (S.1313)	0,5%
Social Security Funds (S.1314)	-

#### **SOURCES AND METHODS**

##### Central Government (weight of D7:99,5% )

For central government information is received on a monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of the month

At the end of each quarter, the monthly reports that are received from the National Treasury are combined into a quarter. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report.

In terms of total General Government, current transfers are consolidated.

##### Local Government (weight of D7:0,5%)

Estimated, based on the historical annual figures

##### Social security funds

This is not applicable.

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D91+D92+D99 (%)
Central Government (S.1311)	100%
Local Government (S.1313)	-
Social Security Funds (S.1314)	-

#### **SOURCES AND METHODS**

##### Central Government (weight of D9:100%)

For central government information is received on a monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of the month.

At the end of each quarter, the monthly reports that are received from the National Treasury are combined into a quarter. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report.

Consolidation.

The D9 total is reduced on both revenue and expenditure side. Due to consolidation adjustment this value is equal to both sides.

Local Government

Not applicable.

Social security funds

Not applicable.

## 7. Revenue of general government

Cyprus (2003)	Central government (S1311)	State Government (S1312)	Local Government (S1313)	Social security funds (S1314)	General Government (S13)
<b>Market output + output for own final use + payments for the other non-market output (P11 + P12 + P13)</b>	93,4 %	-	6,2 %	0,4 %	100 %
<b>Taxes on Production and imports (D2)</b>	98,2 %	-	1,8 %	-	100 %
of which: VAT (D211)	100 %	-	0 %	0 %	100 %
<b>Other subsidies on production, receivable (D39)</b>	-	-	-	-	-
<b>Property income (D4)</b>	61,3 %	-	1 %	37,7%	100 %
<b>Taxes on income and wealth (D5)</b>	98,5 %	-	1,5 %	-	100 %
<b>Actual Social Contributions (D611)</b>	0%	-	-	100 %	100 %
<b>Imputed social contributions (D612)</b>	-	-	-	-	-
<b>Other current transfers (D7)</b>	84,1 %	-	11,4 %	4,5 %	100 %
<b>Capital Taxes (D91)</b>	100 %	-	-	-	100 %
<b>Investments grants + other capital transfers, receivable (D92 + D99)</b>	24,8 %	-	62,1 %	13,1 %	100 %

***P11+ P12+ P131 Market output, output for own final use and payments for other non-market output***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF P11+P12+P13 (%)
Central Government (S.1311)	93,4%
Local Government (S.1313)	6,2%
Social Security Funds (S.1314)	0,4%

**SOURCES AND METHODS**

Central Government (weight of P11+P12+P131:93.4%)

This category is compiled using the same sources and methods as Intermediate Consumption.

Local Government (weight of P11+P12+P131:6,2%)

Since no data is collected on a quarterly basis, the projection of the amount for the whole year is distributed, in a smoothed way, over the quarters of the year.

Social security funds (weight of P11+P12+P131: 0,4%)

Information is collected from the National Treasury of the Ministry of Finance on a monthly basis. See general remarks.

The quarterly accounts are prepared using the monthly figures. These are however concentrated into 3-4 categories. For quarterly purposes, based on annual weights we break down these categories into the level of detail required by the quarterly transmission. The sources and methodology used for the quarterly accounts are the same that are used for the annual accounts in order to ensure that the system of quarterly accounts is based on the best practice in annual accounts.

***D2 Taxes on production and imports***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D2 (%)
Central Government (S.1311)	98,2%
Local Government (S.1313)	1,8%
Social Security Funds (S.1314)	-

**SOURCES AND METHODS**

Central Government (weight of D2:98,2%)

Taxes on production and imports consists of VAT and excise duties on alcohol, tobacco, fuel, motor vehicle, import duties, betting and gambling tax, car registration tax, land tax and local taxes on sales and advertising.

Monthly data for VAT and other taxes are available from the Ministry of Finance. Then the information is analyzed and the correct ESA 95 code is allocated to each item in the report.

Local Government (weight of D2:1,8 %)

Estimation is based in the historical figures which are then divided in to quarters using the approach described in paragraph 3.

Social security funds

Not applicable.

***D211 Value added type taxes***

Not applicable.

***D39 Other subsidies on production, receivable***

Not applicable in Cyprus.

***D4 Property income, receivable***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D4 (%)
Central Government (S.1311)	61,3%
Local Government (S.1313)	1%
Social Security Funds (S.1314)	37,7%

## SOURCES AND METHODS

Central Government (weight of D4)61,3%:

For central government information is received on monthly basis from the National Treasury in an electronic form. Usually the data is received two weeks after the end of each accounting period (monthly).

Property income receivable by Central Government consists of interest D41, distributed income of corporations D42 and rent D45.

The data is analyzed, transformed and allocated to the correct ESA 95 heading.

Interests are consolidated in terms of total General Government.

Local Government (weight of D4 )1% :

There is no data available on a quarterly basis. The information is taken from the budgeted amount of the year t and then is divided into quarters.

Social security funds (weight of D4: 37,7%)

Information is collected from the National Treasury of the Ministry of Finance on a monthly basis. See general remarks.

### ***D5 Current taxes on income, wealth, etc.***

<b>SUB-SECTOR OF GENERAL GOVERNMENT</b>	<b>WEIGHT OF D5 (%)</b>
Central Government (S.1311)	98,5%
Local Government (S.1313)	1,5%
Social Security Funds (S.1314)	-

#### **SOURCES**

Central Government (weight of D5:98.5%)

The same source as for Intermediate consumption P2.

Local Government (weight of D5:1.5 %)

Estimated using the approach described in paragraph 3.

Social security funds

Not applicable in Cyprus.

#### **METHODS**

Central Government

This category consists of two elements taxes on income D51 and other current taxes.

The data is analyzed, transformed and allocated to the correct ESA 95 heading. See also paragraph 3, central government.

Local Government

See paragraph 3, local authorities.

### ***D611 Actual social contributions***

<b>SUB-SECTOR OF GENERAL GOVERNMENT</b>	<b>WEIGHT OF D611 (%)</b>
Central Government (S.1311)	-
Local Government (S.1313)	-
Social Security Funds (S.1314)	100%

#### **SOURCES**

Central Government

Not applicable.

Local Government

Not applicable.

Social security funds (weight of D611:100%)

Information is collected from the National Treasury on a monthly basis. See general remarks.

#### METHODS

Central Government

Not applicable.

Social security funds

We follow the same procedure as with P11+P12+P131

#### ***D612 Imputed social contributions***

Not applicable.

#### ***D7 Other current transfers, receivable***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D7 (%)
Central Government (S.1311)	84,1%
Local Government (S.1313)	11,4%
Social Security Funds (S.1314)	4,5%

#### **SOURCES**

Central Government (weight of D7:84.1%)

The data is taken from the National Treasury on a monthly basis.

Local Government (weight of D7:11.4 %)

Information is available from the government budget.

Social security funds (weight of D7: 4.5%)

Information is collected from the National Treasury on a monthly basis. See general remarks.

#### **METHODS**

Central Government

Other current transfers receivable D7 for Central Government consists of: current transfers within General Government D73, current international cooperation transfers D74, miscellaneous D75.

The data is analyzed, transformed and allocated to the correct ESA 95 heading.

Current transfers within General Government are consolidated in terms of General Government Sector.

Local Government

Data is collected every quarter from the state budget on a monthly basis.

Social security funds

We follow the same procedure as with P11+P12+P131

### ***D91 Capital taxes***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D91 (%)
Central Government (S.1311)	100%
Local Government (S.1313)	-
Social Security Funds (S.1314)	-

#### **SOURCES**

Central Government (weight of D91: 100%)

The data is taken from the National Treasury on a monthly basis.

Local Government

Not applicable.

**SOCIAL SECURITY FUNDS**

Not applicable.

#### **METHODS**

Central Government

The data is analyzed, transformed and allocated to the correct ESA 95 heading.

Capital transfers within General Government are consolidated in terms of total General Government

### ***D92+D99 Investment grants, other capital transfers, receivable***

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D92+D99 (%)
Central Government (S.1311)	24,8%
Local Government (S.1313)	62,1%
Social Security Funds (S.1314)	13,1%

#### **SOURCES**

Central Government (weight of D92+D99: 24.8%)

The data is taken from the National Treasury on a monthly basis.

Local Government (weight of D.92+D99: 62.1 %)

Same as current transfers receivable (D.7)

**SOCIAL SECURITY FUNDS** (weight of D92+D99: 13.1%)

Information is collected from the National Treasury on a monthly basis. See general remarks.

## **METHODS**

### Central Government

Capital transfers consists of two parts D91 Capital Taxes and D92+D99 Capital Transfers and Investment Grants.

The data is analyzed, transformed and allocated to the correct ESA 95 heading.

Capital transfers within General Government are consolidated in terms of General Government Sector.

### Local Government

Same as current transfers (D.7) (also see General Remarks)

### Social security funds

We follow the same procedure as with P11+P12+P131

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information**

Our priority is using direct obtained information for quarterly non-financial accounts when it is possible.

### **2. Compliance with ESA 95 rules**

On the whole, although we try to comply with ESA requirements we are aware that further improvements are necessary.

### **3. Consistency between annual and quarterly data**

The sources of quarterly data are integrated with the sources of annual data. The data on a quarterly basis are more aggregated than the annual data. Statistical surveys are also used for annual calculations.

The methods used to compile data on a quarterly basis are consistent with the methods used to compile annual data.

### **4. Revision policy**

Quarterly data are revised after the calculation of annual data.

### **5. General remarks**

### **6. Expenditure of general government**

#### ***P2 Intermediate Consumption***

#### **SOURCES**

Central Government (Weight of P2: 66.10 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of P2: 32.61 %)

The same sources as for Central Government are used.

Social Security Fund (Weight of P2: 1.29 %)

The same sources as for Central Government and Local Government are used.

## **METHODS**

Data are based on direct information.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

Central Government (Weight of P2+K2: 35.96 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of P2+K2: 64.04 %)

The same sources as for Central Government are used.

#### **METHODS**

Data are based on direct information.

### ***D1 Compensation of employees***

#### **SOURCES**

Central Government (Weight of D1: 56.40 %)

Direct cash data are obtained from the Treasury monthly report in addition to accrual data from statistical survey.

Local Government (Weight of D1: 42.66 %)

The same sources as for Central Government are used.

Social Security Fund (Weight of D1: 0.94 %)

The same sources as for Central Government and Local Government are used.

#### **METHODS**

The main data source is the information from statistical surveys; this information is compared with the Treasury data.

### ***D29 Other taxes on production, payable***

#### **SOURCES**

Central Government (Weight of D29: 100.00 %)

Direct cash data are obtained from the Treasury monthly report.

#### **METHODS**

Data are based on direct information.

### ***D3 Subsidies***

#### **SOURCES**

Central Government (Weight of D3: 99.24 %)

Direct cash data are obtained from the Treasury monthly report.

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Local Government (Weight of D3: 0.76 %)

The same sources as for Central Government are used.

**METHODS**

Data are based on direct information.

***D4 Property income, payable***

**SOURCES**

Central Government (Weight of D4: 75.86 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of D4: 15.63 %)

The same sources as for Central Government are used.

Social Security Fund (Weight of D4: 8.51 %)

The same sources as for Central Government and Local Government are used.

**METHODS**

Data are based on direct information.

***D5 Current taxes on income, wealth, etc., payable***

**SOURCES**

Central Government (Weight of D5: 100.00 %)

Direct cash data are obtained from the Treasury monthly report.

**METHODS**

Data are based on direct information.

***D62 Social benefits other than social transfers in kind***

**SOURCES**

Central Government (Weight of D62: 13.75 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of D62: 1.14 %)

The same sources as for Central Government are used.

Social Security Fund (Weight of D62: 85.11 %)

Direct cash data are obtained from the Treasury monthly report in addition to accrual data from statistical survey.

**METHODS**

The main data source is the information from statistical surveys; this information is compared with the Treasury data.

***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

**SOURCES**

Local Government (Weight of D6311+D63121+D63131: 3.52 %)

Quarterly data are obtained from statistical survey using estimation.

Social Security Fund (Weight of D6311+D63121+D63131: 67.48 %)

Sources on a quarterly basis are not available, annual data source is Centre of Technical Aids.

**METHODS**

For part of this sector quarterly data are available and for part of it only annual data and forecasts are available.

***D7 Other current transfers, payable***

**SOURCES**

Central Government (Weight of D7: 69.84 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of D7: 29.81 %)

The same sources as for Central Government are used.

Social Security Fund (Weight of D7: 0.35 %)

The same sources as for Central Government and Local Government are used.

**METHODS**

Data are based on direct information.

***D8 Adjustment for the change in net equity of households in pension funds reserves***

No adjustment for the change in net equity of households in pension funds reserves is done.

***D9 Capital taxes, investment grants and other capital transfers, payable***

**SOURCES**

Central Government (Weight of D9: 51.31 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of D9: 47.60 %)

The same sources as for Central Government are used.

Social Security Fund (Weight of D9: 1.09 %)

The same sources as for Central Government and Local Government are used.

**METHODS**

Data are based on direct information.

## 7. Revenue of general government

### *P11+P12+P131 Market output, output for final use and payments for the other non-market output*

#### **SOURCES**

Central Government (Weight of P11+P12+P131: 68.12 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of P11+P12+P131: 31.88 %)

The same sources as for Central Government are used.

#### **METHODS**

Data are based on direct information.

### *D2 Taxes on production and imports*

#### **SOURCES**

Central Government (Weight of D2: 99.35 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of D2: 0.65 %)

The same sources as for Central Government are used.

#### **METHODS**

Direct cash data are adjusted with changes in tax arrears.

### *D39 Other subsidies on production, receivable*

Not available.

### *D4 Property income, receivable*

#### **SOURCES**

Central Government (Weight of D4: 96.77 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of D4: 3.23 %)

The same sources as for Central Government are used.

#### **METHODS**

Direct cash data are adjusted with changes in tax arrears.

### *D5 Currant taxes on income, wealth, etc.*

#### **SOURCES**

Central Government (Weight of D5: 44.38 %)

Direct cash data are obtained from the Treasury monthly report.

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Local Government (Weight of D5: 55.62 %)

The same sources as for Central Government are used.

#### **METHODS**

Direct cash data are adjusted with changes in tax arrears.

#### ***D611 Actual social contributions***

##### **SOURCES**

Social security Fund: (Weight of D611: 100.0 %)

Direct cash data are obtained from the Treasury monthly report.

##### **METHODS**

Direct cash data are adjusted with changes in tax arrears.

#### ***D612 Imputed social contributions***

##### **SOURCES**

Social security Fund: (Weight of D612: 100.00 %)

Quarterly data are obtained from statistical survey.

##### **METHODS**

Quarterly statistical survey data are on accrual basis.

#### ***D7 Other current transfers, receivable***

##### **SOURCES**

Central Government (Weight of D7: 29.61 %)

Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of D7: 68.48 %)

The same sources as for Central Government are used.

Social Security Fund (Weight of D7: 1.91 %)

The same sources as for Central Government and Local Government are used.

##### **METHODS**

Data are based on direct information.

#### ***D91 Capital taxes***

The inheritance duties are included in the total amounts of government duties and separate identification is for the time being problematic.

#### ***D92+D99 Investment grants, other capital transfers, receivable***

##### **SOURCES**

Central Government (Weight of D92+D99: 0.05 %)

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Direct cash data are obtained from the Treasury monthly report.

Local Government (Weight of D92+D99: 99.65 %)

The same sources as for Central Government are used.

### **METHODS**

Data are based on direct information.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information**

The 90 % criteria set out in Article 4 is fully respected at present quarterly general government revenue and expenditure transactions categories. The exception is data for Gross Fixed Capital Formation (P. 51).

### **2. Compliance with ESA 95 rules**

The general practice of public accounting is the use of a cash basis. There are only exceptions at present for the data provided by State Social Insurance Fund and Public establishments. The principle of accruals is applied in the accounting system of that particular unit, while all other information available for General Government sector is on the cash basis, and is not transformed yet to meet the requirements of ESA95. The adjustments for accrual are coming in the practice from 2000 for interest, for the residual profit of the Bank of Lithuania (Bol), current expenditure, VAT and excises (time adjusted cash), too.

### **3. Consistency between annual and quarterly data**

The sources for quarterly data are integrated with the sources for annual data. The methods used to compile data on a quarterly basis are consistent with the methods used to compile annual data.

### **4. Revision policy**

Final revision policy is not approved.

Quarterly data is always revised when annual data is collected.

### **5. General Remarks**

The percentages presented below have been calculated on the basis of 2002 figures.

### **6. Expenditure of general government**

#### ***P2 Intermediate consumption***

Central Government (weight of P.2: 59, 5 %)

#### **SOURCES**

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government and its extra budgetary funds: the Guarantee Fund, the 1990 Blockade

fund, the Savings restitution Account, the Privatisation Fund, the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation) Fund.

## **METHODS**

A quarterly report on the expenditure of Central Government contains detailed information about expenditure. The data sets are structured and based on budgetary accounting principles (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading. Accrual adjustments are made for current expenditure.

Local Government (weight of P. 2: 22,6 %)

## **SOURCES**

Data is obtained from the Ministry of Finance from a quarterly report on expenditure of Local Government. There were municipal extra budgetary funds in 2002, too: Environment Fund, the Privatisation Fund, the Support Fund for the Construction and Acquisition of dwellings and houses. But only annual information is available.

## **METHODS**

A quarterly report on the expenditure of Local Government contains detailed information about expenditure. The data sets are structured and based on budgetary accounting principles (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading.

The information from municipal extra budgetary funds is not taken into accounts on the preliminary stage of quarterly estimates because only annual information is available. Annual amount of intermediate consumption from municipal extra budgetary funds is not significant. In 2002 the weight of P.2 of municipal extra budgetary funds was 0,1 percent of all P2 of General Government.

Social Security Funds (weight of P2: 17, 9 %)

## **SOURCES**

The information is obtained from Social Security Funds: State Social Insurance Fund, Compulsory Health Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority and statistical survey on services provided from Public establishments.

## **METHODS**

Data obtained from the Board of State Social Insurance Fund is based on international accountancy system principles and data from Compulsory Health Insurance Fund and LLE & LLMTA is based on national accountancy system for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. The data for this sub-sector is composite of accrual and cash data. State Social Insurance Fund's accountancy system is based on accrual. The data from SSIF and Public establishments is on accrual. The data from Compulsory Health Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority is on cash.

## ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

*P5 + K2 Gross fixed capital formation*

Central Government, Local Government and Social Security Funds (weight of P51: 100,0%)

## SOURCES

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government and its extra budgetary funds. There were six extra budgetary funds in 2002: the Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund and the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation).

Balance of payments of statistics and information obtained from statistical survey on capital is used, too.

## METHODS

Data obtained in the report of Central Government and its extra budgetary funds is based on accounting principles of budgetary institutions (on a cash basis). Quarterly data is analyzed, transformed and allocated to the correct ESA 95 heading.

Quarterly information for Gross fixed capital formation (P.51) was not applicable by sub-sectors in 2002.

### *D1 Compensation of employees*

#### *D. 11 Wages and salaries in cash and in kind*

Central Government (weight of D 11: 47,6 %)

## SOURCES

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government and its extra budgetary funds: Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund, the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation) Fund.

## METHODS

A quarterly report on the expenditure of Central Government contains detailed information about expenditure. The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading. Wages and salaries include the values of any social contributions, payable by employee to the Social Security Fund, income taxes payable to tax authorities on behalf of the employee and the value of various compensations in kind granted to employees (meals, drinks, uniforms and etc.).

Local Government (weight of D.11: 34, 4 %)

## SOURCES

Data is obtained from the Ministry of Finance. There is the report on expenditure of Local Government and its municipal extra budgetary funds, too. There were: Environment Fund, the Privatisation Fund, the Support Fund for the Construction and Acquisition of dwellings and houses.

## METHODS

A quarterly report on the expenditure of Local Government contains detailed information about expenditure. The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading.

The information from municipal extra budgetary funds is not taken into accounts on the preliminary stage of quarterly estimates because only annual information is available. Annual amount of wages and salaries from municipal extra budgetary funds is not significant. In 2002 the weight of D.11 of municipal extra budgetary funds was 0, 01 percent of all D.11 General Government.

#### Social Security Funds (weight of D. 11: 17,9%)

#### **SOURCES**

The information is obtained from Social Security Funds: State Social Insurance Fund, Compulsory Health Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority and statistical survey on services supplied by Public establishments.

#### **METHODS**

Data obtained from the Board of State Social Insurance Fund is based on international accountancy system standards and data from Compulsory Health Insurance Fund and LLE & LLMTA is based on national accountancy system for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. The data for this sub-sector is composite of accrual and cash data. State Social Insurance Fund's accountancy system is based on accrual. The data from SSIF and Health establishments is on accrual. The data from Compulsory Health Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority is on cash.

#### *D. 12 Social contributions*

#### *D. 121 Actual social contributions*

#### Central Government (weight of D121 : 44,4%)

#### **SOURCES**

Data obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government and its extra budgetary funds: the Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund, the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation) Fund.

#### **METHODS**

The same comment may be applied as for wages and salaries for Central Government. Item covers payments made by employers to Social Security Fund.

#### Local Government (weight of D.121: 36,6 %)

#### **SOURCES**

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Local Government and its municipal extra budgetary funds: Environment Fund, the Privatisation Fund, the Support Fund for the Construction and Acquisition of dwellings and houses.

#### **METHODS**

The same comment may be applied as for wages and salaries for Local Government.

Annual amount of actual contributions from municipal extra budgetary funds is not significant. In 2002 the weight of D.121 of municipal extra budgetary funds was 0,01 percent of all D.121 of General Government sector.

Social Security Funds (weight of D.121: 19,00 %)

### **SOURCES**

The information is obtained from Social Security Funds: State Social Insurance Fund, Compulsory Health Fund and Unemployment Fund and statistical survey on services supplied by Public establishments.

### **METHODS**

The same comment may be applied as for wages and salaries for Social Security funds sub-sector.

### ***D122 Imputed social contributions***

Central Government, Local Government, Social Security Funds (weight of D.122: 37,2%)

### **SOURCES**

Statistical survey on Labour cost and information from State Social Insurance Fund on sickness day for employees of General Government sector.

### **METHODS**

Quarterly data on imputed social contributions is estimated on the results of Labour cost statistical survey.

### ***D29 Other taxes on production, payable (not applicable)***

The item D.29 pay is not measured for General Government and its sub-sectors, because data sources for estimates are not established yet. Anyway, it will insignificant in total economy. Items other taxes on production (D.29 pay) and current taxes on income, wealth (D.5 pay) are not distinguished yet from the item other current expenses in General Government accounts.

### ***D3 Subsidies***

*D. 31 Subsidies on products*

Central Government (weight of D.31: 99,2 %)

### **SOURCES**

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government and the report on support program for rural areas (subsidies for agriculture).

### **METHODS**

The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading. In Lithuania almost 100 % of all subsidies are subsidies on products. Production on following agricultural products was subsidized by Central Government in 2002: sugar beets, flaxes, grains and so on.

Local Government (weight of D 31: 0,8 %)

## **SOURCES**

Data obtained from the Ministry of Finance. There is a quarterly report on expenditures of Local Government.

## **METHODS**

The same comment could be applied as for Central Government.

Social Security Funds (weight of D 31: not applicable)

*D. 39 Subsidies on production*

Central Government (weight of D. 39: 8,8 %)

## **SOURCES**

Data obtained from the Ministry of Finance. There is a quarterly report on expenditures of Central Government.

## **METHODS**

The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading.

Local Government (weight of D. 39: 32,8 %)

## **SOURCES**

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Local Government.

## **METHODS**

The same comment could be applied as for Central Government.

Social Security Funds (weight of D. 39: 58,4 %)

## **SOURCES**

The information is obtained from the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority.

## **METHODS**

The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading. Item involves subsidies for handicapped persons or persons, who have been unemployed for long periods.

### ***D4 Property income, payable***

Central Government (weight of D.4 pay: 95,7 %)

## **SOURCES**

The data is obtained from the Ministry of Finance. There is a quarterly report on expenditure on Central Government and its extra budgetary funds: Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund and the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation) Fund.

## METHODS

The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data is analyzed, transformed and allocated to the correct ESA 95 heading. Interest (D.41 pay) for Central Government is on accrual.

The interests are consolidated in terms of intra sub-sectors flows and total General Government.

Local Government (weight of D.4: 3,3 %)

## SOURCES

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Local Government.

## METHODS

The same comments could be applied as for Central Government.

Social Security Funds (weight of D. 4: 0,9 %)

## SOURCES

The information is obtained from Social Security Funds: State Social Insurance Fund, Compulsory Health Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority.

## METHODS

Data obtained from the Board of State Social Insurance Fund is based on international accountancy system standards and data from Compulsory Health Insurance Fund and LLE & LLMTA is based on national accountancy system for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. The data for this sub-sector is composite of accrual and cash data. State Social Insurance Fund's accountancy system is based on accrual. The data from SSIF and Health establishments is on accrual. The data from Compulsory Health Fund and LLE & LLMTA is on cash.

Consolidation principles are the same as in Central and Local Government sub-sector.

### ***D5 Current taxes on income, wealth, etc., payable***

The same comment could be applied as for D.29 pay.

### ***D62 + D6311 + D63121 + D63131 Social benefits other than social transfer in kind and social transfers in kind related to expenditure on products supplied to households via market producers, payable***

*D6311 + D63121 + D63131 Social transfers in kind and social transfers in kind related to expenditure on products supplied to households via market producers*

Central Government (weight of D6311 + D63121 + D63131: 4,3%)

## SOURCES

The data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government.

## METHODS

The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading. The item involves compensation for meals at schools canteens for pupils from low income households and transport prices for schools buses for pupils from rural areas.

Local Government (weight of D6311 + D63121 + D63131: 23,0 %)

## SOURCES

The data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Local Government.

## METHODS

The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading. The item involves compensation for heating and hot water for low income households and compensation for public transport tickets prices for pupils, students and pensioners.

Social Security Funds (weight of D6311 + D63121 + D63131: 72,6%)

## SOURCES

The information is obtained from Social Security Funds: Compulsory Health Insurance Fund and Unemployment Fund.

## METHODS

The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading. Item involves payments on the costs of training schemes organized by enterprises; compensation for medicaments, prosthetics and sanatorium treatment (the part paid by households is not included).

### *D62 Social benefits other than social transfers in kind*

Central Government (weight of D62: 15,0%)

## SOURCES

The data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government.

## METHODS

The data sets are structured and based on accounting principles of budgetary institutions (on a cash basis). Data analyzed, transformed and allocated to the correct ESA 95 heading. Social benefits other than social transfers in kind (D62) for Central Government consist only of social assistance benefits in cash. The item involves the payments which are not made under a social insurance scheme but it directly payable to households by government units. As mentioned above information on payments is on cash but we are assumed they are equal to accrual.

Local Government (weight of D62: 7,4 %)

## SOURCES

The data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Local Government.

## METHODS

The same comments could be applied as for Central Government.

Social Security Funds (weight of D62: 77,6%)

## SOURCES

The information is obtained from Social Security Funds: State Social Insurance Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority.

## METHODS

Social benefits other than social transfers in kind (D.62) for Social Security Funds consist only of social security funds benefits in cash (D.621). The major part of social payments is paid from State Social Insurance Fund. In 2002 the payments from SSIF covered 76,3% of all social payments. Unemployment benefits are obtained from the report of the Lithuanian Labour Exchange and in 2002 they composed 1,3% of all social payments. The data for this sub-sector is composite of accrual and cash data. State Social Insurance Fund's accountancy system is based accrual. The data from this fund is on accrual. The Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority provide information on cash basis. Unemployment payments are on cash but we assumed they are equal to accrual.

### *D7 Other current transfers, payable*

Central Government (weight of D. 7 pay: 99,5 %)

## SOURCES

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government and its extra budgetary funds: the Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund, the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation).

## METHODS

Other current transfers payable for Local Government consist of: net non-life insurance premiums (D.71), current transfers within General Government (D.73), current international cooperation transfers (D.74), miscellaneous current transfers (D.75).

The data is obtained on cash and based on accounting principles of budgetary institutions (on a cash basis). The data is analyzed, transformed and allocated to the correct ESA 95 heading.

Current transfers within General Government are consolidated in terms of intra sub-sectors flows and total General Government.

Quarterly data on net non- life insurance premiums (D.71 pay) were not estimated. When the annual figures became available, they were allocated to the quarters. The annual amount for net non-life insurance premiums is completely small for all General Government.

Local Government (weight of D. 7 pay: 0,5%)

## SOURCES

The data are obtained from the Ministry of Finance. There is a quarterly report on expenditure of Local Government and from municipal extra budgetary funds, too. There were: Environment Fund, the Privatisation Fund, the Support Fund for the Construction and Acquisition of dwellings and houses.

## METHODS

Almost the same comment could be applied as for Central Government except the information about municipal extra budgetary funds. The data from municipal extra budgetary funds is not taken into accounts on the preliminary stage of quarterly estimates because only annual information is available. It is taken in accounts of Local Government with a year delay.

Social Security Funds (weight of D. 7 pay: -)

## SOURCES

The information is obtained from Social Security Funds: State Social Insurance Fund, Compulsory Health Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority; statistical survey on services provided by Public establishments.

## METHODS

Data obtained from the Board of State Social Insurance Fund is based on international accountancy system standards and data from Compulsory Health Insurance Fund, the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority; Public establishment is based on national accountancy system for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. The data for this sub-sector is composite of accrual and cash data. State Social Insurance Fund's accountancy system is based on accrual. The data from SSIF and Public establishments is on accrual. The data from Compulsory Health Fund and LLMT & LLMTA is on cash.

Current transfers within General Government are consolidated in terms of intra sub-sectors flows and total General Government.

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

Central Government, Local Government and Social Security Funds (weight of D.9: 100,0 %)

## SOURCES

Data is obtained from the Ministry of Finance. There is a quarterly report on expenditure of Central Government and its extra budgetary funds. There were four extra budgetary funds in 2002: the Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund, the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation) Fund.

Balance of payments of the Republic of Lithuania and statistical survey on capital investments is used, too.

## METHODS

Data obtained in the report of Central Government and its extra budgetary funds is based on accounting principles of budgetary institutions (on a cash basis). Quarterly data is analyzed, transformed and allocated to the correct ESA 95 heading.

Other capital transfers and investments grants are consolidated in terms of intra General Government flows.

Quarterly information for Capital transfers payable (D.9 pay) was not applicable by sub-sectors in 2002.

## **7. General government revenue**

### ***P1 Output***

*P11+P12 Market output, output for own final use*

The sub-item P11+ P12 of item P1 is not measured yet for General Government.

*P131 Payments for other non-market output*

Central Government (weight of P131: 74.8 %)

#### **SOURCES**

The data is obtained from the Ministry of Finance. There are two sources available on the quarterly basis: the first one is the report on revenue of Central Government, with rather aggregated information on taxes and other revenue, and the second is detailed report on taxes and other revenue to the Central budget.

#### **METHODS**

The information is obtained on cash basis and based on national classification on taxes and other revenue for budgetary institutions. Quarterly data is analyzed, transformed and allocated to the correct ESA 95 heading. The item involves payments for services rendered by Central Government institutions (the institutions have revenue from the rent of buildings, from administrative fees and charges and etc.). No adjustment for accrual was made till present.

Local Government (weight of P131: 7,3 %)

#### **SOURCES**

There is a quarterly report on taxes and other revenue of Local Government.

#### **METHODS**

The same comments could be applied as for Central Government. The item involves payments for services rendered by Local Government institutions.

Social Security Funds (weight of P13: 17,9 %)

#### **SOURCES**

The information is obtained from a quarterly statistical survey on services provided by Public establishments.

#### **METHODS**

Some kind of services provided by Public establishments are payable in Lithuania. Money earned by Public establishments from households is treated as payments for other non-market output for Social Security Funds sub-sector. The data is on accrual.

## ***D2 Taxes on production and imports***

### *D. 21 Taxes on products*

Central Government (weight of D21: 99,7 %)

#### **SOURCES**

The data is obtained from the Ministry of Finance. There are two sources available on the quarterly basis: the first one is the report on revenue of Central government, with rather aggregated information on taxes and other revenue, and the second is more detailed report on taxes and other revenue to the Central budget.

#### **METHODS**

The data is obtained on cash and based on national accountancy system on taxes and other revenue for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. Cash data is time adjusted for VAT & excises from 2000 and on.

Local Government (weight of D21: 0,3 %)

#### **SOURCES**

There is a quarterly report on taxes and other revenue from Local Government.

#### **METHODS**

The data is obtained on cash and based on national classification on taxes and other revenue for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. No accrual adjustment is made till present.

Social Security Funds (D. 21 not applicable)

### *D. 29 Taxes on production*

Central Government (weight of D29: 21, 2 %)

#### **SOURCES**

The data is obtained from the Ministry of Finance. There are two sources available on the quarterly basis: the first one is the report on revenue of Central government, with rather aggregated information on taxes and other revenue, and the second is more detailed report on taxes and other revenue to the Central budget.

#### **METHODS**

The data is obtained on cash and based on national classification on taxes and other revenue for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. No accrual adjustment is made till present.

Local Government (weight of D29: 78, 8 %)

#### **SOURCES**

There is a quarterly report on taxes and other revenue of Local Government.

#### **METHODS**

The same information could be applied as for Central Government.

Social Security Funds (weight of D29 not applicable)

### ***D39 Other subsidies on production, receivable (not applicable)***

#### ***D4 Property income, receivable***

Central Government (weight of D4: 85,4 %)

##### **SOURCES**

The data is obtained from the Ministry of Finance. There are two main sources available on the quarterly basis: the first one is the report on taxes and other revenue for budgetary institutions, with rather aggregated information on taxes and other revenue, and the second is more detailed report on taxes and other revenue to the Central budget. There were six extra budgetary funds in 2002: the Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund, the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation) fund. They keep separate accounts from Central budget.

Additional data sources for measuring (D.44) property income attributed to insurance policyholders are financial statement of Insurance Supervisory Commission of the Republic of Lithuania and statistical survey on activity of insurance companies.

##### **METHODS**

Property income receivable by Central Government consists of: interest (D.41), distributed income of corporations (D.42), property income attributed to insurance policyholders (D.44) and rent (D.45).

The data is mixed on cash and accrual and based on national classification on taxes and other type of revenue of Central budget. The data is analyzed, transformed and allocated to the correct ESA 95 heading. Interest (D.41) and the residual profit of the Bank of Lithuania (D.42) calculated for Central Government sub-sector is on accrual.

Interests are consolidated in terms of intra sub-sectors flows and total General Government.

Quarterly data on property income attributed to insurance policyholders (D.44) was not estimated. When the annual figures became available they were allocated to the quarters. Annual amount of property income attributed to insurance policyholders (D.44) is not significant for all property income (D.4) of General Government sector. The weight of property income attributed to insurance policyholders (D.44) was 0,1 percent of all (D.4) of General Government in 2002.

Local Government (weight of D4: 14,3 %)

##### **SOURCES**

The data is obtained from the Ministry of Finance. There are two sources available on the quarterly basis: the first one is the report on taxes and other revenue for budgetary institutions with rather aggregated information on taxes and other revenue, and the second is more detailed report on taxes and other revenue to the Local budgets.

The information on property income receivable is obtained from municipal extra budgetary funds, too. There were: Environment Fund, the Privatisation Fund, the Support Fund for the Construction and Acquisition of dwellings and houses in 2002. But only annual information is available.

## METHODS

Property income receivable by Local Government consists of: interests (D.41), distributed income of corporations (D.42), the rent (D.45).

The data is obtained on cash and based on national classification on taxes and other type of revenue of Local budgets. The data is analyzed, transformed and allocated to the correct ESA 95 heading.

Interests are consolidated in terms of intra sub-sectors flows and total General Government.

Quarterly data for interest (D.41) for Local Government Fund extra budgetary funds were not estimated. When the annual figures became available they were allocated to the quarters with a year delay.

Annual amount for interest (D.41) is not significant for all property income (D.4) for Local Government sub-sector. The weight of interest (D.41) from municipal extra budgetary funds was 0,04 percent of all property income (D.4) of General Government.

Social Security Funds (weight of D4: 0,3 %)

## SOURCES

The information is obtained from Social Security Funds: State Social Insurance Fund, Compulsory Health Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority.

## METHODS

The data for this sub-sector is composite of accrual and cash. State Social Insurance Fund's accountancy system is based on accrual. Data from this fund is on accrual basis.

Data obtained from the Board of State Social Insurance Fund is based on international accountancy system standards and data from Compulsory Health Insurance Fund and LLE & LLMTA is based on national accountancy system for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading.

Consolidation principles are the same as for Central and Local Government sub-sectors.

### ***D5 Current taxes on income, wealth, etc.***

*D51 Taxes on income*

## SOURCES

Central Government (weight of D51: 43,8 %)

Data is obtained from the Ministry of Finance like the information on all taxes and other revenue.

## METHODS

The data is obtained on cash and based on national classification on taxes and other revenue for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. No adjustment for accrual was made till present.

The new Law on Tax on Income of Individuals has come into force from July, 2002. It has changed significantly the percentage of distribution D5 taxes among sub-sectors of General Government. Before 2002 Tax on Income of Individuals was collected by Local Government

and Social Security Funds sub-sectors. After Law amendments this tax is distributed by all sub-sectors of General Government.

Local government (weight of D51: 29, 9%)

#### **SOURCES**

Data is obtained from the Ministry of Finance like the information on all taxes and other revenue.

#### **METHODS**

The same comments could be applied as for Central Government.

The amendments to the Law on Taxes on Income of Individuals decreased the part of D5 taxes for Local Government.

Social security funds (weight of D51: 26,3 %)

#### **SOURCES**

The information is obtained from Compulsory Health Insurance Fund.

#### **METHODS**

The same comments could be applied as for Central Government.

A third part of the Tax on Income of Individuals is distributed from Central Government to Compulsory Health Insurance Fund. This part of the tax on Income Individuals constitutes significant part

(Average 50 %) of the income of Compulsory Health Insurance Fund.

*D59 Other current taxes*

#### **SOURCES**

Central Government (weight of D59: 25,7 %)

Data is obtained from the Ministry of Finance like the information on all taxes and other revenue.

#### **METHODS**

The information from the Ministry of Finance is based on cash and on national classification on taxes and other revenue for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. No accrual adjustment is made till present.

Local Government (weight of D.59: 74,3%)

#### **SOURCES**

The information is obtained from the Ministry of Finance. There is a quarterly report on taxes and other revenue for Local Government.

#### **METHODS**

The same comments could be applied as for Central Government.

Social Security Funds (weight of D59: not applicable)

## ***D61 Social contributions, receivable***

### *D611 Actual contributions*

Central Government and Local Government (not applicable)

Social Security Funds (weight of D61: 100,0%)

#### **SOURCES**

The information is obtained from Social Security Funds: State Social Insurance Fund, Compulsory Health Fund.

**METHODS** Data obtained from the Board of State Social Insurance Fund is based on international accountancy system standards and data from Compulsory Health Insurance Fund is based on national accountancy system for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading. State Social Insurance Fund's accountancy system is based on accrual. The data from this fund is on accrual. The data from Compulsory Health Fund is on cash. The item D.611 is covered 99,9 percent of accrual data.

### *D612 Imputed contributions*

Central Government and Local Government, Social Security Funds (weight of D612: 37,2%)

#### **SOURCES**

Statistical survey on Labour cost and information from State Social Insurance Fund on sickness days of employees in General Government sector.

#### **METHODS**

Quarterly data on imputed social contributions is estimated on the results of Labour cost statistical survey.

## ***D7 Other current transfers, receivable***

Central Government (weight of D7: 10,3 %)

#### **SOURCES**

The data is obtained from the Ministry of Finance. There are two sources available on the quarterly basis: the first one is the report on revenue on Central Government, with rather aggregated information on taxes and other revenue, and the second is more detailed report on taxes and other revenue to the Central budget. The information on other current transfers receivable is obtained from Central extra budgetary funds, too. There were six extra budgetary funds for Central Government in 2002: the Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund and the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilization) Fund.

For calculation non-life insurance claims (D. 72) are used financial statement of Insurance Supervisory Commission of the Republic of Lithuania and statistical survey on activity of insurance companies.

#### **METHODS**

Other current transfers receivable (D.7) for Central Government consists of: non-life insurance claims (D.72), current transfers within General Government (D.73), current international cooperation transfers (D.74), miscellaneous current transfers (D.75).

The data is obtained on cash and based on national classification on taxes and other revenue of Central budget. The data is analyzed, transformed and allocated to the correct ESA 95 heading.

Current transfers within General Government are consolidated in terms of intra sub-sectors flows and total General Government.

Quarterly estimates of non- life insurance claims (D72) were not made for 2002. They became available when the annual information is collected. The annual amount for non-life insurance claims is not significant. The weight of non- life insurance claims (D72) of all (D7) of General Government was 0,6 percent in 2002.

#### Local Government (weight of D7: 72,7 %)

### **SOURCES**

The data is obtained from the Ministry of Finance. There is the report on taxes and other revenue on Local Government. There were municipal extra budgetary funds in 2002, too: Environment Fund, the Privatisation Fund, the Support Fund for the Construction and Acquisition of dwellings and houses. But only annual information is available.

### **METHODS**

Almost the same comment could be applied as for Central Government except the information about municipal extra budgetary funds. The data from municipal extra budgetary funds is not taken into accounts on the preliminary stage of quarterly estimates because only annual information is available. It is taken in accounts of Local Government with a year delay.

#### Social Security Funds (weight of D7: 16,9%)

### **SOURCES**

The information is obtained from Social Security Funds: State Social Insurance Fund, Compulsory Health Insurance Fund and the Lithuanian Labour Exchange and the Lithuanian Labour Market Training Authority and statistical survey on services provided by Public establishments.

### **METHODS**

Other current transfers receivable (D.7) for Social Security Funds sub-sector consists of: current transfers within General Government (D.73), miscellaneous current transfers (D.75).

Data obtained from the Board of State Social Insurance Fund is based on international accountancy system standards and data from Compulsory Health Insurance Fund and LLE & LLMTA is based on national accountancy system for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading.

The data from this sub-sector is composite of accrual and cash. State Social Insurance Fund's accountancy is based on accrual. The data from this fund and from Public establishments is on accrual.

Current transfers within General Government are consolidated in terms of intra sub-sectors flows and total General Government.

## ***D9 Capital transfers, receivable***

### *D91 Capital taxes*

Central Government (not applicable)

Local Government (weight of D91: 100,0 %)

#### **SOURCES**

Data is obtained from the Ministry of Finance together with the information on all taxes and other revenue of Local Government.

#### **METHODS**

Data is analyzed, transformed and allocated according to ESA 95 requirements. This heading includes only inheritance tax.

Social Security Funds (not applicable)

### *D92 + D99 investment grants and other capital transfers*

Central Government (weight of D92 + D99: 30,6 %)

#### **SOURCES**

Data is obtained from the Ministry of Finance. There is a quarterly report on taxes and other type revenue for Central Government and its extra budgetary funds. There were six extra budgetary funds in 2002: Guarantee Fund, the 1990 Blockade fund, the Savings restitution Account, the Privatisation Fund, the Fund for Decommissioning of Ignalina Nuclear Power Station and the Reserve (Stabilisation).

Balance of payments of statistics and information obtained from statistical survey on capital is used, too.

#### **METHODS**

Data obtained in the report of Central Government and its extra budgetary funds is based on national accountancy system. Quarterly data is analyzed, transformed and allocated to the correct ESA 95 heading.

Other capital transfers and investments grants are consolidated in terms of intra sub-sectors flows and total General Government.

Local Government (weight of D92 + D99: 48,2%)

#### **SOURCES**

Data is obtained from the Ministry of Finance. There is a quarterly report on taxes and other type revenue for Local Government. There were municipal extra-budgetary funds in 2002, too: Environment Fund, the Privatisation Fund, the Support Fund for the Construction and Acquisition of dwellings and houses. They provide only annual reports.

#### **METHODS**

Almost the same comment could be applied as for Central Government, excluding the fact about information from municipal funds. Data from municipal extra budgetary funds is not taken into accounts on the preliminary stage of quarterly estimates because it is only annual available.

Consolidation principles are the same, too as for Central Government sub-sector.

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Social Security Funds (weight of D92 +D99: 21,2 %)

**SOURCES**

The information is obtained from Social Security Funds: State Social Insurance Fund and Compulsory Health Fund.

**METHODS**

Data obtained from the Board of State Social Insurance Fund is based on international accountancy system standards and data from Compulsory Health Insurance Fund is based on national accountancy system for budgetary institutions. The data is analyzed, transformed and allocated to the correct ESA 95 heading.

The data for this sub-sector is composite of accrual and cash. State Social Insurance Fund's accountancy system is on accrual. Data from this fund is on accrual.

Consolidation principles are the same as for Central and Local Government.

## LUXEMBOURG Description of Luxembourgish practice, Year 2000

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information (90% criteria)

The use of direct information is largely dominant for the sub-sectors of central government and social security funds, whereas for local government, indirect information predominates

Year 2000 % of direct information

<b>Revenue</b>	
D.2 – Taxes on production and imports	98.7 %
of which: D.211 – VAT	100.0 %
D.4 – Property income, receivable	62.5 %
D.5 – Current taxes on income, wealth, etc.	99.9 %
D.611 – Actual social contributions	97.4 %
D.7 – Other current transfers, receivable	99.4 %
D.9 – Capital transfers, receivable	91.5 %
D.91 – Capital taxes	100.0 %
<b>Expenditure</b>	
P.2 – Intermediate consumption	64.1 %
P.5 + K.2 – Gross capital formation	57.1 %
D.1 – Compensation of employees	91.8 %
D.29 – Other taxes on production	83.5 %
D.3 – Subsidies, payable	89.1 %
D.4 – Property income, payable	67.1 %
D.62 – Social benefits other than social transfers in kind	86.4 %
D.631 – Social benefits in kind	75.9 %
D.7 – Other current transfers, payable	98.8 %
D.9 – Capital transfers, payable	98.7 %

### 2. Compliance with ESA 95 rules

Basic data are transformed and adjusted to fully comply with ESA95 concepts and rules.

### 3. Consistency between annual and quarterly data

In Luxembourg, the compilation of annual and quarterly general government accounts is carried out by Unit C1 National Accounts Department of STATEC. This ensures that 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.

#### **4. Revision policy**

Revisions occur mainly due to the notifications in the framework of the excessive deficit procedure (March and September) and due to the publication of annual national accounts, as a consequence, quarterly data has to be adjusted to these revisions. Furthermore, major and minor revisions are included in every quarterly transmission, following the availability of definitive data.

#### **5. General remarks**

STATEC currently uses the following main data sources:

##### Central government:

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month.

##### Local government:

For the time being, we don't dispose of viable direct infra-annual information for local government (except for local taxes collected by central government and the transfers from central government to local government).

##### Social Security Funds:

Data on social contributions and social benefits in cash (recorded on an accrual basis) are transmitted by the General Social Security Inspection (Inspection Générale de la Sécurité Sociale - IGSS) with a 3-month delay.

Monthly data on social benefits in kind and in cash, as well as data on social contributions related to sickness-insurance, collected by the Health Insurance (Union des caisses de maladie – UCM) are available with a delay of approx. 40 days.

##### For all sub-sectors:

Monthly employment and wage statistics, as well as social contributions of employees and employers by branch and by sector, provided by the General Social Security Inspection, are available with a 4-month delay.

#### **Methods may differ, depending on variables and sub-sectors.**

##### Central government:

Data on main tax receipts are monthly available, quarterly and annual figures (time adjusted cash principle) are calculated directly on the basis of these monthly figures.

Expenditure of central government is available on a monthly basis and quarterly data are directly estimated on the basis of these monthly figures (monthly figures referring to the preceding exercise, but recorded during the first 3 months of the current exercise, are integrated into the last quarter of the previous exercise).

##### Local government:

Quarterly estimates are based on annual budgets (and accounts) of municipalities and on the infra-annual evolution of the main revenues and expenditures of central government (except for local taxes collected by central government and the transfers between central and local government).

#### Social Security Funds:

Quarterly estimates are based on annual accounts of social security funds and on the infra-annual evolution of the main revenues and expenditures of central government.

## **6. Expenditures of general government**

The percentages presented below have been calculated on the basis of year 2000 figures.

### ***P2 Intermediate consumption***

#### **SOURCES**

##### Central government (Weight of P2: 60.9 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central budget and the special funds, but not the public establishments, although belonging to the central government sector.

##### Local government (Weight of P2: 35.9 %)

For the time being, we don't dispose of viable direct infra-annual information on intermediate consumption for local government.

##### Social Security Funds (Weight of P2: 3.2 %)

For the time being, we don't dispose of direct infra-annual information on intermediate consumption for social security funds.

#### **METHODS**

##### Central government

Quarterly data are directly estimated on the basis of monthly figures (monthly figures referring to the preceding exercise, but recorded during the first 3 months of the current exercise, are integrated into the last quarter of the previous exercise).

The budgetary exercise fits with the civil year: The exercise starts on the 1st of January and ends on the 31st of December of the same year.

Only services ordered or authorized by the responsible authority during the year giving the denomination to the exercise are considered as belonging to an exercise.

Nevertheless, operations related to the liquidation and the payment mandates of expenditures, as well as the carrying out and the accomplishment of ordered, authorized and initiated services, can be extended to the 30th of April of the following year (from 1999 on until the 31st of March). On this date, the exercise will definitely be closed.

The monthly expenditure statistics distinguish for the first 3 months of the year between the expenditure referring to the current year and the expenditure referring to the previous year.

After the closing of the budgetary exercise, quarterly figures are adjusted to the final annual figures.

#### Local government

Quarterly estimates are based on annual budgets (and accounts) of municipalities and on the infra-annual evolution of intermediate consumption of central government.

#### Social Security Funds

Quarterly estimates are based on annual accounts of social security funds and on the infra-annual evolution of intermediate consumption of central government.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

##### Central government (Weight of P5 and K2: 57.1 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central budget and the special funds, but not the public establishments, although belonging to the central government sector.

##### Local government (Weight of P5 and K2: 42.1 %)

For the time being, we don't dispose of viable direct infra-annual information on gross capital formation for local government.

##### Social Security Funds (Weight of P5 and K2: 0.8 %)

For the time being, we don't dispose of direct infra-annual information on gross capital formation for social security funds.

#### **METHODS**

##### Central government

Same methods as for P2.

##### Local government

Same methods as for P2.

##### Social Security Funds

Same methods as for P2.

### ***D1 Compensation of employees***

#### **SOURCES**

##### Central government (Weight of D1: 73.4 %)

Data on employment and wages coming from the General Social Security Inspection (IGSS) are the main source. Data are monthly available with a delay of approx. 4 months and gives information on salary costs, contributions from employers, contributions from employees and

gross salary by status of employee and by branch (Nace Rev1 classification), as well as by sector and sub-sector for the whole economy.

Local government (Weight of D1: 23.1 %)

See under « Central government ».

Social Security Funds (Weight of D1: 3.5 %)

See under « Central government ».

## **METHODS**

Central government

Quarterly estimates on compensation of employees for central government are only based on monthly data on employment and wages coming from the General Social Security Inspection, by branch and by sub-sector. After the closing of the budgetary exercise, quarterly figures are adjusted to the final annual figures.

Local government

Same method as for central government.

Social Security Funds

Same method as for central government.

## ***D29 Other taxes on production, payable***

### **SOURCES**

Central government (Weight of D29: 24.5 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central budget and the special funds, but not the public establishments, although belonging to the central government sector.

Local government (Weight of D29: 59.0 %)

For the time being, we don't dispose of viable direct infra-annual information on other taxes on production for local government.

Social Security Funds (Weight of D29: 16.5%)

For the time being, we don't dispose of direct infra-annual information on other taxes on production for social security funds.

### **METHODS**

Central government

Same methods as for P2.

Local government

Same methods as for P2.

Social Security Funds

Same methods as for P2.

### ***D3 Subsidies***

#### **SOURCES**

##### Central government (Weight of D3: 89.1 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central budget and the special funds, but not the public establishments, although belonging to the central government sector.

##### Local government (Weight of D3: 10.9 %)

For the time being, we don't dispose of viable direct infra-annual information on subsidies for local government.

##### Social Security Funds (Weight of D3: 0.1 %)

For the time being, we don't dispose of direct infra-annual information on subsidies for social security funds.

#### **METHODS**

##### Central government

Same methods as for P2.

##### Local government

Same methods as for P2.

##### Social Security Funds

Same methods as for P2.

### ***D4 Property income, payable***

#### **SOURCES**

##### Central government (Weight of D4: 75.9 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central budget and the special funds, but not the public establishments, although belonging to the central government sector.

##### Local government (Weight of D4: 23.2 %)

For the time being, we don't dispose of viable direct infra-annual information on property income for local government.

##### Social Security Funds (Weight of D4: 0.9 %)

For the time being, we don't dispose of direct infra-annual information on property income for social security funds.

#### **METHODS**

##### Central government

Same methods as for P2. Other paid property incomes are recorded when they are paid.

#### Local government

Same methods as for P2.

#### Social Security Funds

Same methods as for P2.

D5 Current taxes on income, wealth, etc.

On the expenditure side, the current taxes on income, wealth, etc. are equal to zero for central government, local government and social security funds.

### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

##### Central government (Weight of D.62: 12.5 %)

Same sources as for P2, completed by the detail of monthly expenditures of the pension fund, a special fund who is in charge of paying central government pensions (Source: General Finance Inspection).

##### Local government (Weight of D.62: 0.2 %)

Same sources as for P2, direct social benefits coming from local government are insignificant.

##### Social Security Funds (Weight of D.62: 87.3 %)

The General Social Security Inspection transmits quarterly data on private sector pensions, on local government pensions and on some social benefits provided by the Health Insurance (UCM).

#### **METHODS**

##### Central government

Same methods as for P2.

##### Local government

Same methods as for P2.

##### Social Security Funds

Quarterly data provided by the General Finance Inspection is used as basis for estimating the total of social benefits in cash provided by social security organisms. The available data is recorded on an accrual basis. After the closing of the budgetary exercise, quarterly figures are adjusted to the final annual figures.

### ***D631 Social benefits in kind***

#### **SOURCES**

##### Central government (Weight of D631: 2.5 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central

budget and the special funds, but not the public establishments, although belonging to the central government sector.

#### Local government (Weight of D631: 1.0 %)

For the time being, we don't dispose of viable direct infra-annual information on social benefits in kind for local government.

#### Social Security Funds (Weight of D631: 96.5 %)

The Health Insurance (UCM) delivers monthly data on social benefits in kind, concerning reimbursements on benefits of doctors, dentists and other health professionals, the reimbursements on medicaments and payments to hospitals with a 4-month delay.

### **METHODS**

#### Central government

Same methods as for P2.

#### Local government

Same methods as for P2.

#### Social Security Funds

Quarterly data for the current year are estimated on the basis of monthly data coming from the Health Insurance (UCM).

### ***D7 Other current transfers, payables***

### **SOURCES**

#### Central government (Weight of D7: 96.2 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central budget and the special funds, but not the public establishments, although belonging to the central government sector.

#### Local government (Weight of D7: 3.5 %)

For the time being, we don't dispose of viable direct infra-annual information on other current transfers for local government. Transfers to central government (D73) are taken from monthly central government data.

#### Social Security Funds (Weight of D7: 0.3 %)

For the time being, we don't dispose of direct infra-annual information on other current transfers for social security funds. Transfers to central government (D73) are taken from monthly central government data.

### **METHODS**

#### Central government

Same methods as for P2.

#### Local government

Same methods as for P2, except for transfers to central government, directly taken from central government revenue (D73).

#### Social Security Funds

We apply exactly the same method as for “Other current transfers, payable” for local government.

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

#### **SOURCES**

##### Central government (Weight of D9: 93.9 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central budget and the special funds, but not the public establishments, although belonging to the central government sector.

##### Local government (Weight of D9: 2.9 %)

For the time being, we don't dispose of viable direct infra-annual information on investment grants and other capital transfers for local government. The transfers to central government (D9) are taken from monthly central government data.

##### Social Security Funds (Weight of D9: 3.1 %)

For the time being, we don't dispose of direct infra-annual information on investment grants and other capital transfers for social security funds. The transfers to central government (D9) are taken from monthly central government data.

#### **METHODS**

##### Central government

Same methods as for P2.

##### Local government

Same methods as for P2.

##### Social Security Funds

Same methods as for P2, except for transfers to central government, directly taken from central government revenue.

## **7. Revenue of general government**

### ***P11 + P12 + P131 Market output, output for final use and payments for the other non-market output***

#### **SOURCES**

##### Central government (Weight of P1: 39.4 %)

Monthly data on central government revenue and expenditure by budgetary article and by exercise are collected by the General Finance Inspection (Inspection Générale des Finances - IGF) and are available 15 to 31 days after the end of the month. The data covers the central

budget and the special funds, but not the public establishments, although belonging to the central government sector.

#### Local government (Weight of P1: 56.3 %)

For the time being, we don't dispose of viable direct infra-annual information on market output, output for final use and payments for the other non-market output for local government.

#### Social Security Funds (Weight of P1: 4.3 %)

For the time being, we don't dispose of direct infra-annual information on market output, output for final use and payments for the other non-market output for social security funds.

### **METHODS**

#### Central government

Same methods as for P2.

#### Local government

Same methods as for P2.

#### Social Security Funds

Same methods as for P2.

### ***D2 Taxes on production and imports***

### **SOURCES**

#### Central government (Weight of D.2: 99.0 %)

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 D.2: 1.0 %)

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.

### ***D39 Other subsidies on production, receivable***

On the revenue side, other subsidies on production, receivable, are equal to zero for central government, local government and social security funds.

### ***D4 Property income, receivable***

#### **SOURCES**

Central government (Weight of D4: 51.3 %)

Same sources as for D4 on the expenditure side.

Local government (Weight of D4: 5.6 %)

Same sources as for D4 on the expenditure side.

Social Security Funds (Weight of D4: 43.1 %)

Same sources as for D4 on the expenditure side.

#### **METHODS**

Central government

Same methods as for D4 on the expenditure side.

Local government

Same methods as for D4 on the expenditure side.

Social Security Funds

Same methods as for D4 on the expenditure side.

### ***D5 Current taxes on income, wealth, etc.***

***D.51 represents 95 % of D.5 and D.59 represents 5 % of D.5.***

#### **SOURCES**

### Central government (Weight of D.5: 85.9 %)

The taxes included are the personal income tax (Impôts sur les salaires, Impôt sur le revenu des personnes physiques), the 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 D.5: 14.1 %)

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 government direct tax administration (Administration des Contributions Directes), together with the corporation income tax. Monthly cash data are available.

## **METHODS**

### Central government

Pay-as-you-earn taxes on salaries are recorded at the time when activities, transactions or other events occur which create the liabilities to pay.

Income taxes of enterprises and independents (part of D.51) and other current taxes (D.59) are recorded at the time when the liability is created.

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.

## ***D611 Actual social contributions***

## **SOURCES**

### Central government (Weight of D.611: 2.5 %)

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

### Social Security Funds (Weight of D.611: 97.5 %)

Social contributions are available on a quarterly basis from the General Social Security Inspection (IGSS) 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

Quarterly data for social contributions to the pension scheme of central government are calculated on the basis of 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.

## ***D612 Imputed social contributions***

## **SOURCES**

### Central government (Weight of D612: 91.9 %)

See pensions D62 on the expenditure side: detail of monthly expenditure from the pension fund, a special fund in charge of paying the central government pensions (Source: General Finance Inspection).

### Local government (Weight of D612: 2.2 %)

For the time being, we don't dispose of viable direct infra-annual information on imputed social contributions for local government.

### Social Security Funds (Weight of D612: 6.0 %)

Same sources as for central government.

## **METHODS**

### Central government

Imputed social contributions on a quarterly level are calculated on the basis of quarterly pensions, while deducting actual social contributions.

### Local government

Same method as for D62 on the expenditure side.

### Social Security Funds

Same method as for central government.

## **D7 Other current transfers, receivable**

## **SOURCES**

### Central government (Weight of D7: 4.4 %)

Same sources as for D7 on the expenditure side.

### Local government (Weight of D7: 20.0 %)

Same sources as for D7 on the expenditure side.

Social Security Funds (Weight of D7: 75.6 %)

Same sources as for D7 on the expenditure side.

## **METHODS**

Central government

Same methods as for D7 on the expenditure side.

Local government

Transfers from central government (D73) are directly taken from central government expenditure. For D71, D74 and D75, we apply the same method as for P2.

Social Security Funds

We apply exactly the same method as for “Other current transfers, receivable” for local government.

## ***D91 Capital taxes***

### **SOURCES**

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

Central government (Weight of D.91: 100.0 %)

The data collected by 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 D5.

## ***D92 + D99 Investment grants and other capital transfers, receivable***

### **SOURCES**

Central government (Weight of D9: 14.3 %)

Whereas both D92 and D99 don't have a special source, capital tax data are monthly available on a cash basis from the registry and public property administration (Administration de l'Enregistrement et des Domaines).

Local government (Weight of D9: 70.7 %)

For the time being, we don't dispose of viable direct infra-annual information on investment grants and other capital transfers for local government.

Social Security Funds (Weight of D9: 15.0 %)

For the time being, we don't dispose of direct infra-annual information on investment grants and other capital transfers for social security funds.

### **METHODS**

Central government

No special method applied, only capital tax data are taken directly from monthly data available on a cash basis from the registry and public property administration (Administration de l'Enregistrement et des Domaines).

#### Local government

The same method as for “Other current transfers, receivable” for local government is applied.

#### Social Security Funds

The same method as for “Other current transfers, receivable” for social security funds is applied.

#### *Annex 1: List of taxes*

*(M = monthly, Y = yearly)*

			Source	Fréquence
<b>TRD21</b>		<b>1) Impôts sur les produits</b>		
<b>TRD211</b>		<b>1.1) Taxes du type TVA</b>		
	D21101	TVA (hors TVA ressources propres TVA de l'UE)	Administration de l'Enregistrement et des domaines	M
	D21102	TVA Ressources propres TVA versée à l'UE	idem	M
<b>TRD212</b>		<b>1.2) Impôts et droits sur les importations à l'exclusion de la TVA</b>		
<b>TRD2121</b>		<b>1.2.1) Droits sur les importations</b>		
<b>TRD2121</b>	<b>D212102</b>	Droits de douane (versés à l'UE)	Adm. Des Douanes	M
<b>TRD2122</b>		<b>1.2.2) Impôts sur les importations</b>		
<b>TRD2122A</b>	D2122A01	Prélèvements agricoles importés	Adm. Des Douanes	M
<b>TRD2122C</b>	D2122C01	Taxe de consommation sur l'alcool (partie sur importations)	Adm. des douanes et des accises	M
	D2122C02	Droits d'accises autonomes sur certaines huiles minérales	idem	M
	D2122C03	Droits d'accises sur les huiles minérales	idem	M
	D2122C04	Produit de la contribution sociale prélevée sur les carburants	idem	M
	D2122C05	Redevance de contrôle sur le fuel domestique	idem	M
	D2122C08	Droits d'accises sur les tabacs (partie sur importations)	Administration des douanes et accises	M
	D2122C09	Droits d'accises sur les alcools étrangers	idem	M
	D2122C10	Droits d'accises sur les bières (partie sur importations)	idem	M
	D2122C12	Droits d'accises boissons fermentées mousseuses	idem	Y
	D2122C13	Droits d'accises sur le sucre	idem	Y
<b>TRD214</b>		<b>1.3) Impôts sur les produits</b>		
<b>TRD214A</b>	<b>D214A01</b>	Droits d'accises sur les alcools indigènes	Administration des Douanes et Accises	M
	<b>D214A03</b>	Taxe de coresponsabilité sur le lait : taxe supplémentaire	Rapport Ministère de l'agriculture	Y

	<b>D214A04</b>	Taxe de coresponsabilité sur les céréales: taxe normale	idem	Y
	<b>D214A05</b>	Taxe de coresponsabilité sur les céréales: taxe supplémentaire	idem	Y
<b>TRD214C</b>	<b>D214C01</b>	Taxe de consommation (partie sur la production nationale)	Adm des Douanes et Accises	M
	<b>D214C02</b>	Droits d'accises sur les bières indigènes	idem	M
	<b>D214C03</b>	Droits d'accises sur le tabac (partie sur la production nationale)	idem	M
	<b>D214C04</b>	Surtaxe sur les mutations immobilières	Commune de Luxembourg	Y
	<b>D214C05</b>	Droits d'enregistrement	Adm. de l'enregistrement et des domaines	M
	<b>D214C06</b>	Droits d'hypothèques	idem	M
	<b>D214C07</b>	Hypothèques salaires	idem	Y
<b>TRD214E</b>	<b>D214E01</b>	Taxe sur les amusements publics (nuits blanches)	Commune	Y
<b>TRD214F</b>	<b>D214F01</b>	Prélèvements sur les jeux de casino (partie Etat central)	Etat	M
	<b>D214F02</b>	Prélèvements sur les jeux de casino (partie communes)	Commune	M
	<b>D214F03</b>	Taxe sur le loto	Administration des contributions directes	M
	<b>D214F04</b>	Taxes et prélèvement sur les paris relatifs aux épreuves sportives	idem	M
<b>TRD214G</b>	<b>D214G01</b>	Taxe sur les assurances	Adm. de l'enregistrement et des domaines	M
<b>TRD214H</b>	<b>D214H04</b>	Taxe due pour la construction dans les secteurs centraux	Commune de Luxembourg	Y
	<b>D214H06</b>	Taxe de séjour	Commune	Y
	<b>D214H07</b>	Taxe sur les cabarets	Administration des Douanes et Accises	M
<b>TRD214L01</b>	<b>D214L01</b>	Produit de la contribution spéciale à l'assurance dépendance sur l'électricité	Administration des Douanes et Accises	Y
	<b>D214L02</b>	Redevances sur achats de courant	idem	Y
	<b>D214L03</b>	Ristournes concédées par la société électrique de l'Our	idem	Y
<b>TRD29</b>		<b>2) Autres impôts sur la production</b>		
<b>TRD29A</b>	<b>D29A01</b>	Impôt foncier	Communes	Y
<b>TRD29A</b>	<b>D29A02</b>	Taxe sur les résidences secondaires	Idem	Y
<b>TRD29B</b>	<b>D29B01</b>	Taxe sur véhicules automoteurs (part payée par les entreprises)	Administration des Douanes et Accises	M
	<b>D29B02</b>	Taxe d'immatriculation des navires	Adm. de l'enregistrement et des domaines	Y
<b>TRD29E</b>	<b>D29E01</b>	Licences et autres	Etat	Y
<b>TRD29G</b>	<b>D29G01</b>	Sous-compensation TVA	Adm. de l'enregistrement et des domaines	Y
<b>TRD29H</b>	<b>D29H01</b>	Registre aux firmes	idem	Y

	<b>D29H02</b>	Prélèvement CECA	Grp. des Industriels Sidérurgiques	Y
	<b>D29H03</b>	Taxe d'abonnement sur les titres de société	Adm. de l'enregistrement et des domaines	M
	<b>D29H04</b>	TVA reclassée en autres impôts sur la production	idem	M
<b>TRD5</b>		<b>3) Impôts courants sur le revenu et le patrimoine</b>		
<b>TRD51</b>		<b>3.1) Impôts sur le revenu</b>		
<b>TRD51A</b>	<b>D51A01</b>	Impôt retenu sur les traitements et salaires	Administration des contributions directes	M
	<b>D51A02</b>	Impôt retenu sur certains revenus échus à des contribuables non-résidents	idem	Y
	<b>D51A03</b>	Impôt sur le revenu des personnes physiques fixé par voie d'assiette	idem	M
	<b>D51A04</b>	Impôt solidarité majoration personnes physiques	idem	M
	<b>D51A05</b>	Impôt retenu sur les revenus de capitaux	idem	M
	<b>D51A06</b>	Impôt sur les tantièmes	idem	M
<b>TRD51B</b>	<b>D51B01</b>	Impôt sur le revenu des collectivités	idem	M
	<b>D51B02</b>	Impôt de solidarité sur le revenu des collectivités	idem	M
	<b>D51B03</b>	Impôt commercial communal	idem	M
<b>TRD59</b>		<b>3.2) Autres impôts courants</b>		
<b>TRD59A</b>	<b>D59A01</b>	Impôt sur la fortune	Administration des Contributions Directes	M
	<b>D59A02</b>	Impôt foncier	Commune	Y
<b>TRD59F</b>	<b>D59F01</b>	Droits de timbre	Adm. de l'enregistrement et des domaines	M
	<b>D59F02</b>	Recettes concernant les départements des affaires étrangères	Etat	Y
	<b>D59F03</b>	Timbres de chancellerie	Commune	Y
	<b>D59F04</b>	Taxe sur les chiens	Idem	Y
	<b>D59F05</b>	Taxe sur véhicules automoteurs (part payée par les ménages)	Administration des Douanes et Accises	M
	<b>D59F06</b>	Taxe bateaux ou navires de plaisance	idem	M
<b>TRD91</b>		<b>4) Impôts en capital</b>		
<b>TRD91A01</b>	<b>D91A01</b>	Droits de succession	Adm. de l'Enregistrement et des Domaines	m

## HUNGARY

## Description of country practice, Year 2002

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

The 90 % criteria set out in Article 3 is fully respected for taxes data (D.2, D.5 and D.91), actual social contributions (D.611) and social benefits other than social transfers in kind (D.62).

For the other categories the coverage of direct information is high, most of the data are available in the Hungarian Statistical Office, others are obtainable from the Treasury.

### 2. Compliance with ESA95 rules

Basic data are transformed to comply with ESA 95 concepts. The government accounting system is based on cash basis.

Central government consists of the central government units, the non-profit institutions which are controlled and mainly financed by central government and corporations classified in this sub-sector.

Monthly data are available for Central Government and for Social Security Funds. These data are adjusted to accruals. For Local Government we have only nearly quarterly data, which means that by the law the local units have to be made reports on revenue and expenditure on the months I-III, I-V, I-IX and I-XII. Data on quarter 2 and 3 are estimated from the above mentioned periods.

### 3. Consistency between annual and quarterly data

Inconsistency may appear due to two features of the data sources:

- The coverage of the units is not full on a quarterly basis. There is need for coverage adjustment. It is based on the previous years' figures.
- The transactions are more aggregated than the annual ones. Estimations should be used to disaggregate them. These estimations are based on previous years' annual data and on budget data.

### 4. Revision policy

Quarterly data are revised twice: after the calculation of the preliminary (month t+9) and the final (t+15) annual figures.

## 5. General remarks

The Hungarian Central Statistical Office is building up step by step the quarterly non-financial accounts. In 2002 this process has been on an initial stage: only P.1, P.2, D.11, D.12, D.2, D.3, P.51, D.61, D.62 and D.63 were compiled.

For 2002 the data sources were not suitable for compiling the full set of quarterly non-financial accounts.

### Central government:

Three data sources were used:

- monthly report on the central government expenditure and revenue compiled by MoF;
- some data at individual level (wages and salaries, social security contribution, purchase of goods and services, sales revenue) taken over from the Treasury;
- taxes and subsidies from the Tax Office.

From 2003 HCSO takes over from the Treasury the data based on cash remittances covering all revenue and expenditure transactions of central government units.

In 2002 data on non-profit institutions and corporations reclassified into CG sector were not available. From 2004 onwards the figures of major corporations are collected by MoF. Quarterly data collection for the largest non-profit institutions is planned.

### Local government:

Quarterly reports are decreed by Ministry of Finance for each municipality. These reports cover all revenue and expenditure of local governments and their institutions. These reports cover the months I-III, I-V, I-IX and I-XII. Local governments have to report their I-VI month data as well, but the deadline of this report is not suitable for the compilation of the quarterly accounts.

### Social Security funds:

Monthly reports (except the first two months of the year) covering all revenue and expenditure of the funds are collected.

## 6. Expenditure of general government

### *P2 Intermediate consumption*

#### **SOURCES**

See above.

#### **METHODS**

Most of the data are available from direct cash data; estimations are needed for the figures of the non-profit institutions which are controlled and mainly financed by central government and corporations classified in this sub-sector. These estimations are based on the previous annual figures. Further estimations are needed for the missing elements of the intermediate consumption (appr. 1-3 % of the total) which are not available on a quarterly basis only annually.

Intermediate consumption is recorded on a cash basis.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

Cash data are available for P.5 and K.2 from the above mentioned sources.

For the quarterly estimation of P.51 data from the quarterly investment surveys are used. These data are on accrual basis and contain only the item of new fixed assets purchased. For the other components of P.5, accrual data are not available quarterly.

#### **METHODS**

About 90 % of P.5 data are available which comply with ESA 95 rules.

### ***D1 Compensation of employees***

#### **SOURCES**

See General remarks.

#### **METHODS**

Estimations are needed for the missing quarterly figures (e.g. wages in kind), and for the figures of the non-profit institutions which are controlled and mainly financed by central government and corporations classified in this sub-sector which are based on the previous annual figures.

Direct cash data are time adjusted with a one-month delay.

### ***D29 Other taxes on production, payable***

This item does not exist in the Hungarian GG accounts.

### ***D3 Subsidies***

#### **SOURCES**

##### Central Government (Weight of D3: 94,6%)

Detailed monthly cash data are available on subsidies paid by the Tax Office. All the rest is included in the Treasury data under the line “Other current transfers”.

##### Local Government (Weight of D3: 5,4%)

The subsidies are not reported separately, but they are included in the line „Other current transfers” in the local government quarterly report.

#### **METHODS**

##### Central Government

Subsidies which are paid according to a regular pattern (export subsidies, wage-subsidies) are time adjusted; the others are recorded on a cash basis from the monthly data. Items, which are not included in the Tax Office data, need to be estimated based on the annual figures.

##### Local Government

Subsidies should be separated from the other current transfers. The split of the item is based on the previous annual figures.

### ***D4 Property income, payable***

#### **SOURCES**

##### Central Government (Weight of D4: 98,7%)

For 2002 only monthly cash data were available from the Ministry of Finance. Since 2004 HCSO takes over quarterly accrual estimates from the State Debt Management Authority.

##### Local Government (Weight of D4: 1,3%)

Cash data is received from local government report on a nearly quarterly basis.

##### Social Security Funds

Data on this sub-sector are negligible.

#### **METHODS**

For 2002 no estimations were made. From 2004 onwards the State Debt Management Authority compiles quarterly accrual data for the central government. The rest is estimated from the cash data.

### ***D5 Current taxes on income, wealth, etc., payable***

This item does not exist in the Hungarian national accounts.

### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

##### Central Government (Weight of D62: 18 %)

Treasury prepares a special report about the family allowances. Other social benefits are derived from Ministry of Finance sources.

##### Local Government (Weight of D62: 5 %)

Social transfers in cash and in kind are not separated in the local government reports.

##### Social Security Funds (Weight of D62: 77 %)

This item mainly consists of pensions paid by the National Pension Fund and social benefits (e.g. sick pay, maternity benefits) paid by health insurance. Cash data are obtained from the Central Administration of National Pension Insurance and from the National Health Insurance Authority.

#### **METHODS**

##### Central Government

Most of the data are available from direct cash data; estimations for the missing data are based on budget information.

##### Local Government

The split of the social transfers in cash and in kind is based on previous annual data.

##### Social Security Funds

Direct cash data are used as accruals because of the similarity of the approaches.

***D631 Social transfers in kind related to expenditure on products supplied to households via market producers***

**SOURCES**

Central Government (Weight of D631: 25,5 %)

Monthly cash data are obtained from the Ministry of Finance and from the National Health Insurance Authority.

Local Government (Weight of D631: 2 %)

See D .62.

Social Security Funds (Weight of D631: 72,5 %)

Most of the data are obtained from the National Health Insurance Authority on a monthly cash basis.

**METHODS**

Direct cash data are used as accruals because of the similarity of the approaches.

***D7 Other current transfers, payable***

**SOURCES**

Central government

For 2002 only the monthly MoF report covered this item. From this data source it was not possible to derive this item because the concerning figure is too aggregated. -From 2003 the data provided by the Treasury are available.

Local government

Local government reports include this data by receiving subsectors.

Social Security Funds

Social Security Funds reports include this data without indicating receiving sub-sectors. This figure is split between sub-sectors based on counterpart information.

**METHODS**

The item has not been compiled yet. As mentioned before, basic data cover some subsidies, which must be separated.

***D8 Adjustment for the change in net Equity of households in pension funds reserves***

This item does not exist in the Hungarian national accounts.

***D9 Capital taxes, investment grants and other capital transfers, payable***

**SOURCES**

Central government

For 2002 only the monthly MoF report covered this item. From this data source it was not possible to derive this item because the concerning figures is too aggregated. From 2003 the data provided by the Treasury are available.

#### Local government

Local government reports include this data by receiving sub sectors.

#### Social Security Funds

Social Security Funds reports include this data without indicating the receiving sub-sectors. This figure is split between sub-sectors based on counterpart information.

### **METHODS**

D.91 does not exist in the Hungarian national accounts.

D.92 and D.99 have not been compiled yet.

## **7. Revenue of general government**

### ***P1+P12+P13 Market output, output for final use and payments for the other non-market output***

#### **SOURCES**

##### Central Government

Most of the data are obtained from the Treasury on a monthly cash basis. These data contain P.11 and P.131 items in an aggregated form, while for P.12 there are only annual sources. However this data is very negligible.

##### Local Government

***P11 and P131 are included in the local governments report in an aggregated form.***

##### Social Security Funds

Monthly cash data are available from the Central Administration of National Pension Insurance and from the National Health Insurance Authority.

#### **METHODS**

There is no estimation for the output for own final use, because these amounts are very negligible. Estimations for certain elements of P.11 and P.131 are based on the previous annual figures.

No time adjustment has been done.

### ***D2 Taxes on production and imports***

#### **SOURCES**

##### Central Government (Weight of D2: 87,9 %)

Taxes collected by the Tax Office are reported monthly. For 2002 there was not quarterly information for other taxes. The data taken over from the Treasury since 2003 cover these items.

### Local Government (Weight of D2: 12,1 %)

Taxes are reported in the local governments' quarterly reports.

#### **METHODS**

##### Central Government

Most of the items are adjusted for accruals. Time adjustment is made on VAT, on excise duties, on taxes on entertainment, on taxes on lotteries, gambling and betting, taxes on pollution, on other taxes on specific services and on payroll taxes.

For the other taxes, there is no adjustment made either there is no reason to adjust or the volume of the data is small and only annual information is available.

For taxes collected by other institutions than Tax Office quarterly estimations are based on previous years data or on budget data.

##### Local Government

Tax figures are very aggregated, include D2 and D5 taxes as well. They are separated on the basis of previous years' data.

Local government taxes are payable once or twice a year. There is no need for annual time adjustment. The problem of quarterly time adjustment has not been solved yet.

#### ***D39 Other subsidies on production, receivable***

This item does not exist in the Hungarian national accounts.

#### ***D4 Property income, receivable***

#### **SOURCES**

##### Central Government (Weight of D4: 74 %)

For 2002 only the monthly MoF report covered this item. From this data source it was not possible to derive this item because the concerning figure is too aggregated. From 2003 cash data provided by the Treasury are available.

##### Local Government (Weight of D4: 26 %)

Cash data are available from the local governments' quarterly reports.

#### **METHODS**

D.4 has not been compiled yet. Only cash data are available.

#### ***D5 Current taxes on income, wealth, etc.***

#### **SOURCES**

##### Central Government (Weight of D5: 78,4%)

Personal income tax and corporation tax are available from the Tax Office monthly report. Data on payments by household for licences and stamp duties are available monthly from the Ministry of Finance.

##### Local Government (Weight of D5: 21,6%)

Personal income taxes are collected by the Tax Office. Local governments have a share from this revenue. Personal income taxes and other local taxes are obtained from the local government quarterly reports.

## **METHODS**

### Central Government

Personal income tax is recorded on a time adjusted cash basis shifting data by one month.

In the case of corporation tax, instalments do not reflect the real economic events of the current year. There is a need for adjustment. As the methods of quarterly time adjustment has not yet worked out, data are recently on cash basis.

Payments by household for licences and stamp duties have to be divided into payments for licences, inheritance and gift taxes and taxes on production. This disaggregating is based on previous years' figures, and data are recorded on cash basis.

### Local Government

Local taxes are recorded on cash basis. For other current taxes, quarterly data are aggregated, including D2 and D5 taxes as well. They are separated on the basis of previous years' data.

## ***D611 Actual social contributions***

### **SOURCES**

#### Central Government (Weight of D611: 8,9 %)

Social contributions financing unemployment benefits are payable to the Labour Market Fund which is part of CG.

Monthly cash data are obtained from the Tax Office.

#### Social Security Funds (Weight of D611: 91,1 %)

Monthly cash data are obtained from the Central Administration of National Pension Insurance and from the National Health Insurance Authority.

### **METHODS**

Cash data are time-adjusted with a one-month delay to obtain accrual data.

## ***D612 Imputed social contributions***

### **SOURCES**

There is no quarterly data on this item.

### **METHODS**

Estimations are based on the previous annual figures.

## ***D7 Other current transfers, receivable***

### **SOURCES**

#### Central government

For 2002 only the monthly MoF report covered this item. From this data source it was not possible to derive this item because the concerning figure is too aggregated. From 2003 the data provided by the Treasury are available.

#### Local government

Local government reports include this data by paying sub-sectors.

#### Social Security Funds

Social Security Funds reports include this data without indicating the paying sub-sectors. This figure is split between sub-sectors based on counterpart information.

### **METHODS**

The item has not been compiled yet.

### ***D91 Capital Taxes***

#### **SOURCES**

##### Central Government (Weight of D91: 50,9 %)

This item consists of taxes on inheritance and gift. Monthly cash data are obtained from the Ministry of Finance.

##### Local Government (Weight of D91: 49,1 %)

Quarterly cash data are obtained from local government quarterly reports.

#### **METHODS**

As the capital taxes are recorded at the time when the tax liabilities arise, the accrued and the cash data are the same. D.91 taxes are included in the item “Payments by household for licences and stamp duties”; estimations for their separation are based on the previous annual amounts.

### ***D92+D99 Investment grants, other capital transfers, receivable***

#### **SOURCES**

##### Central government

For 2002 only the monthly MoF report covered this item. From this data source it was not possible to derive this item because the concerning figure is too aggregated. From 2003 the data provided by the Treasury are available.

##### Local government

Local government reports include this data by paying sub-sectors.

##### Social Security Funds

Social Security Funds reports include this data without indicating the paying sub-sectors. This figure is split between sub-sectors based on counterpart information.

#### **METHODS**

The item has not been compiled yet.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information (90% criteria)**

The 90% criterion is fully respected for the expenditure (P2, P5, K2, D1, D29, D3, D4, D5, D631, D7 and D9) and revenue (P1, D2, D39, D4, D5, D61, D7 and D9) categories for the General Government. For Budgetary Central Government (S.1311) direct information will be used as much as possible through the use of the Treasury's Departmental Accounting System (DAS). For the extra budgetary units (S.1311) and local councils (S.1313) a specifically designed questionnaire sent to the major extra budgetary units. As from 2004, all the Local councils have been asked to submit quarterly financial reports to our Office. Their data is then analysed and compiled in line with the ESA95 format.

### **2. Compliance with ESA 95 rules**

After a comprehensive exercise each account in the Treasury's Departmental Accounting System was given a code in line with the ESA 95 Classification: this means that all accounts and transactions for the Budgetary Central Government have been assigned an ESA 95 code. Public accounting is still drawn up on a cash basis, although by January 2006 the accrual accounting system is expected to become operational. The implementation of the accrual system of accounting will facilitate the work done at the National Statistics Office, but until such time as the accruals data becomes available the NSO is surveying the major revenue and expenditure generating units in order to determine their accrued levels.

Final audited financial data for local councils and extra budgetary units is available on an annual basis from their respective financial statements, which include the Profit and Loss Account, Cash Flow Statement and the Balance Sheet. These annual statements are accruals based. At a quarterly level, as mentioned earlier, questionnaires are being used for the extra budgetary units, and quarterly management accounts are used for the local councils.

### **3. Consistency between annual and quarterly data**

As we are making use of quarterly data from the DAS for the Budgetary Central Government, the annual data will by definition be equivalent to the aggregate of the four quarterly totals. On the other hand, the results obtained from the management accounts (of the local councils) and from the questionnaires (of the extra budgetary units) may be revised to ensure consistency between the annual and the quarterly data.

### **4. Revisions**

There is no pre-determined revision policy for the quarterly non-financial transactions for the time being. For the budgetary central government any revisions will be limited to accruals

adjustments because as soon as cash data is available from the Treasury's Departmental Accounting System, this may be considered as final.

For the local councils and extra budgetary units the quarterly non-financial accounts will be revised using the annual audited statements of the individual councils and entities for each respective year.

## 5. General remarks

## 6. Expenditure of general government

### *P2 Intermediate consumption*

Central Government (weight of P2: 90.9%)<sup>34</sup>

Local Government (weight of P2: 9.1%)

#### SOURCES

Data for the Central Government is obtained from the monthly Treasury report. Data for Local Councils and for the Extra Budgetary Units is derived through the questionnaires and management financial statements, which are all accruals based.

#### METHODS

Intermediate Consumption of the central government is made up of Operational and Maintenance Expenses for all ministries and departments. This includes expenditure on utilities, materials and supplies, repairs and upkeep, rent, international memberships, office services, transport, travel, information services, contractual services, transport, travel, information services, contractual services, professional services, training, hospitality and incidental expenses; after eliminating certain expenditure (e.g. rent on land, international memberships with UN and EU Organisations, etc) which according to the ESA95 methodology may not be classified as intermediate consumption. Data is then consolidated in terms of both intra sub-sector flows and inter sub-sector flows.

### *P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets*

Central Government (weight of P5 + K2: 96.6%)

Local Government (weight of P5 + K2: 3.7%)

#### SOURCES

Data for the Central Government is obtained from the monthly Treasury report. Data for Local Councils and for the Extra Budgetary Units is derived through the questionnaires and management financial statements, which are all accruals based.

#### METHODS

No specific adjustments are made for this data.

<sup>34</sup> The weight of each sub-sector in the total amount of each category refers to the definitive annual account for the year 2003.

## ***D1 Compensation of employees***

Central Government (weight of D1: 96.6%)

Local Government (weight of D1: 0.4%)

### **SOURCES**

Cash data for the Central Government is obtained from the monthly Treasury report. Data for Local Councils and for the Extra Budgetary Units is derived through the questionnaires and management financial statements, which are all accruals based.

### **METHODS**

The wages and salaries (D11) and actual social contributions (D121) for the central government are extracted from the centralized system of the Treasury Department, at quarterly intervals. This category (termed as “the personal emoluments category”) is available in a disaggregated level, including holders of political office, staff – wages and salaries, bonus, income supplement, social security contributions, allowances and overtime. In addition the wages and salaries and actual social contributions paid from the capital expenditure vote are included in D11 and D121 respectively. As from 2004, the wages and salaries in the Central Government are paid every 4 weeks, and therefore an accruals adjustment has become necessary every quarter. Data for extra budgetary units (some of which will also be adjusted due to salary payments every 4 weeks) and Local Councils will be captured from the specific quarterly questionnaires. Adjustments for wages in kind are made at a later stage since this involves adjustments of the intermediate consumption (e.g. fringe benefits).

## ***D29 Other taxes on production, payable***

Other taxes on production for the general government are negligible.

## ***D3 Subsidies***

Central Government (weight of D3: 100.0%)

Local Government (weight of D3: 0.0%)

### **SOURCES**

Cash data for the Central Government is obtained from the monthly Treasury reports.

### **METHODS**

In Malta there are no import subsidies (D.31). Other subsidies on products (D.319) are obtained from government accounts. A large proportion of these subsidies are allocated to the Water Services Corporation for the provision of water services. Other subsidies on production (D.39): most of these are given to two particular entities (both classified out of S.13 sector) being the Malta Shipyards (ex Malta Drydocks) and the Malta Freeport Corporation. Included under D.39 are training grants and schemes, assistance to agriculture, farmers and fishermen and interest subsidies on house loans. For the quarterly non-financial accounts, if a particular subsidy is paid only once a year and it covers the whole year, its cost will be apportioned between all the four quarters.

Extra budgetary units and local councils do not incur any expenditure on D.3.

### ***D4 Property income, payable***

Central Government (weight of D4: 100.0%)

Local Government (weight of D4: 0.0%)

#### **SOURCES**

Cash data for the Central Government is obtained from the monthly Treasury reports. Data for the Extra Budgetary Units and for the Local Councils is captured from the specific questionnaires and from quarterly management reports respectively.

#### **METHODS**

Property Income on the expenditure side for S.1311 consists of interest (D.41) and Rent (D.45). D41 is made up of the interest of Malta Government Stocks, Treasury Bills, and on foreign borrowing. The biggest drawback is that the data for the budgetary central government (excluding the extra budgetary units) is on a cash basis rather than accrued. For the time being the estimate used in the EDP Notification will be used.

Data for extra budgetary units and for Local Councils will be captured from the specific questionnaires and from quarterly management reports respectively; which are both accruals based.

The contribution of the Local Councils sub-sector to D4 is negligible.

### ***D5 Current taxes on income, wealth etc., payable***

Not Applicable

### ***D631 Social benefits in kind***

Central Government (weight of D631: 100.0%)

Local Government (weight of D631: 0.0%)

#### **SOURCES**

Cash data for the Central Government is obtained from the monthly Treasury reports. Extra budgetary units and local councils do not incur any expenditure on D.631.

#### **METHODS**

In the Maltese context, one of the main services falling under this category is the Incontinence Service given by the Department for the Care of the Elderly. The objective of this service is to alleviate the psycho-social problem/s that a person may, as a result of incontinence, be subjected to. Moreover, through the supply of heavily subsidised diapers, this service helps to decrease the physical and financial strain exerted on those families who have members with incontinence problems. The incontinence service thus supports and encourages incontinent disabled persons and older adults to continue living in the community.

Other services classified within this category include subsidies on school transport, direct provision of pharmaceutical products, as well as the homes for the elderly.

### ***D7 Other current transfers, payable***

Central Government (weight of D7: 100.0%)

Local Government (weight of D7: 0.0%)

## SOURCES

Cash data for the Central Government is obtained from the monthly Treasury reports. Extra budgetary units and local councils incur only negligible expenditure on D.7.

## METHODS

Current Transfers within General Government (D.73) are the transfers between different sub-sectors of general government. The most common transfers are done by the Central Government to Government Entities and to Local Councils. Under the transaction Current International Cooperation (D.74) the items recorded will be international memberships of EU, UN and other organisations and participations fees and organisations of international meetings. Miscellaneous current transfers (D.75) are the transfers to individuals, to NPISH and to non-government institutions. For the quarterly non-financial accounts, if a transfer is made only once a year and it covers the whole year, the expenditure will be apportioned between all the four quarters.

### *D9 Capital taxes, investments grants and other capital transfers, payable*

Not Applicable

## 7. Revenue of general government

### *P1 Output*

Central Government (weight of P1: 97.5%)

Local Government (weight of P1: 2.5%)

## SOURCES

Cash data for the budgetary central government is obtained from the monthly Treasury reports. The P1 data of the extra budgetary units and of the local councils is extracted from the quarterly questionnaires and from the specific questionnaires respectively.

Ministries and departments may engage in market activities and generate revenue; with the main activities being rent of buildings, admissions to various buildings, court, passport and registry fees, services to third parties as well as hospital fees charged to non-residents.

The market output of local councils consists of income raised under council byelaws for the use of facilities, advertising on street furniture, tender documents and permits to use skips. Revenue is also collected from cultural activities, publications, fees from courses, media charges and other general income.

For the extra budgetary units their market output consists mainly of sale of new vacant premises from the Housing Authority, development permit fees from the Planning Authority and examination and registration fees from the University of Malta.

## METHODS

When coding each of the revenue transactions in line with the ESA 95 methodology care was taken to distinguish revenue from taxes (D2) and from sale of services (P11). For this purpose it was determined that when the fee charged reflected the actual service provided, this would be a P11 transaction. On the other hand taxes cover revenues out of proportion to the service rendered.

No accruals adjustments are presently effected.

## ***D2 Taxes on production and imports***

### **SOURCES**

In Malta, this item mainly consists of VAT and excise duties on alcohol, tobacco and petroleum products.

#### Central Government (Weight of D2: 100%)

Data for all D.2 taxes is available monthly from the centralised departmental accounting system on a cash basis.

#### Local Government (Weight of D2: 0%)

No taxes are collected to date by the Local Government sub-sector.

### **METHODS**

Up till Quarter 4 2005, quarterly data is extracted compiled from the centralised cash-based source. As far as VAT data is concerned, quarterly figures are accruals adjusted on the basis of information from the VAT Department, and which includes the amounts of the realistic balances pending for collection. This information is being made available on a quarterly basis, and the annual figure is subsequently confirmed by the Auditor General.

No accruals adjustment is effected for the other D2 type taxes.

## ***D39 Other subsidies on production, receivable***

Not Applicable

## ***D4 Property income, receivable***

#### Central Government (Weight of D2: 99.9%)

#### Central Government (Weight of D2: 0.1%)

### **SOURCES**

Cash data for the budgetary central government is obtained from the monthly Treasury reports. Data for the Extra Budgetary Units and for the Local Councils is captured from the specific questionnaires and from quarterly management reports respectively.

### **METHODS**

Property Income on the revenue side for the General Government sector of Malta consists of interest (D41), dividends (D421), withdrawals from income of quasi corporations (D422) and Rent (D45).

Data for the extra budgetary units and for the local councils is accruals based while data from the budgetary central government is cash based.

No accruals adjustments are presently effected.

## ***D5 Current taxes on income, wealth, etc.***

### **SOURCES**

In Malta, this item consists mainly of income tax, corporation tax, capital gains tax, and payments by households for licences (sporting, driving, and motor vehicle and TV licences).

#### Central Government (Weight of D5: 100 %)

All cash revenue data is available. As far as personal and corporate income taxes are concerned, the Inland Revenue Department provides annual accruals data to take account of the amounts due, but not yet paid to government.

#### Local Government: (Weight of D5: 0 %)

No taxes are collected to date by the Local Government sub-sector.

### **METHODS**

#### Central Government

The Inland Revenue Department is a key institution providing accruals estimates to the NSO. In general, the accruals estimates provide the amount of realisable corporate and individual income taxes.

The accrued quarterly estimates of the other D.5 taxes are set equal to the cash revenues.

## ***D611 Actual social contributions***

### **SOURCES**

#### Central Government (Weight of D611: 100%)

Central Government Actual Social Contributions cover the National Insurance Contributions and the cash data is available from the monthly DAS database.

#### Local Government (Weight of D611: 0 %)

#### Social Security Funds

For the purposes of national accounts, there is no separate Social Security Funds sector.

### **METHODS**

For the time being only cash data is used.

## ***D612 Imputed social contributions***

### **SOURCES**

#### Central Government (Weight of D612: 100%)

Imputed social contributions are theoretically paid by government as an employer, and are equal to the benefits.

#### Local Government (Weight of D612: 0 %)

### **METHODS**

#### Central Government

The monthly cash data covering the treasury pensions and cost of living bonuses granted to ex-civil-servants and retired policemen, armed forces pensioners, widows and orphans and retired members of parliament is used. This data is available monthly, and no further accruals adjustments are effected.

#### Local Government

Not applicable.

### ***D7 Other current transfers, receivable***

Central Government (Weight of D7: 83.6%)

Central Government (Weight of D7: 16.4%)

#### **SOURCES**

Cash data for the budgetary central government is obtained from the monthly Treasury reports. Data for the Extra Budgetary Units and for the Local Councils is captured from the specific questionnaires and from quarterly management reports respectively.

#### **METHODS**

Current Transfers within General Government (D73) are transfers between different sub-sectors of general government. The most common transfers are done by the Central Government to government entities and to local councils. D73 on the resources side will be recorded equal to the uses side. Miscellaneous current transfers (D75) are the transfers to individuals, to NPISH and to non-government institutions. On the resource side, D75 consists mainly of traffic, court and miscellaneous fines. For the quarterly non-financial accounts, if a transfer is made only once a year and it covers 12 months, the transaction will be apportioned between all the four quarters.

### ***D91 Capital taxes***

#### **SOURCES**

Capital taxes mostly consist of Inheritance Taxes, as well as duty on Documents covering property transfers.

Central Government (Weight of D91: 100 %)

Data for capital taxes are obtained on a cash basis quarterly from the Departmental Accounting System.

#### **METHODS**

#### Central Government

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

#### Future Developments

An on-going project across the budgetary central government, spearheaded by the Treasury Department, is the production of accruals based accounting data. A pilot study has already been finalised, and the process should be on line by the 1st January, 2006. Since the extra budgetary units and the local councils already practice accruals accounting, the total S13 sector will then be accruals based.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information**

The 90% criterion is fully respected with data on taxes (D2, D5, D91), social benefits (D62) and actual social contributions (D611). With other transactions the amount of direct information varies from 0% to 100% by transaction. The source situation is expected to improve further over time as new sources become available, see below.

### **2. Compliance with ESA95 rules**

The basic data are transformed to comply with ESA95 concepts. This includes, among other things, transformation of source variables to ESA95 transaction categories and cash-accrual adjustments where feasible. Quasi-corporations are deconsolidated from the legal units to which they belong. Intra-government transactions are consolidated.

### **3. Consistency between annual and quarterly data**

Consistency between quarterly and annual data is a major concern within Statistics Netherlands. Many measures are taken to facilitate consistency. Annual and quarterly data are being compiled by the same staff. Data processing and the balancing procedures are –as far as possible– analogous. The same information systems, and the same levels of detail for transaction categories and (sub)sector partitions, are used for both annual and quarterly data. In March of year  $T$ , preliminary annual government finance data (Table 0200) for the year  $T-1$  are compiled. These annual data are consistent with, and basically derived from, quarterly data for year  $T-1$ . When revised annual data become available in due course (see below), quarterly data are revised in order to restore consistency with annual data. Finally, conceptual consistency is of course ensured by applying the same ESA95 rules to both annual and quarterly data.

### **4. Revision policy**

Quarterly data for past quarters of the current year are usually not revised during the course of the year. An exception is made only for important errors and omissions. When compiling the fourth quarter of year  $T-1$  in march of year  $T$ , all previous quarters of year  $T-1$  are revised where necessary. The same revision policy is followed for quarterly GDP data.

In July of year  $T$ , annual data for the year  $T-1$  are published for the first time and data for the years  $T-2$  and  $T-3$  are updated. When these new annual data become available, quarterly data are adjusted to be in line.

Usually, once every five years a major benchmark revision of the annual national accounts (including government accounts) is carried out. The process involves compiling new back

data time series. After new annual data have been finalised, quarterly data are adjusted to remain in line with annual data.

## 5. General remarks

The strong emphasis in both regulations 264/2000 and 1221/2002 on direct information has led Statistics Netherlands to give priority to improving of the structural source situation. Thus, Statistics Netherlands has focused on new national legislation and negotiations with individual government institutions, rather than paying attention to the development of sophisticated estimation methods for the transitional period. For example, a new law on extensive quarterly financial reporting by local public authorities has entered into force, see below.

The description below focuses on the situation for the year 2002. Given the approach explained above, these quarterly data had to be compiled on sources and with estimation methods that do not meet our own internal quality standards. It will take some time before new sources become available and before their quality is up to standard. It is expected that the quality of quarterly government data will improve over time. An adequate implementation of the measures taken will be sufficient to arrive at reliable quarterly data. However, since results strongly depend on the cooperation of reporting units, success can not be guaranteed.

Below we present groups of actors for the General Government sub-sectors. This grouping of actors is suitable for our purpose of describing sources and methods for the compilation of data on economic transactions<sup>35</sup>. We give some characteristics of these groups, including the percentage of D.1 paid as an indicator of the relative importance of the group within its sub-sector. Furthermore we briefly describe the general source situation for these groups, including improvements in the foreseeable future. Next sections will refer to these groups.

For the sub-sector **Central Government** (S.1311) we distinguish three groups: the *Dutch State* (essentially a single unit, the core of Central government consisting of the ministries and associated bodies; pays about 70% of D.1 for S.1311), the *universities* (thirteen units; pay about 20% of D.1 for S.1311) and a group of *other public authorities* (forty units; pay about 1% of D.1 for S.1311) and *non-profit institutions* belonging to Central Government (200 units; pay about 10% of D.1 for S.1311).

For the **Dutch State**, direct sources are generally available on an administrative level. The Ministry of Finance reports on a monthly basis the cash revenue and cash expenditure by budget item. Interest paid and received is reported on an accrual basis. In addition, the Tax Revenue Service reports on a monthly basis the cash receipts of each tax levied by the State. In general, a budget item is heterogeneous in terms of ESA95-transaction categories. Only by exception a budget item corresponds to one single ESA95-transaction category (for instance interest paid on State debt). To describe the ESA95-transactions of the State, a breakdown of each budget item is necessary. On an annual basis, additional information is available to analyse this breakdown. For the estimation of quarterly data, the breakdown for the latest year examined has been used as a key for the new quarters. A major change in the specification of the budget items starting in 2002 has caused a complication in the use of the method described above. The discontinuity in the composition of budget items has a strong negative effect on the usefulness of keys from the past. This affects the quality of the results.

<sup>35</sup> Actually, in the compilation process more groups are distinguished

Unfortunately, the information reported by the Ministry of Finance does not cover all revenue and expenditure of the Dutch state. The so-called *agencies* are not included. They are more or less independent bodies with a very specific operational task. For example, one agency ('Rijksgebouwendienst') is responsible for managing real estate owned and used by government. Agencies are responsible for their own bookkeeping. They use accrual accounting systems. So far, only annual information is available. The possibilities of obtaining infra-annual information are being investigated through bilateral discussions with the most important agencies.

**Universities** only report on an annual basis. They use an accrual accounting system. In principle some quarterly information can be obtained from indirect sources. For example, universities are mainly financed by the Dutch State. Information on State contributions is available from the Ministry of Finance (on a cash basis).

**Other public authorities** do not supply quarterly data. Because of the small contribution of this group this does not pose major problems. Only one of the **non-profit institutions** belonging to this –very heterogeneous– group supplies quarterly data. Any improvement can only be achieved on an individual basis. Given the merit–and–cost ratio, efforts of Statistics Netherlands have at first concentrated on other groups of actors. In the future, a small number of (relatively) important actors may be approached to investigate the possibilities to obtain quarterly data. In addition, it is our intention to develop improved estimation methods consistent with annual sources and methods.

For the sub-sector **Local Government** (S.1313) we distinguish two groups: *local public authorities* (about 1 000 units; pay about 40% of D.1 for S.1313) and *non-profit institutions* belonging to Local Government (about 5 000 units; pay about 25% of D.1 for S.1313) on the one hand, and *schools* (about 7 700 units; pay about 35% of D.1 for S.1313) on the other hand.

In the past<sup>36</sup>, **local public authorities** only supplied quarterly balance sheet data. This information served as a basis to compile quarterly (and preliminary annual) net lending/net borrowing for the sub-sector Local Government. In close cooperation with the Ministry of Interior Affairs, new legislation has been prepared requiring local public authorities to report data on ESA95-transactions and balance sheet items on a quarterly basis<sup>37</sup>. Implementation of the new law starts from the reporting year 2004 onwards. It is expected that some time is needed to achieve sufficient quality. **Non-profit institutions** do not supply quarterly data. The group is very heterogeneous and contains many actors. The amounts involved are considerable for the group as a whole. The average contribution of each actor, however, is limited. Given the merit–and–cost ratio, efforts of Statistics Netherlands have at so far concentrated on other groups of actors. In the future, a small number of (relatively) important non-profit institutions may be approached to investigate the availability of quarterly data. In addition, it is our intention to develop improved estimation methods for this group consistent with annual sources and methods. In the meantime, simple estimation methods have been developed for the combined groups of local public authorities and non-profit institutions. They are presented below.

**Schools** currently only report on an annual basis. They use an accrual accounting system. In principle, some quarterly information can be obtained from indirect sources. Schools are almost entirely financed by the Dutch State. The State covers their non-financial receipts for

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<sup>36</sup> From 2001 onwards

<sup>37</sup> Time of recording, however, will probably deviate in some respects from ESA95

80%. Information on the State contributions is available from the Ministry of Finance (on a cash basis). According to the Ministry of Education, schools are predictable in their expenditure and revenue. Information is available on their general quarterly patterns. The Ministry of Education provides data derived from the annual reports and has agreed to provide estimates of annual data for the most recent years not yet covered by annual reports. The annual data from the Ministry of Education will be quarterlized based on the quarterly pattern information mentioned above. The results obtained will be evaluated. The evaluation includes the comparison of the *ex ante* projected annual data with the *ex post* data of the annual reports. Depending on the results of the evaluation, a conclusion will be drawn on continuation of the method. The alternative is to introduce a questionnaire to be completed by the schools.

Information on **Social Security Funds** (S.1314) is provided by three executive bodies. These bodies cover almost all transactions in annual reports. All three bodies publish either a quarterly or a monthly bulletin. The infra-annual data are restricted to the major items: social contributions and social benefits. Fortunately, the size of the other ESA95-transaction categories is relatively small and their evolution is highly predictable. Frequently, quarterly bulletins are not timely available to meet statistical reporting deadlines. In these cases, estimates are necessary. The organisation and arrangements of social security is constantly changing. These changes are reflected in temporary discontinuities and delays in reporting.

For completeness, we recall that the sub-sector of **State Government** (S.1312) does not exist in the Netherlands.

Some final general remarks:

In certain cases, specific additional information may be available, for example relating to important single events. If this is the case, this information may be used in combination with the general methods described below. Moreover, during the balancing process adjustments may be made which overrule first estimates compiled according to the methods presented below.

## 6. Expenditure of general government

### *P2 Intermediate consumption*

#### SOURCES

##### Central Government (weight of P2: 37.3%)<sup>38</sup>

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. Annual information is used for agencies. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

##### Regional and Local Government (weight of P2: 58.5%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

<sup>38</sup> The weight of each sub-sector in the total amount of each category refers to the definitive annual account for the year 2002

### Social Security Funds (weight of P2: 4.3%)

Only annual information is available on P.2 itself. The method explained below relies on indirect information that is partly available on an annual basis only, partly on a monthly or quarterly basis.

#### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. Lacking further information, no specific cash-accrual adjustments are made. For agencies, annual data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. For *schools* belonging to S.1313, the most recent annual data is quartered according to an estimated quarterly pattern (*cf.* general remarks).

For *social security funds*, P.2 is derived from the definition equation

$$P.2 = P.1 - D.1 - K.1 - D.29PAY - D.39REC.$$

Compilation of D.1, D.29PAY and D.39REC is described below. P.1 is compiled from administrative source data attributable to the ESA95 category P.1. The source data are partly only available on an annual basis and in that case, divided by four to obtain a quarterly estimate. Partly data are available on a monthly or quarterly basis and in that case they are used as such. K.1 is estimated from annual data (for the most recent year available), quartered according to the quarterly GDP figure for K.1 for the corresponding quarter for the NACE class of Government.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

##### Central Government (weight of P5 + K2: 39.8%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. Annual information is used for agencies. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

##### Regional and Local Government (weight of P5 + K2: 59.2%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

##### Social Security Funds (weight of P5 + K2: 1.0%)

Annual information and quarterly GDP data are used.

## METHODS

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. Some specific cash-accrual adjustments are made. For agencies, annual data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) for P.5 are extrapolated and quartered according to an estimated quarterly pattern. K.2 is estimated as a residual, in order to reconcile net lending/net borrowing according to the quarterly capital accounts and the quarterly financial accounts, respectively. For *schools* belonging to S.1313, the most recent annual data is quartered according to an estimated quarterly pattern (*cf.* general remarks).

For *social security funds*, P.5 is estimated from annual data (for the most recent year available), quartered according to the quarterly GDP figure for P.5 for the corresponding quarter for the NACE class of Government. K.2 is not relevant for this sub-sector.

### *D1 Compensation of employees*

## SOURCES

**General remark:** quarterly labour accounts data for D.1 for the NACE class of Government are used in addition to sources mentioned below.

#### Central Government (weight of D1: 30.9%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. Annual information is used for agencies. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

#### Regional and Local Government (weight of D1: 65.3%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

#### Social Security Funds (weight of D1: 3.8%)

Annual information is used.

## METHODS

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. Based on additional information on administrative practice, some specific cash-accrual adjustments are made. For agencies, annual data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. For *universities*, annual reports data (for the most recent year available) are extrapolated according to quarterly labour accounts data for the NACE class of Government. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent

year available) are extrapolated according to quarterly labour accounts data for the NACE class of Government.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated according to quarterly labour accounts data for the NACE class of Government. For *schools* belonging to S.1313, the most recent annual data is extrapolated according to quarterly labour accounts data for the NACE class of Government.

For *social security funds*, annual data (for the most recent year available) are extrapolated according to quarterly labour accounts data for the NACE class of Government.

### ***D29 Other taxes on production, payable***

#### **SOURCES**

##### Central Government (weight of D29: 12.1%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

##### Regional and Local Government (weight of D29: 86.9%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

##### Social Security Funds (weight of D29: 1.0%)

Annual information is used.

#### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Additionally, some specific adjustments are made relating to ESA 95 requirements. Cash-accrual adjustments are made as necessary. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are divided by four. For *schools* belonging to S.1313, the most recent annual data is quartered according to an estimated quarterly pattern (*cf.* general remarks).

For *social security funds*, the average over previous years is divided by four.

### ***D3 Subsidies***

#### **SOURCES**

##### Central Government (weight of D3: 18.5%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

### Regional and Local Government (weight of D3: 81.5%)

For *local public authorities* and *non-profit institutions*, annual information is used, including budget information. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

#### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. Cash-accrual adjustments are made as necessary. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and divided by four. Budget information is used in order to estimate adjustments reflecting expected developments. For *schools* belonging to S.1313, the most recent annual data is quarterized according to an estimated quarterly pattern (*cf.* general remarks).

### ***D4 Property income, payable***

#### **SOURCES**

### Central Government (weight of D4PAY: 85.0%)

For the *Dutch State*, monthly information is available for D.41 on an accrual-basis from the Ministry of Finance. For other elements of D.4, monthly information is available on a cash basis from the Ministry of Finance. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

### Regional and Local Government (weight of D4PAY: 14.3%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

### Social Security Funds (weight of D4PAY: 0.7%)

Annual information is used.

#### **METHODS**

For the *Dutch State*, source data on D.41 is already on an accrual basis. For other elements of D.4, the monthly cash-based information from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. If necessary, cash-accrual adjustments are made. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. For *schools* belonging to S.1313, the most recent annual data is quartered according to an estimated quarterly pattern (*cf.* general remarks).

For *social security funds*, the average over previous years is divided by four.

### ***D5 Current taxes on income, wealth, etc., payable***

*Not applicable for the Dutch case.*

### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

##### Central Government (weight of D62: 15.6%)

For the *Dutch State*, monthly information (cash basis) on D.622 is available from the Ministry of Finance. For *universities, other public authorities* and *non-profit institutions* this category only applies for D.623. Here, only annual information is available.

##### Regional and Local Government (weight of D62: 13.2%)

For *local public authorities*, annual information is used on D.622. For *schools* and *non-profit institutions* this category only applies for D.623. Here also, only annual information is available.

##### Social Security Funds (weight of D62: 71.3%)

Monthly and quarterly reports are used for D.621. Annual information and quarterly labour accounts are used for D.623.

#### **METHODS**

For the category D.622 for the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. Based on additional information on administrative practice, some specific cash-accrual adjustments are made.

For the category D.622 for the *local public authorities*, annual national accounts data (for the most recent year available) are extrapolated and quarterlized according to an estimated quarterly pattern.

For *social security funds*, D.621 data are derived directly from infra-annual source data (adjusted to ESA95 variables).

For D.623 for all groups, annual national accounts data (for the most recent year available) are extrapolated according to the quarterly labour accounts development of D.12 for the NACE class of Government.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

#### **SOURCES**

##### Central Government (weight of D631: 7.6%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities* this category is not applicable. For *other public authorities* and *non-profit institutions*, only annual information is available.

##### Regional and Local Government (weight of D631: 5.3%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools* this category is not applicable.

#### Social Security Funds (weight of D631: 87.1%)

Quarterly reports are used.

#### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. Based on additional information on administrative practice, some specific cash-accrual adjustments are made. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and quarterlized according to an estimated quarterly pattern.

For *social security funds*, data are derived directly from quarterly reports (adjusted to ESA95 variables).

#### ***D7 Other current transfers, payable***

#### **SOURCES**

##### Central Government (weight of D7PAY: 89.6%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities* this category is not applicable. For *other public authorities* and *non-profit institutions*, only annual information is available.

##### Regional and Local Government (weight of D7PAY: 9.2%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools* this category is not applicable.

##### Social Security Funds (weight of D7PAY: 1.3%)

Quarterly reports are used.

#### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. Based on additional information on administrative practice, some specific cash-accrual adjustments are made. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and quarterlized according to an estimated quarterly pattern.

For *social security funds*, data are derived directly from quarterly reports (adjusted to ESA95 variables).

### ***D8 Adjustment for the change in net equity of households in pension funds reserves***

*Not applicable for the Dutch case.*

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

#### **SOURCES**

Central Government (weight of D9PAY: 71.1%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities* this category is not applicable. For *other public authorities* and *non-profit institutions*, only annual information is available.

Regional and Local Government (weight of D9PAY: 28.6%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools* this category is not applicable.

Social Security Funds (weight of D9PAY: 0.2%)

Quarterly reports are used.

#### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA95 data, using keys derived from the annual data analysis. Based on additional information on administrative practice, some specific cash-accrual adjustments are made. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern.

For *social security funds*, data are derived directly from quarterly reports (adjusted to ESA95 variables).

## **7. Revenue of general government**

### ***P11+P12+P131 Market output, output for final use and payments for the other non-market output***

#### **SOURCES**

Central Government (weight of P11+P12+P131: 28.6%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. Annual information is used for agencies. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

Regional and Local Government (weight of P11+P12+P131: 67.4%)

For *local public authorities* and *non-profit institutions*, annual information is used, including budget information. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

Social Security Funds (weight of P11+P12+P131: 4.0%)

Quarterly reports are used.

## **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Lacking further information, no specific cash-accrual adjustments are made. For agencies, annual data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and divided by four. Budget information is used in order to estimate adjustments reflecting expected developments. For *schools* belonging to S.1313, the most recent annual data is quartered according to an estimated quarterly pattern (*cf.* general remarks).

For *social security funds*, data are derived directly from quarterly reports (adjusted to ESA 95 variables).

## ***D2 Taxes on production and imports***

### **SOURCES**

Central government (Weight of D2: 93.9%)

For the *Dutch State*, monthly information (cash basis) is available from the Tax Revenue Service. For *universities* and *non-profit institutions* this category is not applicable. For *other public authorities* only annual information is available.

Regional and Local Government (Weight of D2: 6.1%)

For *local public authorities* annual information is used. For *schools* and *non-profit institutions* this category is not applicable.

### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Cash-accrual adjustments are made where necessary. For example, VAT cash receipts are shifted one month backwards to reflect the usual delay. For *other public authorities*, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities*, annual national accounts data (for the most recent year available) are extrapolated and divided by four. An adjustment is made in order to reflect developments expected according to budget information.

## ***D39 Other subsidies on production, receivable***

### **SOURCES**

#### Central Government (weight of D39REC: 63.2%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. Annual information is used for agencies. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

#### Regional and Local Government (weight of D39REC: 24.7%)

For *local public authorities* and *non-profit institutions*, annual information is used. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

#### Social Security Funds (weight of D39REC: 12.0%)

Monthly information (cash basis) from the counterpart, the Dutch State, is available from the Ministry of Finance.

### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Lacking further information, no specific cash-accrual adjustments are made. For agencies, annual data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and divided by four. An adjustment is made in order to reflect developments expected according to budget information. For *schools* belonging to S.1313, the most recent annual data is quartered according to an estimated quarterly pattern (*cf.* general remarks).

For *social security funds*, the monthly (cash-based) counterpart information from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Lacking further information, no specific cash-accrual adjustments are made.

## ***D4 Property income, receivable***

### **SOURCES**

#### Central Government (weight of D4REC: 64.4%)

For the *Dutch State*, monthly information is available for D.41 on an accrual-basis from the Ministry of Finance. Annual information is used for agencies. For other elements of D.4, monthly information is available on a cash basis from the Ministry of Finance. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

### Regional and Local Government (weight of D4REC: 31.3%)

For *local public authorities* and *non-profit institutions*, annual information is used, including budget information. For *schools*, annual reports and estimates from the Ministry of Education and information on quarterly patterns are used (*cf.* general remarks).

### Social Security Funds (weight of D4REC: 4.3%)

Annual information is used.

## **METHODS**

For the *Dutch State*, source data on D.41 is already on an accrual basis. For other elements of D.4, the monthly cash-based information from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. If necessary, cash-accrual adjustments are made. For agencies, annual data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, annual national accounts data (for the most recent year available) are extrapolated and quartered according to an estimated quarterly pattern. Budget information is used in order to estimate adjustments reflecting expected developments. For *schools* belonging to S.1313, the most recent annual data is quartered according to an estimated quarterly pattern (*cf.* general remarks).

For *social security funds*, the average over previous years is divided by four.

## ***D5 Current taxes on income, wealth, etc.***

### **SOURCES**

#### Central government (Weight of D5: 94.3%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities*, *other public authorities* and *non-profit institutions* this category is not applicable.

#### Regional and Local Government (Weight of D5: 5.7%)

For *local public authorities* annual information is used. For *schools* and *non-profit institutions* this category is not applicable.

### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Cash-accrual adjustments are made where necessary.

For *local public authorities*, annual national accounts data (for the most recent year available) are extrapolated and divided by four. Budget information is used in order to estimate adjustments reflecting expected developments.

## ***D611 Actual social contributions***

### **SOURCES**

Social Security Funds (Weight of D611: 100.0%)

Quarterly reports are used.

### **METHODS**

For *social security funds*, data are derived directly from quarterly reports (adjusted to ESA 95 variables).

## ***D612 Imputed social contributions***

The figures for the category D612REC are in the Dutch national accounts by convention equal to D623PAY and D122PAY. We refer to the description under D.62 for sources and methods used.

## ***D7 Other current transfers, receivable***

### **SOURCES**

Central Government (weight of D7REC: 11.1%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

Regional and Local Government (weight of D7REC: 76.8%)

For *local public authorities* and *non-profit institutions*, monthly information (cash basis) from the most important counterpart, the Dutch State, is available from the Ministry of Finance. Additionally annual information is used. For *schools*, counterpart information from the Ministry of Finance is used in combination with annual reports and estimates from the Ministry of Education (*cf.* general remarks).

Social Security Funds (weight of D7REC: 12.0%)

Monthly information (cash basis) from the most important counterpart, the Dutch State, is available from the Ministry of Finance for D.73REC. For D.75REC annual information is used.

### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Usually no cash-accrual adjustments are made. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, the monthly counterpart information from the Ministry of Finance is transformed to quarterly ESA 95 data. Usually no cash-accrual adjustments are made. For *schools* belonging to S.1313, a similar counterpart approach is used (*cf.* general remarks). For *social security funds*, data are derived from quarterly counterpart sources (adjusted to ESA 95) for D73REC. The average over previous years is divided by four for D75REC.

## ***D91 Capital taxes***

### **SOURCES**

#### Central Government (Weight of D91: 99.9%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities*, *other public authorities* and *non-profit institutions* this category is not applicable.

#### Regional and Local Government (Weight of D91: 0.1%)

For *local public authorities* annual information is used. For *schools* and *non-profit institutions* this category is not applicable.

### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Cash-accrual adjustments are made where necessary.

For *local public authorities*, annual national accounts data (for the most recent year available) are extrapolated and divided by four.

## ***D92+D99 Investment grants, other capital transfers, receivable***

### **SOURCES**

#### Central Government (weight of D9REC: 41.6%)

For the *Dutch State*, monthly information (cash basis) is available from the Ministry of Finance. For *universities* annual reports (*cf.* general remarks) are used. For *other public authorities* and *non-profit institutions*, only annual information is available.

#### Regional and Local Government (weight of D9REC: 58.4%)

For *local public authorities* and *non-profit institutions*, monthly information (cash basis) from the most important counterpart, the Dutch State, is available from the Ministry of Finance. Additionally annual information is used. For *schools*, counterpart information from the Ministry of Finance is used in combination with annual reports and estimates from the Ministry of Education (*cf.* general remarks).

### **METHODS**

For the *Dutch State*, the monthly cash-based information on budget items from the Ministry of Finance is transformed to quarterly ESA 95 data, using keys derived from the annual data analysis. Based on additional information on administrative practice, some specific cash-accrual adjustments are made. For *universities*, annual reports data (for the most recent year available) are divided by four to obtain a quarterly estimate. For *other public authorities* and *non-profit institutions* belonging to S.1311, annual national accounts data (for the most recent year available) are divided by four.

For *local public authorities* and *non-profit institutions* belonging to S.1313, the monthly counterpart information from the Ministry of Finance is transformed to quarterly ESA 95 data. Usually no cash-accrual adjustments are made. For *schools* belonging to S.1313, a similar counterpart approach is used (*cf.* general remarks).

## AUSTRIA

## Description of Austrian practice, Year 2002

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

The sources and methods requirements given in article 4 are met.

### 2. Compliance with ESA 95 rules (General data availability)

Data is adjusted to comply with ESA 95 rules.

Estimates are used to complete missing information for the current quarter. Especially in Q1, several estimations for S.1314 have to be made, which will be revised when data gets available in the Q2.

For some data sources, different information gets available over the course of the year. Thus several revisions of past quarters have to be made:

#### Central Government:

The monthly closing of accounts is available at the end of the following month.

All data is given on cash base.

#### State and Local Governments:

Due to retroactive accounting, there is only a preliminary closing of accounts available in Q1. Data gets more stable in Q2 and Q3, but in Q4 data is only preliminary again, since the closing of the year's accounts takes place after the transmission date (Feb. 1st). This last quarter is available only in Q2 of the following year.

All data is given on accrual base.

#### Social Security Funds:

In addition to some monthly data, there also is a preliminary closing of accounts available in Q2, Q3 and Q4. Thus in Q1 the yearly tender has to be included as data source.

All data is given on accrual base.

#### Other Legal Units:

For other units (chambers, funds, universities, spin-offs, etc.) no quarterly data is available. Therefore the values in Q1, Q2 and Q3 are estimated, and with the availability of the closing of accounts in Q4, all values are revised by quarters of the yearly figures.

All data is given on accrual base.

### 3. Consistency between annual and quarterly data

The annual accounts are central for all figures about the general government sector in Austria. Thus the quarterly figures are adjusted to the annual results when these become available.

The pattern of principal adjustments follows the availability of data in the course of time:

Due to availability of first preliminary results for the social security funds, adjustments for Q1 are made simultaneously with the completion of Q2 for some transactions concerning S. 1314.

1. Due to availability of the final closing of annual accounts of the central government, all quarters of a year are adjusted to the annual results simultaneously with the completion of Q4 of the same year.
2. Due to availability of the final closing of annual accounts of the state and local governments, all quarters of a year are adjusted to the annual results simultaneously with the completion of Q2 of the following year.
3. Due to availability of the closing of annual accounts of the social security funds and other government units, adjustments for all quarters of a year are made three times:
  - a) preliminary results: available in each March of the following year
  - b) final results: partly available in each August of the following year
  - c) final results: completely available in each March of the second following year

### 4. Revision policy

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

1. September (current year): Q1 current year (S.1314)
2. March of the following year: all 8 quarters of two previous years (all sub-sectors)
3. August of the following year: all 4 quarters of the previous year (all sub-sectors)

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

### 5. General remarks

Since a quarterly processing of all 2358 Austrian local governments is technically not possible at the moment, a sample of 151 local governments is chosen according to cut off principles (size and types of municipality).

The data of this sample is processed and expanded quarterly. With the completion of Q4, also annual results for all local governments are available, and the expanded figures of Q1, Q2 and Q3 are adjusted to the annual figures.

For 2001, the expansion factor for every quarter was built as a weighted average of the annual figures of 2000 and 2001, a normal random variable added as diffusion factor.

For quarters starting with Q1/2002, a trend component of the sample itself is used instead. This method gives back more consistent results for 85% of all transactions. For the remaining 15% of the transactions the final results are improved by the weighted average of the output

of the regression model, using a maximum weight of 0.3 to keep the quarterly pattern of the transaction.

This manual describes the sources and methods used for the Austrian STPFS data compilation process ongoing from Q1 / 2001.

The weight percentage below is referring to an average of 2001 and 2002 figures.

## **SOURCES**

### Central Government

The figures for each quarter are the aggregation of monthly figures from the database of the Federal Ministry of Finance [BVI].

### State Governments (excluding Vienna)

Quarterly figures from the bookkeeping systems of the 8 state governments (excl. Vienna) are obtained. In Q4 some adjustments are necessary, since closing of accounts is not completed when data has to be transmitted.

### Local Governments (including Vienna)

Quarterly figures from the bookkeeping systems of municipalities (sample survey) and Vienna are obtained. The figures of the sample are expanded as described above; in Q4 some adjustments are necessary, since closing of accounts is not completed when data has to be transmitted.

### Social Security Funds

Monthly information is available for social contributions (D.611). For the D.62, D.63 and D.4 figures, in Q2, Q3 and Q4 the preliminary closing of annual accounts is used, in Q1 only the tender is available. For other transactions various indicators are used for estimation.

### Other Government Units

No quarterly information is available. For estimation the annual time series is used.

## **METHODS**

### Cultural institutes abroad (Central Government)

Although Austrian cultural institutes do not belong to the general government sector, fixed capital formation and the remaining net lending/net borrowing balance is transferred to the central government.

Fixed capital formation of the cultural institutes abroad is added to the capital transfers (D.92), the remaining part of the balance is added to the current transfers (D.74).

### Reintegrated spin-offs (Central, State and Local Governments)

The quarterly amount derived from the monthly figures is completed by figures for spin-offs, which have been separated from the government budget, but belong to sector S.13 according to ESA 95 rules. Since for some spin-offs only annual data is available, in Q1, Q2 and Q3 estimates based on the previous year are made combined with quarterly information on net allowances from the central government to these units.

### Quasi-corporations (Central, State and Local Governments)

Quasi-corporations neither belong to the general government sector, but the balance is transferred to the central government as well. Social payments and capital transfers are transferred directly to D.6 and D.9, the remaining balance is transferred to D.3/D.4.

*In the following part of the manual, only those sources and methods are given which differ from the general sources and methods.*

## **6. Expenditure of general government**

### ***P2 Intermediate consumption***

Central Government (weight: 34 %): No special sources and methods used.

State Governments (weight: 13%): No special sources and methods used.

Local Governments (weight: 32%): No special sources and methods used.

Social Security Funds (weight: 13%): No special sources and methods used.

Other Government Units (weight: 8%): No special sources and methods used.

### ***P51 Gross fixed capital formation***

#### **SOURCES**

No special sources used.

#### **METHODS**

Central Government (weight: 26%)

To the figures for P.5111 the balance of debts due is added.

Imputed self-provided software is added to the P.5121 figures. The estimate is based on a business survey and indicated by the figures for purchased software. The figures are offset against P.12 on the revenue side.

State Governments (weight: 15%)

Imputed self-provided software is added to the P.5121 figures (see above).

Local Governments (weight: 50%)

For Vienna, imputed self-provided software is added to the P.5121 figures (see above).

Social Security Funds (weight: 3%)

The estimate is based on two indicators: The production value of relevant construction branches ordered by the public sector and relevant turnover indices of short term business statistics.

Other Government Units (weight: 6%): No special methods used.

### ***P53 Acquisitions less disposals of valuables***

Central Government (weight: 100 %): No special sources and methods used.

### ***K2 Acquisitions less disposals of non-financial non-produced assets***

Central Government (weight: 54 %): No special sources and methods used.

State Governments (weight: 10%): No special sources and methods used.

Local Governments (weight: 30%): No special sources and methods used.

Social Security Funds (weight: 8%): No special sources and methods used.

Other Government Units (weight: 1%): No special sources and methods used.

### ***D1 Compensation of employees***

#### **SOURCES**

No special sources used.

#### **METHODS**

Central Government (weight: 44%):

Imputed social contributions (D.122) are computed according to the wage-share method. The figures are offset against D.612 on the revenue side.

State Governments (weight: 26%):

For one State Government, an adjustment has to be made to allocate the wage and salary payments according to the accrual principle (motive: for officials in Q4 only two monthly payments are entered, for Q1 of the following year four monthly payments are entered in return).

Imputed social contributions see above.

Local Governments (weight: 20%):

Imputed social contributions see above.

Social Security Funds (weight: 6%):

The total administration expenditure which mainly consists of personal costs is used for indicator.

Other Government Units (weight: 4%): No special methods used.

### ***D29 Taxes on production and import***

#### **SOURCES**

No special sources used.

#### **METHODS**

Central Government (weight: 30%): No special methods used.

State Government (weight: 28%): No special methods used.

Local Governments (weight: 30%): No special methods used.

Social Security Funds (weight: 9%):

The estimate is based on the annual value; the quarterly pattern is formed according to the employers' contributions to family assistance payments ("Ausgleichsfonds für Familienbeihilfen").

Other public authorities (weight: 3%): No special methods used.

### ***D3 Subsidies***

Central Government (weight: 49%): No special sources and methods used.

State Governments (weight: 15%): No special sources and methods used.

Local Governments (weight: 24%): No special sources and methods used.

Social Security Funds (weight: 1%): No special sources and methods used.

Other Government Units (weight: 11%): No special sources and methods used.

### ***D41 Interest***

#### **SOURCES**

##### Central Government

Additional information from the Austrian Federal Financing Agency (“Österreichische Bundesfinanzierungsagentur”, abbr. “ÖBFA”)

#### **METHODS**

##### Central Government (weight: 92 %):

The quarterly figures are completed by the following adjustments:

- consolidation of interest payments to funds of the central government sector
- income from currency exchange contracts (offset on the revenue side)
- gains from issues (offset on the revenue side)
- interest from public ownerships (offset on the revenue side)
- interest from bonds and securities (offset on the revenue side)
- interest from loans passed to public units classified in S.11
- (“Rechtsträgerfinanzierung”, offset on the revenue side)
- accrual adjustment of interest payments from the “ÖBFA”. As this latter information is available on annual basis only, the values for Q1, Q2 and Q3 are estimated and revised with the completion of Q4.

State Governments (weight: 3%): No special sources and methods used.

Local Governments (weight: 3%): No special sources and methods used.

Social Security Funds (weight: 1%):

The estimate uses the extraordinary expenditure of pension funds as an indicator, because their main part is formed by interest.

Other Government Units (weight: 2%): No special sources and methods used.

### ***D5 Current taxes on income, wealth, etc., payable***

Vienna (weight: 100%): No special sources and methods used.

## ***D.62 Social benefits other than social transfers in kind***

### **SOURCES**

No special sources used.

### **METHODS**

Central Government (weight: 30 %):

Since tax refunds are not included in the source data for tax revenues, these figures are added on the revenue side and offset against the social assistance benefits in cash (D.624).

State Governments (weight: 4%): No special sources and methods used.

Local Governments (weight: 4%): No special sources and methods used.

Social Security Funds (weight: 61%):

The monthly information only contains figures for pension payments, supplementary, accident and nursing benefits. For pension payments, supplementary and accident benefits the 13th and 14th payment is added to Q2 respectively Q3, since it is paid off in the months April and September.

Since for all other payments only the tender is available in Q1, the sickness and child benefits are estimated. The estimate is based on the ratio of the cases of illness, respectively the birth rate of the previous and actual year. These figures are revised with the completion of Q2, when a preliminary closing of accounts is available.

Other Government Units (weight: 2%): No special sources and methods used.

### ***D631 Social benefits in kind***

Central Government (weight: 4 %): No special sources and methods used.

Social Security Funds (weight: 58%): No special sources and methods used.

Other Government Units (weight: 39%): No special sources and methods used.

## ***D7 Other current transfers, payable***

### **SOURCES**

No special sources used.

### **METHODS**

Central Government (weight: 65 %):

The quarterly figures are completed by payments according to the law of health and social benefits (Gesundheits- und Sozialbereich-Beihilfengesetz, "GSGB"), which are remitted to the state governments and the social security funds (D.73) and to the Austrian Red Cross (D.75). Additionally, GDP-own resource payments (excluding traditional own resources) are added to the D.75 figures.

State Governments (weight: 12%):

Between the D.73 and D.75 figures, the consolidation adjustment is carried out: The difference between D.73 expenditure and revenue figures is computed on general government level, and then shifted from D.73 to D.75.

Local Governments (weight: 9%): No special methods used.

Social Security Funds (weight: 11%):

In Q1, the D.73 value is estimated based on the quarterly pattern of the past years. In Q2, Q3 and Q4, the payments from the SSF to the State Hospital Funds (“Landeskrankenanstalten-fonds”) are used as an indicator.

For estimating D.74, the annual value is divided into the quarters according to the quarterly pattern of total pension payments.

The D.75 figures are estimated according to the quarterly pattern of the past years.

Other Government Units (weight: 3%): No special methods used.

#### Consolidation

The D.7 total is reduced on both revenue and expenditure side by the intragovernmental transfers (D.73). Due to the consolidation adjustment, this value is equal for both sides.

### ***D9 Capital transfers***

#### **SOURCES**

##### Central Government

Additional information from the Austrian Export Credit Agency (“Österreichische Kontrollbank”)

#### **METHODS**

##### Central Government (weight: 48 %):

The quarterly figures are completed by information on liabilities and loan write-offs in respect to foreign trade promotion. (Since only annual reports are available, the figures are quartered.)

Between the D.92 and D.99 figures, the consolidation adjustment is carried out: The difference between the intergovernmental part of expenditure and revenue figures of D.92 and D.99 is computed on general government level, and then shifted from D.99 to D.92.

State Governments (weight: 20%): No special sources and methods used.

Local Governments (weight: 21%): No special sources and methods used.

Other Government Units (weight: 10%): No special sources and methods used.

##### Consolidation

The D.9 total is reduced on both revenue and expenditure side by the intragovernmental transfers. Due to the consolidation adjustment, this value is equal for both sides.

## 7. Revenue of general government

### *P11+P12+P131 Market output, output for own final use and other non-market output*

#### SOURCES

Central Government (weight: 11%): No special sources used.

State Governments (weight: 25%): No special sources used.

Local Governments (weight: 44%): No special sources used.

Social Security Funds (weight: 15%): No special sources used.

Other Government Units (weight: 4%): No special sources used.

#### METHODS

Central and State Governments, Vienna

Offset of the imputed self-provided software from P.5121 figures (see above).

### *D2 Taxes on production and imports*

#### SOURCES

Central Government

Additional information from the Austrian Ministry of Finance on EU own resources and under-compensation of VAT for farmers and foresters.

#### METHODS

Central Government (weight: 91%):

The collective federal taxes are subdivided to central, state and local governments according to the Austrian financial compensation law. (For the weights, collective taxes are assigned to the central government.)

To complete the quarterly figures, the following adjustments are processed:

- time adjustment for VAT and excise duty (to meet the accrual principle)
- shift of the VAT under-compensation from D.21 to D.29
- deduction of EU own resources.

These adjustments are offset with the cash adjustment in D.73.

State Governments (only share of collective taxes):

The reported figures for the shares of collective federal taxes are replaced by the computed shares according to central government figures.

Local Governments (weight: 9%):

The reported figures for the shares of collective federal taxes are replaced by the computed shares according to central government figures.

## ***D4 Property income, receivable***

### **SOURCES**

Central Government:

Additional information from the Austrian National Bank (profits and losses)

### **METHODS**

Central Government (weight: 56%):

The quarterly figures are completed by the following adjustments:

- income from currency exchange contracts (offset from the expenditure side)
- gains from issues (offset from the expenditure side)
- interest from public ownerships (offset from the expenditure side)
- interest from bonds and securities (offset from the expenditure side)
- interest from loans passed to public units classified in S.11

(“Rechtsträgerfinanzierung”, offset from the expenditure side)

For D.421 the Q2 figures are completed by the share of profit of the Austrian National Bank.

State Governments (weight: 9%): No special sources and methods used.

Local Governments (weight: 22%): No special sources and methods used.

Social Security Funds (weight: 4%): No special sources and methods used.

Other Government Units (weight: 9%): No special sources and methods used.

## ***D5 Current taxes on income, wealth, etc.***

### **SOURCES**

Central Government:

Additional information from the Austrian National Bank (dividends)

### **METHODS**

Central Government (weight: 96%):

The collective federal taxes are subdivided to central, state and local governments according to the Austrian financial compensation law. (For the weights below, collective taxes are assigned to the central government.)

To complete the quarterly figures, the following adjustments are processed:

- time adjustment for income tax (to meet the accrual principle)
- tax refunds are re-added to the figures (offset with D.624 on the expenditure side)
- addition of dividends of the Austrian National Bank.

These adjustments are offset with the cash adjustment in D.73.

State / Local Governments (only share of collective taxes):

The reported figures for the shares of collective federal taxes are replaced by the computed shares according to central government figures.

Other Government Units (weight: 4%): No special sources and methods used.

### ***D611 Actual social contributions***

#### **SOURCES**

No special sources used.

#### **METHODS**

Central Government (weight: 17%): No special sources and methods used.

State Governments (weight: 1%): No special sources and methods used.

Local Governments (weight: 1%): No special sources and methods used.

Social Security Funds (weight: 81%):

The figures consist of contributions to the health, retirement pension and accident insurances, as well as e.g. contributions to the laws concerning continued remuneration, insolvency insurance, bad weather compensation, night work or heavy labour.

In Q1, the contributions to the health insurance of pensioners, self-employed and trades people have to be estimated. The estimates are revised in Q2, when information gets available.

Other Government Units (weight: 0.05%): No special sources and methods used.

### ***D612 Imputed social contributions***

#### **SOURCES**

No special sources used.

#### **METHODS**

Central Government (weight: 49%):

The figures are offset from D.122 on the expenditure side (see above).

State Governments (weight: 28%):

The figures are offset from D.122 on the expenditure side (see above).

Local Governments (weight: 14%):

The figures are offset from D.122 on the expenditure side (see above).

Social Security Funds (weight: 5%):

The quarterly figures are computed as the difference between social contributions of the actual employees and pension payments for pensioners of the social security funds. The trend of the pension payments total is used as an indicator.

Other Government Units (weight: 5%): No special methods used.

### ***D7 Other current transfers***

#### **SOURCES**

No special sources used.

## **METHODS**

### Central Government (weight: 12%):

In D.73, the adjustments made in D.2 and D.5 are offset in a cash adjustment.

### State Governments (weight: 23%):

In D.73, the adjustments made in D.2 and D.5 are offset in a cash adjustment.

### Local Governments (weight: 6%):

In D.73, the adjustments made in D.2 and D.5 are offset in a cash adjustment.

### Social Security Funds (weight: 35%):

The estimate of the D.73 figures is based on counterpart information (intergovernmental transfers) by the central government.

### Other Government Units (weight: 24%): No special methods used.

### Consolidation

The D.7 total is reduced on both revenue and expenditure side by the intergovernmental transfers (D.73). Due to the consolidation adjustment, this value is equal for both sides.

## ***D91 Capital taxes***

### **SOURCES**

Central Government (weight: 100%): No special sources used.

### **METHODS**

#### Central / State Governments / Vienna:

The D.91 figures exclusively exist of the inheritance and gift tax. This is a collective federal tax and is subdivided to central and state governments and Vienna according to the Austrian financial compensation law.

## ***D92 + D99 Investment grants and other capital transfers***

### **SOURCES**

Central Government (weight: 8%): No special sources used.

State Governments (weight: 49%): No special sources used.

Local Governments (weight: 37%): No special sources used.

Other Government Units (weight: 6%): No special sources used.

### **METHODS**

#### Consolidation

The D.9 total is reduced on both revenue and expenditure side by the intergovernmental transfers. Due to the consolidation adjustment, this value is equal for both sides.

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**POLAND****Description of Polish practice, Year 2002**

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

**1. Use of direct information**

90% of the criteria set out in Article 3 of the Commission Regulation (EC) No 264/2000 is fully respected for tax data (D2, D5, D91) and also for Actual Social Contributions (D611) and Social Benefits (D62).

According to Regulation No 1221/2002 our priority is to use directly obtained information for quarterly non-financial accounts for the General Government every time it is possible. Therefore the requirements stated in Article 4 are met for almost all categories. An exception is data for Gross Fixed Capital Formation (P51).

**2. Compliance with ESA95 rules**

Our current work will implement quarterly methodology which is fully compatible with ESA 95 rules.

**3. Consistency between annual and quarterly data**

In the Polish system annual data is central to all calculations for the General Government sector. The quarterly data is adjusted to bring it into line with the annual data, which is available later.

**4. Revision policy**

Quarterly non-financial accounts are not published. Therefore a formal revision policy has not yet been established. It is expected that as soon as annual data becomes available the quarterly data reported earlier in the same year will be revised.

**5. General remarks**

Poland is currently in the first phase of compiling quarterly accounts and the system which has been prepared is not in use yet. Future work will concentrate on improving the sources and methods used when compiling quarterly data and making changes which may become necessary when the system goes into operation. It can be assumed that future changes to the system of quarterly accounts will concentrate on adjustments in the system of collecting and processing data in order to obtain the quarterly accrual data directly.

The sources and methodology for the quarterly accounts for the General Government will be very similar to the ones used for the annual accounts. This is to ensure that the system of quarterly accounts may be based on the best practice in annual accounts

## SOURCES

For almost all transactions the main data sources are reports of public expenditure and revenue from the Ministry of Finance. The data for the extra-budgetary economy (budgetary establishments, auxiliary units, special funds and appropriated funds) is available on an accrual basis every six months. Therefore the Central Statistical Office will have to make adjustments to obtain quarterly data. Unfortunately reporting for budgetary entities is on a cash basis only. The information is available monthly for Central Government (40 days after the reference period) and quarterly for Local Government (90 days after the reference period). In general we have better reporting for Central Government than Local Government (regarding the quality of data and the time of data availability). We have a problem with data availability for government agencies and for cultural, educational and health care institutions, directly collected by the Central Statistical Office. Only annual reporting for these units is available. Therefore we will have to make estimations to obtain quarterly data.

## METHODS

As is mentioned above some data is available on a cash basis only and we have to adjust this data to an accrual basis. In order to make this adjustment we use the data on claims and liabilities. This is only a very simple method of estimation, but it is the best one we can use at the moment.

The general rules described above apply to all items of revenue and expenditure referred to in Commission Regulation (EC) No 264/2000 and European Parliament and Council Regulation No 1221/2002. However, for some of them, additional sources and specific methods are used. In these cases they are described below.

## 6. Expenditure of general government

### *P2 Intermediate consumption*

#### SOURCES

The main sources of data on intermediate consumption are described in the general remarks. For Social Security Funds we use also information provided by the Social Insurance Institution (ZUS) and Social Agricultural Insurance Institution (KRUS).

The table below shows the relative weights of the sub-sectors of Intermediate Consumption of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF P2 IN %
Central Government (S.1311)	39,5
Local Government (S.1313)	55,8
Social Security Funds (S.1314)	4,7

#### METHODS

The method is described in the general remarks.

## ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

### **SOURCES**

The sources are described in the general remarks.

The table below shows the relative weights of the sub-sectors of Gross Capital Formation and Acquisitions Less Disposals of Non-Financial Non-Produced Assets of General Government in the annual accounts for 2002.

<b>SUB-SECTOR OF GENERAL GOVERNMENT</b>	<b>WEIGHT OF P5+K2 IN %</b>
Central Government (S.1311)	31,9
Local Government (S.1313)	67,3
Social Security Funds (S.1314)	0,8

### **METHODS**

The method is described in the general remarks.

## ***D1 Compensation of employees***

### **SOURCES**

The main sources of data on intermediate consumption are described in the general remarks. For Social Security Funds we use also information provided by the Social Insurance Institution (ZUS) and Social Agricultural Insurance Institution (KRUS).

The table below shows the relative weights of the sub-sectors of Compensation of Employees of General Government in the annual accounts for 2002.

<b>SUB-SECTOR OF GENERAL GOVERNMENT</b>	<b>WEIGHT OF D1 IN %</b>
Central Government (S.1311)	37,6
Local Government (S.1313)	57,0
Social Security Funds (S.1314)	5,4

### **METHODS**

The method is described in the general remarks.

## ***D3 Subsidies***

### **SOURCES**

The main sources of data on subsidies are described in the general remarks. Additionally we use balance-sheet reports of CSO (on forms F01, F01/b).

The table below shows the relative weights of the sub-sectors of Subsidies of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D3 IN %
Central Government (S.1311)	47,3
Local Government (S.1313)	52,7
Social Security Funds (S.1314)	0,0

## METHODS

The method is described in the general remarks.

### *D4 Property income, payable*

## SOURCES

In addition to the sources of data described in the general remarks in the calculation of property income we use the balance-sheet of the National Bank of Poland, the aggregated balance of the banking system, the balance of payments, the balance-sheet reports of CSO (F01/b) and the information from the Ministry of Finance on domestic and foreign debt of the State Treasury due to treasury securities.

The table below shows the relative weights of the sub-sectors of Property Income of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D4 IN %
Central Government (S.1311)	93,7
Local Government (S.1313)	2,0
Social Security Funds (S.1314)	4,3

## METHODS

The method is described in the general remarks.

### *D62 Social benefits other than social transfers in kind*

## SOURCES

In the calculation of social benefits other than social transfer in kind, data is used from the Social Insurance Institution (ZUS) and the Social Agricultural Insurance Institution (KRUS) and direct information from the Ministry of Finance, which collects data on benefits paid from the Central and Local Government budget.

The table below shows the relative weights of the sub-sectors of Social Benefits other than Social Transfers in Kind of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D4 IN %
Central Government (S.1311)	5,5
Local Government (S.1313)	5,0
Social Security Funds (S.1314)	89,5

## METHODS

The method is described in the general remarks.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

In Poland, the Commission Regulation (EC) No 1500/2000 has not yet been completely adopted. We are still working on the implementation of this regulation.

### ***D7 Other current transfers***

## SOURCES

In addition to the sources of data described in the general remarks in the calculation of other current transfers we use the aggregated balance of the banking system, the balance of payments, report from the Commission for Insurance and Pension Funds Supervision and the CSO's statistical surveys and estimates.

The table below shows the relative weights of the sub-sectors of Other Current Transfers of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D7 IN %
Central Government (S.1311)	74,1
Local Government (S.1313)	4,6
Social Security Funds (S.1314)	21,3

## METHODS

The method is described in the general remarks.

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

## SOURCES

In the calculation of Capital Transfers we use budgetary data from the Ministry of Finance and the balance of payments from the National Bank of Poland.

The table below shows the relative weights of the sub-sectors of Capital Transfers of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D9 IN %
Central Government (S.1311)	100,0
Local Government (S.1313)	0,0
Social Security Funds (S.1314)	0,0

## METHODS

The method is described in the general remarks.

## 7. Revenue of general government

### *P11+P12+P131 Market output, output for final use and payments for the other non-market output*

#### SOURCES

The sources are described in the general remarks.

The table below shows the relative weights of the sub-sectors of Market Output, Output for final use and Payments for the other non-market output of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF P1 IN %
Central Government (S.1311)	39,6
Local Government (S.1313)	55,8
Social Security Funds (S.1314)	4,6

#### METHODS

The method is described in the general remarks.

### *D2 Taxes on production and imports*

#### SOURCES

The sources are described in the general remarks.

The table below shows the relative weights of the sub-sectors of Taxes on Production and Imports of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF P1 IN %
Central Government (S.1311)	86,2
Local Government (S.1313)	13,8
Social Security Funds (S.1314)	0,0

#### METHODS

The method is described in the general remarks.

### *D4 Property income*

#### SOURCES

In addition to the sources of data described in the general remarks, in the calculation of property income we use the balance-sheet of the National Bank of Poland, the aggregated balance of the banking system, the balance of payments, the balance-sheet reports of CSO (F01/b) and the information from the Ministry of Finance on domestic and foreign debt of the State Treasury due to treasury securities.

The table below shows the relative weights of the sub-sectors of Property Income of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D4 IN %
Central Government (S.1311)	85,6
Local Government (S.1313)	11,7
Social Security Funds (S.1314)	2,7

## METHODS

The method is described in the general remarks.

### *D5 Currant taxes on income, wealth, etc.*

## SOURCES

The sources are described in the general remarks.

The table below shows the relative weights of the sub-sectors of Taxes on Income and Wealth of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D4 IN %
Central Government (S.1311)	74,5
Local Government (S.1313)	25,5
Social Security Funds (S.1314)	0,0

## METHODS

The method is described in the general remarks.

### *D611 Actual social contributions*

## SOURCES

The data is available on a quarterly basis from the Social Insurance Found.

The table below shows the relative weights of the sub-sectors of Actual Social Contributions of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D4 IN %
Central Government (S.1311)	0,0
Local Government (S.1313)	0,0
Social Security Funds (S.1314)	100,0

### *D612 Imputed social contributions*

## SOURCES

The table below shows the relative weights of the sub-sectors of Subsidies of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D612 IN %
Central Government (S.1311)	0,0
Local Government (S.1313)	0,0
Social Security Funds (S.1314)	100,0

## METHODS

In Poland this kind of transaction is a marginal occurrence and for the General Government is negligible.

### *D7 Other current transfers, receivable*

## SOURCES

In addition to the sources of data described in the general remarks in the calculation of other current transfers we use the aggregated balance of the banking system, the balance of payments, report from the Commission for Insurance and Pension Funds Supervision and the CSO's statistical surveys and estimates.

The table below shows the relative weights of the sub-sectors of Other Current Transfers of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D7 IN %
Central Government (S.1311)	16,9
Local Government (S.1313)	48,4
Social Security Funds (S.1314)	34,7

## METHODS

The method is described in the general remarks.

### *D91 Capital taxes*

## SOURCES

All Capital Taxes are collected by Local Government. Direct information is available quarterly from budgetary reports published by the Ministry of Finance (report of cash revenues).

The table below shows the relative weights of the sub-sectors of Capital Taxes of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D612 IN %
Central Government (S.1311)	0,0
Local Government (S.1313)	100,0
Social Security Funds (S.1314)	0,0

## METHODS

The method is described in the general remarks.

### *D92+D99 Investment grants, other capital transfers, receivable*

## SOURCES

In the calculation of Capital Transfers we use budgetary data from the Ministry of Finance and the balance of payments from the National Bank of Poland.

The table below shows the relative weights of the sub-sectors of Investment Grants, Other Capital Transfers of General Government in the annual accounts for 2002.

SUB-SECTOR OF GENERAL GOVERNMENT	WEIGHT OF D612 IN %
Central Government (S.1311)	3,8
Local Government (S.1313)	92,7
Social Security Funds (S.1314)	3,5

## METHODS

The method is described in the general remarks.

## PORTUGAL

## Description of Portuguese practice, Year 2002

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

The coverage of direct information has been calculated for the reference year 2000, by comparing, for each ESA95 category included in the two regulations, the sum of the data coming from direct sources in the 4 quarters with the definitive annual compilation.

The weight of the sum of the direct information in the 4 quarters has been expressed in percentage of the definitive annual compilation of each category in 2000 (the results of this calculation are summarised below). In some cases, it is necessary to introduce adjustments in order to achieve more consistent figures in terms of the time of recording and the valuation basis.

Concerning the use of direct information, we have the following situation<sup>39</sup>:

Reference Year: 2000

USES		RESOURCES	
Category	% of Direct Information	Category	% of Direct Information
P2 – Intermediate Consumption	67%	P11+P12+P131 – Market Output, Output for Own Final Use and Payments for Other Non-Market Output	61%
P5 + K2 – Gross Capital Formation, Acquisitions less disposals of non-financial non-produced assets	41%	D2R – Taxes on production and imports	92%
of which: P51- Gross Fixed Capital Formation	41%	of which: D211 – VAT	100%
D1 – Compensation of Employees	84%	D39R – Other Subsidies on Production Receivable	98%
D29 – Other Taxes on Production	-	D4R – Property Income Receivable	78%
D3 – Subsidies	94%	D5R – Current taxes on income and wealth	99%
D4 – Property Income	97%	D611R – Actual social contributions	99%
of which: D41 - Interest	97%	D612R – Imputed social contributions	92%
D62 – Social benefits, other than social transfers in kind	98%	D7R – Other Current Transfers Receivable	90%
D631 – Social transfers in kind	92%	D91 – Capital taxes	98%
D7 - Current Transfers	84%	D92R+D99R – Other Capital Transfers and Investments Grants	73%
D9 – Capital Transfers	93%		

<sup>39</sup> The categories of Reg. (CE) 264/2000, where the 90% criteria is compulsory, appear in shaded cells

## 2. Compliance with ESA95 rules

The main problems concern the valuation basis, because the general practice of public accounting (our main source of information) is the use of cash basis. The introduction of Reg. (CE) 995/2001, has undermined some of these problems such as the amounts unlikely to be collected, but other issues continue problematic such as the infra-annual compilation of quarterly irregular (in cash basis) transactions.

The conceptual adjustments that we use in annual accounts to transform cash basis data into accrual accounting are, when possible, applied to our quarterly compilation. This possibility is however undermined by the difficulty in obtaining additional information on a quarterly basis.

It is our intention to improve the methods of determination of these 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, we are planning to apply in the near future, some of the recommendations of the last meeting of the Eurostat STPFS working group and also some of the inputs aroused by an analysis of other countries' practices.

## 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 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 compilation 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, the compilation of quarterly data about general government is prepared using methods as close as possible to the ones used in annual national accounts. In practice, it means that higher importance is given to annual figures due to the irregular pattern of some taxes.

The sources of information of the quarterly compilation are different from the ones used in annual accounts. Whereas in annual accounts we ask every unit belonging to the General Government universe for their complete set of accounts (including additional information that allow us to breakdown specific accounting items), in the quarterly compilation, almost all the information we receive is provided by the General Budget Directorate (under the form of databases with accounting information).

For Central Government, this difference of sources does not pose any major obstacle since the databases allow us to identify each individual unit. Since the universe is not the same for public and national accounts, this distinction is particularly useful to select the units and to work on the same basis as for national accounts. The only aggregated data we receive is the one concerning the state sub-sector<sup>40</sup>, but even with aggregated data we are able to

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<sup>40</sup> From 2003Q1 on, the General Budget Directorate started to provide us disaggregated data for the expense items, similar to the information used in annual accounts, and therefore the methods of annual accounts are incorporated in the quarterly compilation. Since the sources and methods by category described later in this document refer to the 2002 compilation practices, this fact is omitted, but we intend to include it in future revisions

individualise most of the transactions (when this is not possible, some simplifications are applied, based on the budget or in the last annual definitive account available).

For Regional and Local Government and for Social Security Funds, we face the same type of problems: quarterly data is much more aggregated than in annual accounts and, sometimes, the level of aggregation differs from quarter to quarter. To overcome these problems we use the same method as for the State revenue - budget information or, most of the times, the last annual definitive account available. However in some cases, this method has proved itself erroneous - this is undoubtedly one of the areas where an additional effort is needed in order to obtain more accurate data.

#### **4. Revision policy**

Considering the points described in the previous paragraphs, it follows that two major types of revisions may occur: those related with updated or more accurate information on a quarterly basis and those that assure consistency with annual accounts.

The first type of revisions affects mainly the compilation of transactions which have been estimated during the first three quarters accordingly to the budget, or to the last annual definitive account available. The availability of definitive data for those transactions at the end of the year forces us to revise the previous quarters' estimations.

The major revisions in the quarterly compilation come however from the second type described above. As we have defined that annual data is determinant, whenever new annual accounts (provisional or definitive) of a specific year become available<sup>41</sup>, the quarterly compilation of that year is revised so that the sum of the four quarters equals the annual amount.

This procedure does not imply substantial revisions in the quarterly compilation of those categories where the use of direct information is considerably high (see table above, e.g. the ones covered by Reg. (CE) 264/2000). However, in other transactions, some bigger revisions may occur.

#### **5. General remarks**

As stated in footnote n. 2, from 2003Q1 on, the General Budget Directorate started to provide disaggregated data for the expenditure items, similar to the information used in annual accounts, and therefore the methods of annual accounts are applied in the quarterly compilation. Since the sources and methods by transaction described here refer to the 2002 compilation practices, this fact is omitted, but we intend to include it in future revisions of this document.

Another fact that will probably change the methods described in this document is the introduction of the new public accounting scheme, based on the corporate accounting plan (hence fully complying with the accrual principle). This new scheme is expected to enter into force only in 2003 for all the General Government sub-sectors with the exception of the State sub-sector (which will only adopt the new scheme in 2005). The General Budget Directorate is still working on the collection of this new kind of data, and therefore it will only be available in the medium term.

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<sup>41</sup> this occurs normally in three different moments: (i) T+3m: first provisional account for the year T; (ii) T+9m: second (revised) provisional account for the year T; (iii) T+21m: definitive account for the year T

An additional remark must be made concerning direct data from Regional and Local Government. While, for the Regional Government, no quarterly information has ever been available since the beginning of the STPFS exercise, for the Local Government the General Budget Directorate has provided us until 2001 aggregated data for municipalities that has enabled us to compile quarterly figures. From 2002 onward, this information has ceased to be transmitted because of problems in the data collection process that we hope will be solved in the near future.

As the sources and methods by category described below refer to the 2002 compilation practices when even data from municipalities was unavailable, this led us to state that fact in the 'sources' section in all the categories. However in the 'methods' section some description might be added concerning Regional and Local Government based on the situation when we had some data for this sub-sector.

## 6. Expenditure of general government

### *P2 Intermediate consumption*

#### **SOURCES**

Central Government (weight of P2: 70,7%)<sup>42</sup>

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate (DGO - Direcção Geral do Orçamento). For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

Regional and Local Government (weight of P2: 27,0%)

No direct information is available for the moment.

Social Security Funds (weight of P2: 2,3%)

The Social Security Financial Management Institute (IGFSS - Instituto Gestão Financeira da Segurança Social) and General Retirement Fund (CGA - Caixa Geral de Aposentações) send the information to INE - Portugal. These are the same institutions responsible for sending the annual data. An additional problem is related with the non-standardisation of the data received each quarter. It is an issue to be solved in the future

#### **METHODS**

The methods used to compute figures for intermediate consumption are similar to those used for annual accounts. However, when data is too aggregate (as is the case for the state sub-sector), some simplifications are needed (for instance, for distinguishing intermediate compensation from compensation of employees), in order to obtain the nature of the transaction according to ESA95. For the state, the only information available is by the economic classification.

We have detected a potential problem in the compilation of quarterly amounts of P2, which is concerned with the different time schedules that national legislation settles for payments to/from the Government Sector. In fact, Government demands the payment of its production at the moment it is actually sold, but it is allowed to pay its suppliers with a lag-time of some

<sup>42</sup> The weight of each sub-sector in the total amount of each category refers to the definitive annual account for the year 2000, the same year of the stocktaking exercise from the beginning of this document

months. Although in annual accounts this poses no major problem because we correct this lag with information received from the General Budget Directorate, the application of the accrual principle in quarterly P2 may be distorted - this is a situation we intend to address in the near future.

For the independent services, funds and non-profit institutions of central government the databases enable to identify the economic and functional classifications and also to which unit or fund the values refer to. This allows us to apply the methods of annual accounts in a more accurate way. For health, data sent from the National Health Service (Serviço Nacional de Saúde) is incorporated on an accrual basis.

Within the Regional and Local government sub-sector, we only receive data from municipalities with a level of aggregation similar to the State sub-sector. The same simplifications are needed to obtain the nature of transactions.

For social security funds an economic classification is also available. The information is more aggregated and some simplifications are needed in order to classify the economic transactions.

A special reference must be made to another situation where we detected that the accrual principle is not fully applied in the P2 quarterly compilation. In fact, allowances or reimbursement of employees for expenses incurred in the course of their duties, although individually available in public accounts, normally refer to activities that occurred some time before the reimbursement. We're still trying to establish the average time lag for this situation. As soon as we establish it we will do the necessary corrections in our compilation

As stated above, the only information that allows us to record this category directly on an accrual basis is the one provided by the National Health System. All other data is on cash basis and no other information is provided that would allow us to transform/estimate accrual based values. Therefore, at the moment it is impossible to compute figures more consistent with ESA95's accrual principle. As the new rules of public accounting (based on the Official Corporate Accounting Scheme, thus respecting the accrual principle) enter into force (planned for next year) this treatment should improve significantly.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

##### Central Government (weight of P5 + K2: 37,6 %)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of the central government, data is sent from the Ministry of Finance to INE (electronic support).

##### Regional and Local Government (weight of P5 + K2: 60,8%)

No direct information is available for the moment.

##### Social Security Funds (weight of P5 + K2: 1,5%)

Information from the Social Security Financial Management Institute and the General Retirement Fund are available.

## METHODS

All the available information comes from public accounts (on a cash basis), which in some situations allows us to apply the accrual principle since in the public finance accounting system, one can only record the value of acquisition of fixed assets when its ownership is fully transferred to public bodies.

However, there are 2 situations where the accrual principle is not (for the time being) fully applied:

- I. acquisitions of capital goods for which the Government incurs in debt (the cash based accounting does not register these amounts);
- II. leasing transactions (we have no quarterly information that allow us to do the same adjustments as we do in annual accounts; the introduction of the new public accounting scheme will solve this problem, however);

The fact that information for state sub-sector is more aggregate is an additional difficulty, in order to distinguish values of acquisition of land and separate it from gross fixed capital formation. In public accounts these are not individualised and only a detailed classification from the Statistical Office, based on additional information received from each individual unit, enables the classification of these amounts in annual national accounts. In quarterly accounts this is still not possible for the state sub-sector.

Although there is no relationship between the gross fixed capital formation and the intermediate consumption, we have detected identical patterns for these two transactions. Taking into account that the data is received on a cash basis, this is probably due to the normal pattern of general expenditure in General Government units<sup>43</sup>. However, the appliance of the accrual principle (based on data provided by the new public accounting scheme) might change the treatment of these transactions. This is an aspect to be developed in the future.

### *D1 Compensation of employees*

#### SOURCES

##### Central Government (weight of D1: 85,8%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

##### Regional and Local Government (weight of D1: 12,5%)

No direct information is available for the moment.

##### Social Security Funds (weight of D1: 1,7%)

Information from the Social Security Financial Management Institute and the General Retirement Fund is available.

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<sup>43</sup> For budget management reasons, there is a tendency for Government units to concentrate its payments before the vacation period and in the last month of the year.

## METHODS

In general, the quarterly figures of D1 are based on the same correspondences (for instance, considering basic wages and salaries, cost of living allowances and holiday's bonus) to the public accounts as in annual accounts whenever data is at the same level of detail. In this case, no transformations/estimations are needed to be fully consistent with ESA95's rules. The only sub-sectors whose data doesn't allow us to individualise the transactions related to compensation of employees from administration costs is Regional and Local government (only municipalities provide us enough information) and Social Security.

For the moment, each component of compensation of employees was not treated individually, on a quarterly basis. It is our intention to develop a methodology in order to obtain separate values for wages and salaries and for the employers' social contributions. There's a need of coherence taking into account that the imputed social contributions are now individually transmitted.

A particular subject where our compilation methods for D1 must improve its application of the accrual principle is on the quarterly distribution of the 13th Month payment or holiday bonuses. Although ESA95 states this kind of payments should only be recorded when they are due to be paid, the national legislation links it directly to the time in which the work has actually been done (e.g. if work starts in April, its 13th Month payment - in November - will only be 75% of the normal monthly wage). In future transmissions we intend to distribute these amounts equally over the 4 quarters based on the budgeted values of these specific items (individually available in the Government units budget).

### *D29 Other Taxes on Production*

(Other taxes on production do not exist in Portugal, since all units belonging to the General Government universe are exempt from such taxes).

## SOURCES

## METHODS

### *D3 Subsidies*

## SOURCES

Central Government (weight of D3: 83,1%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

Regional and Local Government (weight of D1: 7,0%)

No direct information is available for the moment.

Social Security Funds (weight of D3: 9,9%)

Information from the Social Security Financial Management Institute and General Retirement Fund is available.

## METHODS

Whenever we are able to obtain a detailed level of information from public accounts, it is easier to distinguish subsidies from current transfers. The impossibility of having an

institutional classification (to whom) from public accounts, on a quarterly basis, conducted to additional simplifications.

For the State account, information from the budget was adopted in order to obtain the variation in subsidies in relation to the previous year. For independent services and funds, e.g.:

- for the institution responsible for the payment of the national counterpart of the European Agricultural Guidance and Guarantee Fund – Guarantee Section we apply the same treatments as national annual accounts;
- also, information received from the Social Security Financial Management Institute enables us to treat in a consistent way all subsidies related to European Social Fund data received from the Ministry of Finance enables us to identify each of the units and then classifying in a more accurate way the amounts of subsidies.

For Regional and Local government (where subsidies are normally granted once a year in relation to events that occur some time during that year, thus not interfering with the correct appliance of ESA95's rules in annual terms), however, we have no information to correctly distribute subsidies over the four quarters and have therefore decided to register the amounts on a cash basis, when available.

### ***D4 Property income, payable***

#### **SOURCES**

Central Government (weight of D4PAY: 97,5%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

Regional and Local Government (weight of D4PAY: 2,5%)

No direct information available, in 2002.

#### **METHODS**

The Portuguese Government Debt Agency (Instituto de Gestão do Crédito Público), the entity responsible for the management of the Portuguese central government debt and the execution of the central borrowing program, calculates figures of interest on a quarterly basis fully accordingly to ESA95.

### ***D5 Current taxes on income, wealth, etc., payable***

(Does not exist in Portugal, since all units belonging to the General Government universe are exempt from such taxes)

#### **SOURCES**

#### **METHODS**

### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

Central Government (Weight of D62: 8,3%)

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 in a more aggregated item (Social Security Payments) which includes not only these payments but also the contributions paid by the state as an employer.

Regional and Local Government (Weight of D62: 0,4%)

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

Social Security Funds (Weight of D62: 91,3%)

The information is obtained directly from Social Security Financial Management Institute and General Retirement Fund, on a cash basis.

## **METHODS**

To isolate the payments concerning social benefits provided directly by Central Government units we deduct from the aggregated item mentioned above the Social Security Payments. As this simple treatment results in a very irregular pattern, a smoothing operation is done taking into account the Compensation of Employees quarterly pattern.

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 inverse of the relative weight of direct information (98,4%) in the total of D62, from 2000<sup>44</sup>.

The information available on a quarterly basis covers D621 and it belongs entirely to social security funds. As referred above, the information is obtained directly from CGA and IGFSS, on a 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.

Still relating to D62 we have detected recently some administrative delays in the payments of social benefits (both from Central Government and from Social Security Funds). Since we compile D62 quarterly amounts on cash basis, this situation endangers the correct time of recording. We still haven't established a pattern for these delays, but as soon as we establish it we will be forced to revise the methods described above.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

#### **SOURCES**

Central Government (weight of D631: 90,6%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

Regional and Local Government (weight of D631: 4,9%)

No direct information is available for the moment.

Social Security Funds (weight of D631: 4,5 %)

<sup>44</sup> From 2003 onwards, the State sub-sector will provide us detailed information concerning its expenses in cash basis (similar to the information we receive in annual terms). This will allow us to identify clearly the quarterly D62 payments

Information from the Social Security Financial Management Institute and General Retirement Fund is available.

## **METHODS**

The major component of this category in annual accounts is related to medical treatments, surgery, hospital accommodation and medical appliances. It is possible to obtain from the Health National Service (Serviço Nacional de Saúde), quarterly figures on an accrual basis.

On the other hand, the lack of direct information forced us to use some estimates for the Social Security, in particular to distinguish the social benefits from the social transfers in kind. Although this treatment is not fully consistent with ESA95, this sector's minor relative weight (only 5% of the total transaction) allowed us this simplification.

### ***D7 Other current transfers, payable***

#### **SOURCES**

Central Government (weight of D7PAY: 66,8%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

Regional and Local Government (weight of D7PAY: 10,1%)

No direct information is available for the moment.

Social Security Funds (weight of D7PAY: 23,1%)

Information of the Social Security Financial Management Institute and General Retirement Fund is available.

#### **METHODS**

Because of lack of information, we compile D7 figures in global terms (not individualising each of its components) and therefore we are not able to apply the accrual principle correctly in some subcategories. Anyway the annual compilation methods are fully applied here, undermining possible substantial miscalculations.

As described for subsidies some estimates are made in order to calculate this category. Information on transfers from general government is given by the counterpart sector although the delimitation of universes is not exactly the same for public accounts and for national accounts, especially in respect to independent services and non-profit institutions.

Once more, for the moment, this aspect is related with the level of detail given in public accounts on a quarterly basis. When necessary, in order to calculate variations, budget variations were used. For the State account we expect, in the future, a more detailed classification hence allowing us to implement a more consistent treatment of this category.

### ***D8 Adjustment for the change in net equity of households in pension funds reserves***

(Does not exist in Portugal).

#### **SOURCES**

#### **METHODS**

## ***D9 Capital taxes, investment grants and other capital transfers, payable***

### **SOURCES**

Central Government (weight of D9PAY: 81,1%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

Regional and Local Government (weight of D9PAY: 15,1%)

No direct information is available for the moment.

Social Security Funds (weight of D9PAY: 3,8%)

Information from the Social Security Financial Management Institute and General Retirement Fund is available.

### **METHODS**

The values registered as transfers in public accounts are according to the general ESA95 rules and therefore no other transformation/estimation was performed in this category's quarterly compilation.

Information available allows us to distinguish clearly capital from current transfers. The main values included in uses are related to payments of the State sub-sector and those of Independent Services.

For the first, as referred, a more detailed classification will improve the classification between investment grants and other capital transfers. For the independent services the main concern was to identify amounts of structural funds when paid and intermediated by general government. This task was possible because the databases provided had the necessary level of detail.

## **7. Revenue of general government**

### ***P11+P12+P131 Market output, output for final use and payments for the other non-market output***

#### **SOURCES**

Central Government (weight of P11+P12+P131: 69,1%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

Regional and Local Government (weight of P11+P12+P131: 30,2%)

No direct information available, for the moment.

Social Security Funds (weight of P11+P12+P131: 0,7%)

Information from the Social Security Financial Management Institute and General Retirement Fund is available.

## METHODS

As the weight of independent services in the total of this category is very significant and because it is possible to identify each of the services in the databases provided, these transactions were correctly identified.

One of the aspects to be developed in this project is to separate amounts of market output from payments for other non-market output. Since the classification of these subtransactions is the same in public accounts this has to be made taking into account the receipts of the different services (for instance, the cases of health and education).

Some borderline cases (with a small relative weight, however) obliged to a special attention to those amounts that in the public accounts are classified as taxes and that in national accounts are to be considered as production. For these cases we have adopted a similar treatment to the one used in annual accounts but, since we don't have quarterly detailed values, an estimation based on budget values had to be implemented.

### *D2 Taxes on production and imports*

#### SOURCES

##### Central government (Weight of D2: 85,5%)

The main source for D2 taxes is the monthly cash receipts compiled by the Tax General Directorate. A residual part of D2 taxes is collected from the bulletin published by the Budget General Directorate, also published in the site of the DGO on the Internet.

For D211 information directly compiled by the Tax General Directorate, is used.

##### Regional and Local Government (Weight of D2: 11,4%)

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

##### Social Security Funds (Weight of D2: 3,2%)

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

## METHODS

A special reference should be done about D211 (VAT). D211 in 2000 represents 55,3% of total D2.

In compliance with Reg. (CE) 995/2001, in annual accounts, the VAT amount is based on cash receipts with a time adjustment that reflects the average time difference (1,5 months) between the cash tax receipt and the moment when the activity took place, thus generating the tax liability.

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 to some percentages fixed by law - this allows us to identify the attribution to each sub-sector directly from the original source described above). After the attribution to each sub-sector, we deduct, 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.

Concerning the Tax on Oil Products, a national law state that the tax collection is done one month after the product has been introduced in the consumption circuits. For this reason we have time adjusted the quarterly compilation of this specific tax by removing the collections on the first month of the current quarter and adding those of the first month of the next quarter.

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.

For the Local Government 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 to 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. Considering that the relevant feature on this tax is the ownership that persists over time, the total cash receipts are spread equally over the four quarters. The attribution to each quarter of the current year has been calculated with relation to the budgeted amount.

For the same reasons, this method has also been applied to the motor vehicles tax, which shows a lower weight in the local taxes of this category.

The main tax collection for Social Security Funds is VAT, which represented 81,8% of the total D2 taxes collected by this sub-sector. The method used is the described above.

### ***D39 Other subsidies on production, receivable***

#### **SOURCES**

##### Central Government (weight of D39R: 96,7%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

##### Regional and Local Government (weight of D39R: 3,3%)

No direct information is available for the moment.

#### **METHODS**

This category is clearly identified in each of the independent services and non-profit institutions direct data.

Taking into account that the percentage of local authorities is very low, these amounts are completely estimated because no direct information is available.

### ***D4 Property income, receivable***

#### **SOURCES**

##### Central Government (weight of D4REC: 89,5%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

##### Regional and Local Government (weight of D4REC: 3,8%)

No direct information is available for the moment.

#### Social Security Funds (weight of D4REC: 6,7%)

Information from the Social Security Financial Management Institute and General Retirement Fund is available.

### **METHODS**

As in public accounts, interest is generally registered in the month where it has accrued, the basic data is directly incorporated into the quarterly compilation, hence ensuring the full appliance of the accrual principle.

#### ***D5 Current taxes on income, wealth, etc.***

### **SOURCES**

#### Central government (Weight of D5: 94,8 %)

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

#### Regional and Local Government (Weight of D5: 5,2%)

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

This category is obtained almost completely (98,8%, in 2000) from direct information, because the taxes are paid in the Treasury agencies of the State (whose information is available from the Tax General Direction) and afterwards transferred to local units.

### **METHODS**

The income taxes are registered in the annual accounts according to the cash tax receipts (in compliance with Reg. (CE) 995/2001). This information is available on a quarterly basis and is therefore used in the compilation of quarterly amounts. According to the nature of the collection of these taxes (mainly monthly deductions at source for PIT or quarterly pre-payments for CIT), no time adjustment is considered necessary to attribute the cash receipt to the moment when the activity took place. The amounts considered for Central Government are obtained after the transfer to Regional and Local Government (Municipalities and Regional Governments of Madeira and Azores) of certain amounts, according to the rules fixed by national law.

According to the description above, the amounts considered in the Regional and Local Government come from the information on the amounts transferred to such units.

A special reference should be done to a possible change in the future treatment of PIT, since it is directly connected to the quarterly compilation of Compensation of Employees (D1), which includes the extra payments of 13th month and holiday bonuses.

In fact, although ESA95 states that this kind of payments should only be recorded when they are due to be paid, the national legislation links it directly with the time in which the work has actually been done (e.g. if work starts in April, its 13th Month payment - in November - will only be 75% of the normal monthly wage). In future transmissions of D1 quarterly amounts we intend to distribute these extra payments equally over the 4 quarters based on the budgeted values of these specific items (individually available in the Government units budget).

Affecting the D1 compilation, this treatment will implicitly imply a change in the compilation methods of D5 described above.

### ***D611 Actual social contributions***

#### **SOURCES**

##### Central Government (Weight of D611: 0,9%)

The main source is the bulletin published by the Budget General Direction, published in the site of DGO on the Internet, namely the item "contribution of public employees for health scheme (ADSE)", which is received by the State sub-sector.

##### Social Security Funds (Weight of D611: 99,1%)

Available on a quarterly basis - Social contributions of:

- Civil Servants (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**

The amount considered in the Central Government is obtained directly from the State Public Accounts (on a cash basis) and concerns the contributions paid by public employees to ADSE. No time adjustment is considered necessary to attribute the cash receipt to the moment when the activity took place.

Regarding the Social Security Funds, the information provided monthly by the statistical sources for the scheme covering the non-public employees is on a cash basis, the same that is used for the annual accounts receipts (in compliance with Reg. (CE) 995/2001). No time adjustment is considered necessary to attribute the cash receipt to the moment when the activity took place, because the collection of contributions under this scheme is mainly done through monthly deductions at the source. For the public employees scheme the collection of contributions is analogue to the non-public employee's one, i.e. monthly deductions at the source. This means that the social contributions are considered as they are registered in the accounts of the CGA.

A special reference should be made to a possible change in the future treatment of this category, since it is directly connected to the quarterly compilation of Compensation of Employees (D1), which includes the extra payments of 13th month and holiday bonuses.

In fact, although ESA95 states that this kind of payments should only be recorded when they are due to be paid, the national legislation links it directly with the time in which the work has actually been done (e.g. if work starts in April, its 13th Month payment - in November - will only be 75% of the normal monthly wage). In future transmissions of D1 quarterly amounts we intend to distribute these extra payments equally over the 4 quarters based on the budgeted values of these specific items (individually available in the Government units budget).

Affecting the D1 compilation, this treatment will implicitly imply a change in the compilation methods of D611 described above.

## ***D612 Imputed social contributions***

### **SOURCES**

#### Central Government (weight of D612: 93,7 %)

For the State, quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

#### Regional and Local Government (weight of D612: 5,5%)

No direct information is available for the moment.

#### Social Security Funds (weight of D612: 0,8%)

Information from the Social Security Financial Management Institute and General Retirement Fund is available.

### **METHODS**

To ensure consistency between this category's values with the ones from D122, the same sources and methods have been applied in D612 quarterly compilation. However, work is being developed to compile these amounts individually with specific sources and methods and to establish a validation system of the equality between D612, D122 and D623, which might, in the near future force us to update the entire series.

## ***D7 Other current transfers, receivable***

### **SOURCES**

#### Central Government (weight of D7REC: 54,9%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Minister of Finance to INE (electronic support).

#### Regional and Local Government (weight of D7REC: 4,8%)

No direct information available is for the moment.

#### Social Security Funds (weight of D7REC: 40,3%)

Information from the Social Security Financial Management Institute and General Retirement Fund available.

### **METHODS**

The description of D7, payable is also applicable here.

An additional transformation was made in what concerns the payments related to the European Social Fund, which in national accounts (and in STPFS as well) are intermediated by the Social Security. In order to respect the neutrality of funds, the current transfer from ESF to Social Security was corrected in order to become equal to the amount actually transferred to its final users

## ***D91 Capital taxes***

### **SOURCES**

The only tax considered in this category is the Tax on inheritance and gifts, that is collected in large majority by the State sub-sector.

#### Central Government (Weight of D91: 98,8%)

The Budget General Direction informs us of the exact amount collected in each quarter for the Tax on Inheritance and Gifts.

#### Regional and Local Government (Weight of D91: 1,2%)

There is no direct information for this sub-sector.

### **METHODS**

As ESA95 states that these taxes should be recorded at the time when the tax liabilities arise which is exactly the same rule that is posed by national legislation, no adjustment is made to the data received.

The Local Authorities component is estimated considering the relative weight in D91, verified in the 2000 account.

## ***D92+D99 Investment grants, other capital transfers, receivable***

### **SOURCES**

#### Central Government (weight of D9REC: 71,4%)

For the state quarterly data is obtained from the monthly bulletin published by the General Budget Directorate. For the independent services, funds and non-profit institutions of central government data is sent from the Ministry of Finance to INE (electronic support).

#### Regional and Local Government (weight of D9REC: 28,6 %)

No direct information is available for the moment.

### **METHODS**

The description of D9, payable is also applicable here.

An additional transformation was made in what concerns the payments related to the European Agricultural Guidance and Guarantee Fund - Guidance Section and the European Regional Development Fund, which in national accounts (and in STPFS as well) are intermediated by some Independent Services of Central Government. In order to respect the neutrality of funds, the current transfer from EAGGF-GS and ERDF to these services was corrected in order to become equal to the amount actually transferred to its final users.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information**

All quarterly data on taxes, social contributions, together with quarterly government finance statistics of central budget, local budgets, Pension and disability fund and Health insurance fund are obtained as direct information from basic sources which are identical on annual and quarterly level. Data on other quarterly general government categories are obtained by different kind of adjustments.

### **2. Compliance with ESA95 rules**

Basic data are transformed to comply with ESA 95 concepts.

### **3. Consistency between annual and quarterly data**

Annual data sources are central for all figures on general government sector accounts. Quarterly data are obtained either directly from quarterly data sources which are for some transactions (e.g. GFS categories) identical to annual data sources either indicators are used which are benchmarked to the annual figures. This ensures that the both data sets are consistent.

### **4. Revision policy**

Data for the previous quarters are revised when

- a) Data for a new quarter are published
- b) Annual national accounts data are published

### **5. General remarks**

Basic data on all fiscal burden categories are obtained by the Public Payments Administration of the Republic of Slovenia. The Public Payments Administration collects and processes monthly payments of all public revenues (taxes, social contributions and other non-tax public revenues), separately by receiving subsector at central level, local level and social security funds. These data are then provided to the Statistical Office within a special monthly report (i.e. B2 report) approximately 10 days after the end of the month.

Additional data on public revenues (and expenditure) are obtained by the Ministry of Finance which provides monthly GFS data on central budget, local budgets, Pension and disability fund and Health insurance fund.

In principle, GFS data on public revenues from the Ministry of Finance and data on public revenues from the Public Payments Administration are identical and are compiled on a cash basis.

Tax Administration and Customs Administration provide supplement monthly data on main taxes on products on an accrual basis (VAT, import duties and taxes, excise duties).

## **6. Expenditure of general government**

### ***P2 Intermediate consumption***

#### **SOURCES**

Monthly GFS data.

#### **METHODS**

Extrapolation of annual accounts data with GFS data.

### ***P5+K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

Monthly GFS data.

#### **METHODS**

Extrapolation of annual accounts data with GFS data.

### ***D1 Compensation of employees***

#### **SOURCES**

Monthly GFS data, data from statistical survey on wages and employment.

#### **METHODS**

For some activities, compensation of employees are estimated with the GFS cash data, which are – with one-month time lag - adjusted to accrual figures, for the remaining activities compensation of employees are estimated according to wage/salary statistics and Statistical register of employment.

### ***D29 Other taxes on production, payable***

#### **SOURCES**

Monthly GFS data.

#### **METHODS**

Use of time adjusted cash data.

### ***D3 Subsidies***

#### **SOURCES**

Monthly GFS data.

## **METHODS**

Direct use of GFS data.

### ***D4 Property income, payable***

#### **SOURCES**

Monthly GFS data.

#### **METHODS**

For the time being, monthly cash data from GFS are available. Ministry of Finance is preparing a model to calculate quarterly interests on accrual basis. When the model is (finished, data will be used for D.4).

### ***D5 Current taxes on income, wealth, etc., payable***

#### **SOURCES**

No data sources are available (amount is very small).

#### **METHODS**

Quarterly data are estimated with the same quarterly pattern as the total D.5 as the revenue of the general government sector and benchmarked to the annual accounts data using the Denton(4) method.

### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

Monthly GFS data.

#### **METHODS**

Cash data are used (no time adjustment is applied). Direct data represent 98% of the aggregate.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

#### **SOURCES**

Monthly GFS data.

#### **METHODS**

Cash data are used (no time adjustment is applied). Direct data represent 98% of the aggregate.

### ***D7 Other current transfers, payable***

#### **SOURCES**

Monthly GFS data.

#### **METHODS**

Direct use of cash data.

### ***D8 Adjustment for the change in net equity of households in pension funds reserves***

## **SOURCES**

## **METHODS**

No adjustment for the change in net equity of households in pension funds reserves is made in national accounts.

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

## **SOURCES**

Monthly GFS data.

## **METHODS**

Direct use of cash data.

## **7. Revenue of general government**

### ***P11+P12+P131 Market output, output for final use and payments for the other non-market output***

## **SOURCES**

Monthly GFS data.

## **METHODS**

Cash data are used.

### ***D2 Taxes on production and imports***

## **SOURCES**

Monthly B2 report;

Tax Administration and Customs Administration provide accrual data on VAT, import duties and taxes and excise duties.

## **METHODS**

VAT, import duties and taxes as well as excise duties are recorded on accrual basis. Some taxes on products and taxes on production are recorded on a time adjusted (one month) cash basis, namely payroll tax, tax on purchasing of new cars, tax on transactions of old cars, tax on insurance services, tax on classical and special gamble games. Remaining taxes (8% of the total D.2) are recorded on a cash basis without any time adjustment.

### ***D39 Other subsidies on production, receivable***

General government sector receives no other subsidies on production.

### ***D4 Property income, receivable***

## **SOURCES**

Monthly GFS data.

## **METHODS**

Direct use of cash data.

### ***D5 Current taxes on income, wealth, etc.***

#### **SOURCES**

Monthly B2 report.

#### **METHODS**

Household income tax payments for year  $t$  consist of monthly pre-payments and final annual payments which start in  $t+5$  months and finish in  $t+17$  month. Cash data of monthly pre-payments are time adjusted by one month; annual payments/refunds are distributed to the quarters according to the time adjusted pre-payments.

For the current quarter monthly B2 report data are used for the corporations profit tax. Accrual data on corporations profit tax at annual level is available approximately 14 months after the end of the year and are distributed to quarters according to the quarterly cash data.

Data on other current taxes (D.59) are recorded on a cash basis.

### ***D611 Actual social contributions***

#### **SOURCES**

Monthly B2 report.

#### **METHODS**

Data from the B2 report are time adjusted by one month.

### ***D612 Imputed social contributions***

#### **SOURCES**

No data sources are available.

#### **METHODS**

Annual data are distributed to quarters according to gross wages and salaries.

### ***D7 Other current transfers, receivable***

#### **SOURCES**

Monthly GFS data.

#### **METHODS**

Direct use of cash data.

### ***D91 Capital taxes***

#### **SOURCES**

Monthly B2 report.

#### **METHODS**

Direct use of cash data (no time adjustment).

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*D92+D99 Investment grants, other capital transfers, receivable*

**SOURCES**

Monthly GFS data.

**METHODS**

Direct use of cash data.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information**

Quarterly data of categories that cover CR (EC) 264/2000 are based on direct information available from administrative sources. Use of 90% criteria is fully respected for all categories.

Concerning EP and CR 1221/2002 quarterly data are based as much as possible on direct information from basic sources.

### **2. Compliance with ESA 95 rules**

Data compiling is based on the cash sources mostly. Some data are based on accrual sources (see general remarks).

### **3. Consistency between annual and quarterly data**

Both quarterly and annual data compiling are based on the same methodology and on the same data sources. But at present there is not absolute consistency between annual and quarterly figures due to noticeable time shift between annual account completion and quarterly data compiling. There is the need to adjust quarterly data after the annual data sources are available because they are more precise than data sources for the quarters. Because of the harmonisation process with ESA 95 rules, some significant items are still being implemented.

### **4. Revision policy**

Quarterly data are revised after the annual account is finished. At the same time time-series are revised back to 1993 on the ground of progressive implementation of ESA 95 principles.

### **5. General remarks**

The Statistical Office of the Slovak Republic (SO SR) is responsible for non-financial accounts compiling. Administrative data sources collected in detail by the Ministry of Finance SR (MF SR) are the main data sources used for the compilation.

State budgetary and state subsidised organisations, public universities, state funds, The National Property Fund of SR, The Slovak Land Fund, Slovenska konsolidacna a.s., Veritel a.s. are included to central government subsector S1311.

Budgetary and subsidised organisations of municipalities and budgetary and subsidised organisations of “upper regional units” are included to local government subsector S1313.

Health insurance companies, Social Insurance Agency, National Labour Office are included to social security funds subsector S1314.

All of mentioned organisations and subjects provide data in the statement on revenue and expenditure, balance sheets, and profit and lost statements.

Data in the statement of revenue and expenditure are provided quarterly on cash basis, the information is detailed and is laid out according to budgetary classification.

Balance sheets are provided quarterly on cash basis.

Profit and loss statements are provided quarterly on accrual basis.

Some data of central government revenues and expenditure are listed in The State Budget Fulfilment (revenue and expenditure) and are provided by the Ministry of Finance. They are provided monthly and we obtain them about 20 days after the reference month. Data are not so detailed.

The Ministry of Finance deliver us all data also in electronic form through institution called DataCentrum.

Data are received about 85 days after the reference quarter. Data are very detailed.

All electronic data of the statement of revenues and expenditure contain detailed information of each general government subsector using budgetary classification.

In 2004 some problems occurred in receiving data due to changing of data supplier. Data of budgetary and subsidised organisations of municipalities are provided through DataCentrum as before. The data are detailed and received timely, i.e. about 50 days after the reference quarter.

But rest of data is provided through The State Treasury. Data are very detailed but delayed due to technical problems, i.e. we receive them about 105 days after the reference quarter. We have to use best estimates and after data receiving we improve them.

## 6. Expenditure of general government

### *P2 Intermediate consumption*

The table below shows the relative weight of each sub-sector of General Government within the category P2: (source: annual account of 2002)

<b>SUB-sector of general government</b>	<b>Weight of P2 (%)</b>
<i>Central Government (S.1311)</i>	81,1
<i>Local Government (S.1313)</i>	17,2
<i>Social Security Funds (S.1314)</i>	1,7

Data are compiled annually and quarterly. The statement on revenue and expenditure is the only data source that is very detailed and does not require any data adjustments.

### *P5+K2 Gross capital formation and acquisitions less disposals of non-financial non-produced assets*

The relative weight of each sub-sector of General Government within the category P.5 + K.2 is shown in the following table (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of P.5+K2 (%)</b>
<i>Central Government (S.1311)</i>	77
<i>Local Government (S.1313)</i>	19,3
<i>Social Security Funds (S.1314)</i>	3,7

Data are compiled annually as well as quarterly from the statement on revenues and expenditure.

### ***P51 Gross fixed capital formation***

The relative weight of each sub-sector of General Government within the category P.51 is shown in the following table (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of P.51 (%)</b>
<i>Central Government (S.1311)</i>	74,3
<i>Local Government (S.1313)</i>	22,5
<i>Social Security Funds (S.1314)</i>	3,2

Data are compiled annually as well as quarterly from the statement on revenues and expenditure.

### ***D1 Compensation of employees***

The relative weight of each sub-sector of General Government within the category D.1 is shown in the following table (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.1 (%)</b>
<i>Central Government (S.1311)</i>	86,7
<i>Local Government (S.1313)</i>	9,9
<i>Social Security Funds (S.1314)</i>	3,4

Data are compiled annually and quarterly. The data source is the statement on revenue and expenditure.

### ***D29 Other taxes on production, payable***

The relative weight of each sub-sector of General Government within the category D.29 is shown in the following table (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.29 (%)</b>
<i>Central Government (S.1311)</i>	56,1
<i>Local Government (S.1313)</i>	39,7
<i>Social Security Funds (S.1314)</i>	4,2

Data are compiled annually and quarterly. The statement on revenue and expenditure is the only data source, it is detailed and data compiling does not require any adjustments.

### ***D3 Subsidies***

The relative weight of each sub-sector of General Government within the category D.3 payable is given in the following table (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.3 pay. (%)</b>
<i>Central Government (S.1311)</i>	94,7
<i>Local Government (S.1313)</i>	5,3
<i>Social Security Funds (S.1314)</i>	0,0

Data of subsidies, payable are compiled annually and quarterly on cash basis. Data sources are The State Budget Fulfilment (expenditure) and the statement on revenue and expenditure.

### ***D4 Property income, payable***

Here are the relative weights of each sub-sector of General Government within the category D.4 (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.4 (%)</b>
<i>Central Government (S.1311)</i>	97,51
<i>Local Government (S.1313)</i>	2,49
<i>Social Security Funds (S.1314)</i>	0,0

Data are compiled annually and quarterly on accrual basis. The main data source is The State Budget Fulfilment (expenditure). Data are adjusted to be on accrual basis.

### ***D5 Current taxes on income, wealth, etc., payable***

The relative weights of each sub-sector of General Government within the category D.5 are as follows (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.5 (%)</b>
<i>Central Government (S.1311)</i>	84,6
<i>Local Government (S.1313)</i>	15,4
<i>Social Security Funds (S.1314)</i>	0,0

Data are compiled annually and quarterly on accrual basis. The main data source is the profit and loss statement.

### ***D62 Social benefits other than social transfers in kind***

Here are the relative weights of each sub-sector of General Government within the category D62 (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.62 (%)</b>
<i>Central Government (S.1311)</i>	16,6
<i>Local Government (S.1313)</i>	0,3
<i>Social Security Funds (S.1314)</i>	83,1

Data are compiled annually and quarterly.

Basic data for S.1314 are obtained from health insurance companies, the Social Insurance Agency and the National Labour Office and are compiled quarterly by SO SR at Governmental and Non-profit Sectors Statistics Unit. The unit provides us data.

***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

Here are the relative weights of each sub-sector of General Government within the category D.6311+D.63121+D.63131 (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.6311+D.63121+D.63131 (%)</b>
<i>Central Government (S.1311)</i>	0,0
<i>Local Government (S.1313)</i>	0,0
<i>Social Security Funds (S.1314)</i>	100,0

Data are compiled annually and quarterly.

Basic data are obtained from health insurance companies, the Social Insurance Agency and the National Labour Office and are compiled quarterly by SO SR at Governmental and Non-profit Sectors Statistics Unit. The unit provides us data.

***D7 Other current transfers, payable***

The relative weights of each sub-sector of General Government within the category D.7 are as follows (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.7 (%)</b>
<i>Central Government (S.1311)</i>	70,1
<i>Local Government (S.1313)</i>	4,5
<i>Social Security Funds (S.1314)</i>	25,4

Data of other current transfers, payable are compiled annually and quarterly on cash basis. The main data source is the statement on revenue and expenditure, which is detailed, but data compiling requires some adjustments. The adjustments are based on State Closing Account.

Data are non-consolidated on quarterly basis within the general government sector at present.

***D8 Adjustment for the change in net equity of households in pension funds reserves***

This item is not calculated for General Government sector.

***D9 Capital taxes, investment grants and other capital transfers, payable***

The relative weights of each sub-sector of General Government within the category D.9 are as follows (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.9 (%)</b>
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<i>Central Government (S.1311)</i>	95,4
<i>Local Government (S.1313)</i>	1,5
<i>Social Security Funds (S.1314)</i>	3,1

Data are compiled annually and are consolidated. Sources for quarterly data are available. The main data source is the statement on revenue and expenditure.

## 7. Revenue of general government

### *P11+P12+P131 Market output, output for final use and payments for the other non-market output*

The relative weights of each sub-sector of General Government within the category P.11+P.12+P.131 are as follows (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of P.11+P.12+P.131 (%)</b>
<i>Central Government (S.1311)</i>	56,2
<i>Local Government (S.1313)</i>	43,73
<i>Social Security Funds (S.1314)</i>	0,07

Data are compiled annually and quarterly. The main data source for P.11 and P.131 is the statement on revenue and expenditure. The main data source for P.12 is the profit and loss statement.

### *D2 Taxes on production and imports*

The table below shows the relative weight of each sub-sector of General Government within the category D2 (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.2 (%)</b>
<i>Central Government (S.1311)</i>	95,9
<i>Local Government (S.1313)</i>	4,1
<i>Social Security Funds (S.1314)</i>	0,0

Data are compiled annually and quarterly. The main data source is the statement on revenue and expenditure, which contains very detailed information on cash basis. Annual data of D211 and D214 are compiled on accrual basis. Cash data are adjusted by data obtained from The Tax Directorate and The Customs Directorate. We analyse accrual treatment on quarterly level.

### *D39 Other subsidies on production, receivable*

This item is not calculated for General Government sector.

### ***D4 Property income, receivable***

***The relative weights of each sub-sector of General Government within the category D.4 are as follows (source: annual account of 2002):***

<b>SUB-sector of general government</b>	<b>Weight of D.4 (%)</b>
<i>Central Government (S.1311)</i>	85,4
<i>Local Government (S.1313)</i>	4,6
<i>Social Security Funds (S.1314)</i>	10,0

Data are compiled annually, quarterly data are available and we analyse data compiling on quarterly basis.

### ***D5 Current taxes on income, wealth, etc.***

Here are the relative weights of each sub-sector of General Government within the category D5 (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.5 (%)</b>
<i>Central Government (S.1311)</i>	85,9
<i>Local Government (S.1313)</i>	14,1
<i>Social Security Funds (S.1314)</i>	0,0

Data are compiled annually and quarterly. The main data source is the statement on revenue and expenditure, which contains very detailed information on cash basis. Annual data of D51 are compiled on accrual basis. We analyse accrual treatment on quarterly level.

### ***D611 Actual social contributions***

Here are the relative weights of each sub-sector of General Government within the category D.611 (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.611 (%)</b>
<i>Central Government (S.1311)</i>	2,2
<i>Local Government (S.1313)</i>	0,0
<i>Social Security Funds (S.1314)</i>	97,8

Basic data are obtained from health insurance companies, the Social Insurance Agency and the National Labour Office and are compiled by SO SR at Governmental and Non-profit Sectors Statistics Unit. The unit provides us data on cash basis.

Data are compiled annually and quarterly.

Annual amounts are compiled on accrual basis.

### ***D612 Imputed social contributions***

The relative weights of each sub-sector of General Government within the category D.612 are as follows (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.612 (%)</b>
<i>Central Government (S.1311)</i>	75,9
<i>Local Government (S.1313)</i>	11,7
<i>Social Security Funds (S.1314)</i>	12,4

Data are compiled annually and quarterly. The main data source is the statement on revenue and expenditure. D.122pay = D.612rev is valid.

### ***D7 Other current transfers, receivable***

The relative weights of each sub-sector of General Government within the category D.7 are as follows (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.7 (%)</b>
<i>Central Government (S.1311)</i>	52,5
<i>Local Government (S.1313)</i>	14,5
<i>Social Security Funds (S.1314)</i>	33,0

Data of other current transfers, receivable are compiled annually on cash basis. The main data source is the statement on revenue and expenditure. Quarterly data are available. We analyse data compiling on quarterly basis.

### ***D91 Capital taxes***

Here are the relative weights of each sub-sector of General Government within the category D.91 (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D.91 (%)</b>
<i>Central Government (S.1311)</i>	100,00
<i>Local Government (S.1313)</i>	0
<i>Social Security Funds (S.1314)</i>	0

Data are compiled annually and quarterly.

The State Budget Fulfilment (revenue) is the main source of D91 category. No additional data adjustments are needed. Data are available monthly about 20 days after the reference period.

### ***D92+D99 Investment grants, other capital transfers, receivable***

The relative weights of each sub-sector of General Government within the category D92+D99 are as follows (source: annual account of 2002):

<b>SUB-sector of general government</b>	<b>Weight of D92+D99 (%)</b>
<i>Central Government (S.1311)</i>	95,8
<i>Local Government (S.1313)</i>	4,2
<i>Social Security Funds (S.1314)</i>	0,0

Data are compiled annually, quarterly data are available and we analyse data compiling on quarterly basis

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### **1. Use of direct information**

The 90% criterion is fully respected with data on taxes (D2, D5, D91), social benefits (D62) and actual social contributions (D611).

With other transactions the amount of direct information varies from 0% to 100% by transaction. The amount of direct information is mentioned by transaction and by sector in the paragraph "Sources".

### **2. Compliance with ESA 95 rules**

The basic data are transformed to comply with ESA 95 concepts.

### **3. Consistency between annual and quarterly data**

In the Finnish system, the basic idea in compiling general government short-term indicators is that the quarterly data and the methods used will add up to annual figures. We expect that at least for taxes, and to a substantial extent for social benefits and actual social contributions, the annual result will be assembled from quarterly data. With all other variables the consistency between annual and quarterly data is ensured with methods described in the Handbook on Quarterly National Accounts.

Our earlier experiences are based on compiling quarterly National Accounts (main aggregates). These calculations for quarters I-III see quarterly data as central to the compilation system, with annual data assembled after quarterly data have been compiled. For the fourth quarter, a mixture of approaches is adopted with some quarterly aggregates derived from annual results which are first established as part of the process of compiling the first annual set of National Accounts 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 to the annual figures. How well we will succeed in these remains to be seen.

### **4. Revision policy**

Revisions will mostly be due to annual National Accounts (as it is common for annual National Accounts figures to be revised, because we want the figures of the two systems to be consistent), but also in some cases where quarterly data are insufficient for first estimates (examples could be time adjustments as well as absence of the latest month, especially the fourth quarter of the year). Definitive figures are produced two years after the end of the statistical year.

## 5. General remarks

### Central government

Central government revised its bookkeeping system for budget accounts, business accounts, balance sheets and accounts of extra budgetary funds in 1998. Statistics Finland reconstructed its data system for central government finances for National Accounts purposes.

This system will also include quarterly data, based on monthly business accounts. In principle, it is possible to process short-term data in more or less the same way as annual data for National Accounts purposes by, for example, reclassifying business accounts data and by making other adjustments, such as inclusion of accounts on extra budgetary funds. The central government's short-term indicators have been based on this system. In consequence, the coverage of direct data for central government estimates is mainly 100%.

With the exception of December, the central government's bookkeeping system has a time lag of about 2-3 weeks for monthly follow-ups. The data for December will not be available until the beginning of May (year t+1).

The basis for recording entries in the central government's bookkeeping varies. Taxes, as well as some other items, such as certain interest items, are recorded on cash basis, although accrual basis is followed as a rule.

Adjustments are needed for estimates in National Accounts. The monthly bookkeeping data, the methodology and the availability of adjustments are still under examination.

The Monthly Report of the State Treasury on State Receipts and Expenditure on cash basis could be used as an alternative source of data for some transactions. The report is based on budget accounts and classifications and its time lag is about one month and 10 days. These data would need far more adjustments than the business accounts data, especially if transactions have to be reclassified according to the ESA 95. In many cases this would not even be possible.

### Local government

At the moment we collect quarterly data from municipalities by a sample survey. We revised this collection in the year 2001. Data from the revised quarterly financial statistics of municipalities are available as of the year 2001. The quarterly financial statistics of municipalities cover the main expenditure and income items of municipalities. The data contents of the statistics are identical to those of the financial statement estimates of municipalities that are used in the calculation of preliminary National Accounts. In respect of municipalities, the methods used to calculate quarterly and preliminary annual accounts are identical. Compensation of employees by local government is also monitored against the Social Insurance Institution's wage bill sum. Because the data on joint municipal boards contain major deficiencies, the finances of joint municipal boards are assumed to largely follow those of municipalities. The Tax Authorities' payment control information system (MAVA) is used as an additional data source for describing the finances of joint municipal boards.

### Social security funds

The data sources for social security funds are the Social Insurance Institution of Finland and the Insurance Supervision Authority. The coverage of this data source varies by transaction.

## 6. Expenditure of general government

### *P2 Intermediate consumption*

#### SOURCES

##### Central government (Weight of P2: 36.5%)

Data on the central government's intermediate consumption can be derived from the business accounts of the central government's bookkeeping system – the coverage of direct data is 100%. The basis for recording intermediate consumption in the central government's bookkeeping is accrual in every quarter.

##### Local government (Weight of P2: 59.9%)

There are no quarterly data available direct on the intermediate consumption of local government for the years 1998 to 2000. Direct data are only available for municipalities since 2001. These cover about 80% of the local government's intermediate consumption. In this case, adjustments will have to be made in respect of the coverage, as well as other factors, such as sector definition.

##### Social security funds (Weight of P2: 3.6%)

Social security funds' share of the general government's intermediate consumption is 3.6%. The data sources for intermediate consumption are the Social Insurance Institution of Finland and the Insurance Supervision Authority.

#### METHODS

##### Central government

The key items to be calculated as intermediate consumption are materials, supplies and goods, rents, various purchases of services, various payments and value-added-type taxes added to the above. Separately purchased software investments are deducted from intermediate consumption.

Adjustments required to get intermediate consumption to comply with ESA95 terms:

- Reclassifications (borderline between intermediate consumption and capital formation)
- Corrections to valuations at purchasers' prices.

##### Local government

The following expenditure categories in the quarterly financial statistics of municipalities are calculated for intermediate consumption: customer service purchases, purchase of other services, materials, supplies and goods. The method used is described in the Handbook on Quarterly National Accounts (6.18).

Adjustments required to get intermediate consumption to comply with ESA95 terms:

- Reclassifications (borderline between intermediate consumption and capital formation)
- Corrections to valuations at purchasers' prices.

The intermediate consumption of joint municipal boards, representing 20% of the local government's intermediate consumption, is an estimate. We assume the structure and development of the intermediate consumption of joint municipal boards to follow those of municipalities.

## Social security funds

The portion of transactions not covered by direct information is estimated. The method used is described in the Handbook on Quarterly National Accounts (6.20).

### ***P5 and K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

##### Central government (Weight of P5+K2: 32.3%)

Data on the central government's gross fixed capital formation and acquisitions less disposals of non-financial non-produced assets can be derived from the business accounts of the central government's bookkeeping system – the coverage of direct data is 100%. The basis for recording gross fixed capital formation in the central government's bookkeeping should be accrual in every quarter. There are still some problems concerning the short-term pattern of the data on the fixed capital formation of central government.

##### Local government (Weight of P5+K2: 63.4%)

We use budget data on the fixed capital formation of municipalities and joint municipal boards in estimating the fixed capital formation of local government. Data on acquisitions less disposals of non-financial non-produced assets can be derived from the quarterly financial statistics of municipalities.

There are no quarterly data available direct on the fixed capital formation of local government for the years 1998 to 2000. Direct data are only available on municipalities since 2001. These cover about 81% of the local government's fixed capital formation. There are still some problems concerning the short-term pattern of the data on the fixed capital formation of municipalities. The use of these data will be studied in more detail. They will need adjustments at least in respect of the sector definition, and valuation at purchasers' prices will need to be made.

##### Social security funds (Weight of P5+K2: 4.3%)

There are no data on gross capital formation or acquisitions less disposals of non-financial non-produced assets.

#### **METHODS**

##### Central government

The data are used for the compilation of an indicator for this item, but so far the quality of this kind of an indicator has not been studied. The required adjustments are being done. The method used is described in the Handbook on Quarterly National Accounts (6.18).

##### Local government

We use budget data in estimating the fixed capital formation of local government. The method used is described in the Handbook on Quarterly National Accounts (6.10).

##### Social security funds

The item is estimated with methods described in the Handbook on Quarterly National Accounts (6.10).

## ***D1 Compensation of employees***

### **SOURCES**

#### Central government (Weight of D1: 25.4%)

The data on the compensation of employees paid by the central government are basically available monthly on accrual basis from the business accounts of the central bookkeeping of the State Treasury. The data and the methods are the same quarterly and annually. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

#### Local government (Weight of D1: 72.6%)

There are three sources for data on the compensation of employees by local government:

The first one is quarterly data on the compensation of employees by municipalities, which account for 72% of the total compensation of employees by local government. These are available quarterly on accrual basis. They are obtained with a sample survey and have been available with a delay of 60 days since the year 2001. In this case, adjustments are needed to the sector definitions.

The second one is monthly data on the compensation of employees by joint municipal boards, i.e. their payment control data. These are available on accrual basis with a delay of 40 days.

The third is monthly data on the compensation of employees by local government, i.e. data of the Social Insurance Institution of Finland.

#### Social security funds (Weight of D1: 2.0%)

Direct and accrual data on the compensation of employees are available on monthly basis from the Social Insurance Institution of Finland. Direct and accrual data on the compensation of employees are available on quarterly basis from the Insurance Supervision Authority. These data cover 91% of all compensation of employees by social security funds.

### **METHODS**

#### Central government

Complete data on the compensation of employees are aggregated and the required adjustments are done. For example, holiday pay is divided between all quarters.

#### Local government

Holiday pay is divided between all quarters. The method used is described in the Handbook on Quarterly National Accounts (6.18).

#### Social security funds

The data are aggregated and the required adjustments are done. For example, holiday pay is divided between all quarters.

## ***D29 Other taxes on production, payable***

### **SOURCES**

#### Central government (Weight of D29: 0%)

#### Local government (Weight of D29: 100%)

There are no quarterly data on this item.

Social security funds (Weight of D29: 0%)

## **METHODS**

Local government

The item is estimated with methods described in the Handbook on Quarterly National Accounts (6.10).

### ***D3 Subsidies***

## **SOURCES**

Central government (Weight of D3: 93.7%)

At least 98% of the quarterly data on the subsidies paid by the central government are available from the middle of the year 2000. This means that direct data cover about 92% of item D.3. The available direct data are monthly data on cash basis - time lag 20 days - except for those concerning December for which the time lag is 4 months.

Local government (Weight of D3: 6.3%)

There are no quarterly data on this item.

Social security funds (Weight of D3: 0%)

## **METHODS**

Central government

The portion of transactions not covered by direct information is estimated.

Local government

The item is estimated with methods described in the Handbook on Quarterly National Accounts (6.10).

### ***D4 Property income, payable***

## **SOURCES**

Central government (Weight of D4: 93.1%)

The data on the property income paid by the central government are basically available monthly on accrual basis from the business accounts of the central bookkeeping of the State Treasury. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

Local government (Weight of D4: 6.3%)

The data on the property income paid by municipalities are basically available in the quarterly financial statistics of municipalities. Their coverage can be characterised as being 90% of the local government. There are no quarterly data on this item paid by joint municipal boards.

Social security funds (Weight of D4: 0.6%)

The data sources for property income are the Social Insurance Institution of Finland and the Insurance Supervision Authority.

## METHODS

### Central government

The item is aggregated by sector and by transaction classification.

### Local government

The item is aggregated by sector and by transaction classification.

### Social security funds

The item is aggregated by sector and by transaction classification.

## *D41 Interest*

## SOURCES

### Central government (Weight of D41: 93.2%)

The data on the interest paid by the central government are basically available monthly on cash basis from the business accounts of the central bookkeeping of the State Treasury. Because the data are on cash basis we make adjustments with some additional information from the State Treasury. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

### Local government (Weight of D41: 6.2%)

The data on the property income paid by municipalities are basically available in the quarterly financial statistics of municipalities. Their coverage can be characterised as being 90% of the local government. There are no quarterly data on this item paid by joint municipal boards.

### Social security funds (Weight of D41: 0.6%)

The data sources for interest paid by social security funds are the Social Insurance Institution of Finland and the Insurance Supervision Authority. The data are on cash basis, which is why the method needs quality checking and possibly further improvement. On the other hand, the weight of social security funds is quite small.

## METHODS

### Central government

The amounts reported are consolidated. Consolidation can be made using data on outstanding credit stock. Consolidation does not change the structure of the interests paid by sub-sectors.

Adjustments required to get interests to comply with ESA95 terms:

- Inclusion of extra budgetary units
- Corrections to cover the concept of interests, such as emission gains and losses
- Corrections to the basis of recording.

### Local government

The amounts reported are consolidated. Consolidation can be made using data on outstanding credit stock. Consolidation does not change the structure of the interests paid by sub-sectors.

### Social security funds

The portion of transactions not covered by direct data is estimated.

## ***D5 Current taxes on income, wealth, etc., payable***

### **SOURCES**

#### Central government (Weight of D5: 6.1%)

The data on current taxes on income, wealth, etc., paid by the central government are basically available monthly on accrual basis from the business accounts of the central bookkeeping of the State Treasury. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

#### Local government (Weight of D5: 0.0%)

#### Social security funds (Weight of D5: 93.9%)

No data on this item.

### **METHODS**

#### Central government

The item is aggregated from the data. No time adjustments are done.

#### Social security funds

The item is estimated with methods described in the Handbook on Quarterly National Accounts (6.10).

## ***D62 Social benefits other than social transfers in kind***

### **SOURCES**

#### Central government (Weight of D62: 13.0%)

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

According to experts' appraisals, the significance of time adjustment would be minor because the amounts of possible time adjustments would be very small, the cash flow of the revenue is even, or the revenues of such a nature that time adjustment would not be sensible, and therefore an agreement has been reached that no time adjustment is needed. The method needs quality checking and possibly further improvement.

Social benefits paid by central government represent some 13.0% of the total transactions. Coverage within the sector is considered complete.

#### Local government (Weight of D62: 4.1%)

No direct infra-annual data are available on local government accounts. Some limited annual information is available from local government relating to the annual financial statements of municipalities and joint municipal boards. Some infra-annual data are also available from the National Pension Institute's monthly data (in many cases the National Pension Institute is the actual operator on behalf of the local government).

#### Social security funds (Weight of D62: 82.9%)

Social benefits paid by social security funds form the major part of social benefits (some 82,9% of total transactions). The monthly data are provided by the Social Insurance Institution, the Insurance Supervisory Authority and the Central Pension Security Institute

with a delay of one month. The coverage achieved is quite complete and such that estimation is hardly necessary.

The data of the Social Insurance Institution are based on monthly cash receipts. According to experts' appraisals, the significance of time adjustment would be minor, because the amounts of possible time adjustments would be very small, the cash flow of the revenue is even, or the revenues of such a nature that time adjustment would not be sensible, and therefore an agreement has been reached that no time-adjustment is needed.

## **METHODS**

### Central government

Adjustments are made to transform the basic data to the ESA95 basis (classifications of central government's bookkeeping differ from those of the ESA95, for some items that split into several ESA95 categories the structure of previous years is used).

### Local government

The item is estimated with methods described in the Handbook on Quarterly National Accounts (6.10).

### Social security funds

The data on this item are principally the same as those at the annual level, and the method is also identical. However, as there is some uncertainty about the recording on quarterly basis as compared to annual basis, a need may later arise to revise the quarterly data after annual figures have become available.

## ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

## **SOURCES**

### Central government (Weight of D631: 6.6%)

The data on social transfers in kind related to expenditure on products supplied to households via market producers are basically available monthly on cash basis from the business accounts of the central bookkeeping of the State Treasury. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

### Local government (Weight of D631: 38.7%)

There are no direct quarterly data for social benefits in kind paid by the local government.

### Social security funds (Weight of D631: 54.6%)

Social security funds pays 54.6% of social benefits in kind. The coverage of direct data is 82%. This means that direct data cover about 51% of item D.631.

## **METHODS**

### Central government

The item is aggregated from the data. Value added tax is added to aggregated data.

### Local government

The item is estimated. Purchases of client services by local government from others include services purchased direct from enterprises, foundations, associations and parishes for

residents without any payment by residents. These purchases are not treated as intermediate consumption but as social transfer payments (benefits in kind), as they are not part of the service production of municipalities and joint municipal authorities. Data on the total purchases of client services by municipalities are available in the quarterly financial statistics of municipalities. We use the data on the total purchases of client services by municipalities when estimating the item.

### Social security funds

The portion of transactions not covered by direct data is estimated. At the moment it seems that no time adjustments will be needed, because the amounts of possible time adjustments would be very small, the cash flow of the revenue is even, or the revenues of such a nature that time adjustment would not be sensible.

## ***D7 Other current transfers***

### **SOURCES**

#### Central government (Weight of D7: 91.7%)

The data on other current transfers paid by the central government are basically available monthly on accrual basis from the business accounts of the central bookkeeping of the State Treasury. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

#### Local government (Weight of D7: 5.5%)

The data on other current transfers paid by the local government to the central government are basically available monthly on accrual basis from the business accounts of the central bookkeeping of the State Treasury.

The data source for other current transfers paid by the local government to social security funds is the Social Insurance Institution of Finland.

#### Social security funds (Weight of D7: 2.8%)

The data source for other current transfers is the Social Insurance Institution of Finland.

### **METHODS**

#### Central government

The item is aggregated and consolidated. Monthly data from the business accounts of the central bookkeeping of the State Treasury are used for consolidation.

#### Local government

The item is aggregated and consolidated.

#### Social security funds

The item is aggregated and consolidated.

## ***D8 Adjustment for the change in net equity of households in pension funds***

No adjustment for the change in net equity of households in pension funds' reserves is done in Finland's National Accounts.

## ***D9 Capital taxes, investment grants and other capital transfers, payable***

### **SOURCES**

#### Central government (Weight of D9: 99.4%)

The data on other current transfers paid by the central government are basically available monthly on accrual basis from the business accounts of the central bookkeeping of the State Treasury. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

#### Local government (Weight of D9: 0.4%)

There are no quarterly data on this item.

#### Social security funds (Weight of D9: 0.2%)

There are no quarterly data on this item.

### **METHODS**

#### Central government

Monthly data from the business accounts of the central bookkeeping of the State Treasury are used for consolidation.

#### Local government

The item is estimated with methods described in the Handbook on Quarterly National Accounts (6.10).

#### Social security funds

The item is estimated with methods described in the Handbook on Quarterly National Accounts (6.10).

## **7. Revenue of general government**

### ***P11+P12+P131 Market output, output for final use and payments for the other non-market output***

### **SOURCES**

#### Central government (Weight of (P.11 + P.12 + P.131): 32.0%)

The data on this item derive from the business accounts of the central bookkeeping of the State Treasury. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

#### Local government (Weight of (P.11 + P.12 + P.131): 65.1%)

The data source for these transactions is the quarterly financial statistics of municipalities. Their coverage can be characterised as being 75% of the local government.

#### Social security funds (Weight of (P.11 + P.12 + P.131): 2.9%)

The data sources for these transactions are the Social Insurance Institution of Finland and the Insurance Supervision Authority.

## METHODS

### Central government

Output at basic prices is obtained by adding together intermediate consumption and gross value added. Since sales items (market output P11R and other non-market output P139R) and output for own final use (P12R) are deducted from output, other non-market output is obtained as the remainder in the production and generation-of-income account (P139R). Other non-market output reflects the central government's final consumption expenditure (P3K).

Market output is counted mainly as output from economic transactions, rental income and various operating charges. Sales of non-market products consist mainly of output resulting from transactions governed by public law. Computer software produced on own account is output for own final use.

Adjustments are required to transform the basic data to the ESA95 basis (classifications of the central government's bookkeeping differ from those of ESA95)

### Local government

The production of local government is calculated by the mean of costs. The output at basic prices is assessed at the same value as inputs, i.e. total input. The production and generation-of-income accounts reflect the kind of input used to generate products for government activities, reparation of production into government consumption (P13R other non-market output), income from products sold (P11R market output, P139R sales of non-market products) and goods and services produced for own use (P12R output for own final use). No operating surplus is considered to arise from government activities.

The gross value added components of local government are wages and salaries, employers' social contributions, consumption of fixed capital and other taxes on production. Output at basic prices is the sum of gross value added and intermediate consumption.

Some goods and services produced by local government are sold on the market at prices that cover production costs. On this basis, they are marked up as market products and sales revenues are entered in the production account as market output (P11R). Part of what is produced is sold as so-called non-market products on which sales revenues are not intended to cover the production costs. These products are entered in sales of non-market products (P139R). By deducting sales revenues from such products and from computer software produced on own account (P12R output for own final use) other non-market output (P13R) is obtained from the output calculated as the total cost (P1R). The latter reflects local government consumption expenditure (P3K in sector accounts).

Adjustments are required to transform the basic data to the ESA95 basis.

### Social security funds

The output of social security funds is calculated through expenditure. Output is the sum of value added and intermediate consumption.

## ***D2 Taxes on production and imports***

### **SOURCES**

#### Central government (Weight of D2: 99.99%)

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

VAT type taxes: Data on the VAT receipts of the central government are available monthly on a cash basis. For VAT type taxes, transforming the cash data to the ESA95 basis requires a period of 8 further weeks.

#### Local government (Weight of D2: 0.01%)

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

### **METHODS**

#### Central government

Data are recorded in National Accounts on a time adjusted cash basis. Same adjustments are applied on quarterly basis.

In central government bookkeeping the VAT heading also includes VAT payments to the EU. We apply a time adjustment of two months on the VAT figure in the central government's bookkeeping and then subtract VAT payments to the EU. We can do this because the EU VAT element is not a specific proportion of the overall VAT receipts, but defined on a theoretical basis. Budget figure divided by four is our estimation method at this stage. There are about ten excise tax items on which a one month's time adjustment is made just like in annual accounting.

#### Local government

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

### ***D39 Other subsidies on production, receivable***

#### **SOURCES**

Central government (Weight of D39: 0%)

Local government (Weight of D39: 0%)

Social security funds (Weight of D39: 0%)

### ***D4 Property income, receivable***

#### **SOURCES**

Central government (Weight of D4: 34.4%)

The data on this item derive from the business accounts of the central bookkeeping of the State Treasury. These monthly data are available with a delay of 20 days. Their coverage can be characterised as being 100%.

Local government (Weight of D4: 14.4 %)

The data on this item derive from the quarterly financial statistics of municipalities. Their coverage can be characterised as being 95% of the local government.

Social security funds (Weight of D4: 42.2%)

The data sources for property income are the Social Insurance Institution of Finland and the Insurance Supervision Authority.

## **METHODS**

### Central government

The item is aggregated by sector. Sub-transactions are consolidated according to the regulation.

### Local government

The item is aggregated by sector. Sub-transactions are consolidated according to the regulation.

### Social security funds

The item is aggregated by sector. Sub-transactions are consolidated according to the regulation.

## ***D5 Current taxes on income, wealth, etc.***

### **SOURCES**

#### Central government (Weight of D5: 49.2%)

The source for monthly cash data is the Ministry of Finance. The data are available with a time lag of about 23 days.

#### Local government (Weight of D5: 50.8%)

D51: Data on the monthly allocation of income taxes by the National Board of Taxes is the source of data on the income and wealth of local government; the data are available with a time lag of 23 days. The main tax under D51 is the municipal tax.

D59: (taxes on real estate, etc.) As of the beginning of 1999, the data on the monthly allocation of income taxes by the National Board of Taxes have also included data on 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 relating to the annual financial statements of municipalities and joint municipal boards is available from local government.

## **METHODS**

### Central government

For central government D51 transactions, adjustments are necessary due to the time of recording used in the data source of monthly allocation of income taxes. The method used is the same as in annual National Accounts. For D59 transactions the method is the same as the one used for annual National Accounts. However, as the final classification of taxes between D59 and D29 will be based on annual data some revisions backwards are expected.

### Local government

For local government D51 transactions, adjustments are necessary due to the time of recording used in the data source of monthly allocation of income taxes. The method used is the same as the one used for annual National Accounts. For transaction tax on real estate (D59) an elaborated method is used to produce accrual data on tax on real estate.

## ***D611 Actual social contributions***

### **SOURCES**

#### Central government (Weight of D611: 8.0%)

Complete data are available from the bookkeeping system of the central government.

Local government (Weight of D611: 0.1%)

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

Social security funds (Weight of D611: 91.9%)

Data on national health are provided by the Social Insurance Institution of Finland (monthly data with a delay of one month). From the beginning of 2000 direct data are available on unemployment schemes (Unemployment Insurance Fund). From the beginning of 2001 direct data are available on pension schemes (Insurance Supervisory Authority). The coverage of the data is almost complete.

**METHODS**

Central government

Only one item from the central government bookkeeping.

Local government

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

Social security funds

Estimates are required alongside the direct data because the infra-annual data are on cash basis. These estimates relate principally to estimates of contributions to unemployment schemes and occupational pension schemes. They are based on the percentage shares of wages and salaries on quarterly basis (partly from quarterly National Accounts or related data sources).

The data of the Social Insurance Institution are based on monthly cash receipts. At the end of 2002 annually National Accounts introduced time adjustments for employers' and employees' social security contributions for the years 1997-2001. Because we have monthly data we can make a time adjustment accordingly to yearly National Accounts.

***D612 Imputed social contributions***

There are no imputed social contributions in Finland's National Accounts after the year 2000.

***D7 Other current transfers, receivable***

**SOURCES**

Central government (Weight of D7: 3.7%)

Complete data are available from the bookkeeping system of the central government.

Local government (Weight of D7: 45.5%)

The data are available from the bookkeeping system of the central government. Their coverage can be characterised as being 98%.

Social security funds (Weight of D7: 50.8%)

The data sources for other current transfers are the Social Insurance Institution of Finland and the bookkeeping system of the central government.

**METHODS**

Central government

The item is aggregated and consolidated.

#### Local government

The item is aggregated and consolidated.

#### Social security funds

The item is aggregated and consolidated.

### ***D91 Capital taxes***

#### **SOURCES**

##### Central government (Weight of D91: 100%)

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

#### **METHODS**

##### Central government

The methods for this item - recorded in the central government's bookkeeping data system - follows the same method as annual National Accounts.

### ***D92 Investment grants, receivable***

There are no investment grants in Finland's National Accounts.

### ***D99 Other capital transfers, receivable***

#### **SOURCES**

##### Central government (Weight of D99: 5.5%)

The source of monthly data on other capital transfers (D99) is the bookkeeping system of the central government. The data are available with a time lag of about 20 days. The coverage of the data is almost complete.

##### Local government (Weight of D99: 17.9%)

The data are available from the bookkeeping system of the central government. Their coverage can be characterised as being 90%.

##### Social security funds (Weight of D99: 76.6%)

The data are available from the bookkeeping system of the central government. The coverage of the data is almost complete.

#### **METHODS**

##### Central government

The item is aggregated and consolidated.

##### Local government

The item is aggregated and consolidated.

##### Social security funds

The item is aggregated and consolidated.

COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

## 1. Use of direct information

For D2, D3, the substantial part of D5, D61, D7 and D9 data are fully based on quarterly information. As for D4 and D62 data are based on quarterly information for the sub-sectors central and local government. For the sub-sector social security sector these items are available on an annual basis only. For the total of D4 for the general government sector, expenditure, the criteria 90 % is not fulfilled. The data based on direct information are 88 %. Neither for D4, income, the 90% criteria is fulfilled. Data based on direct information are 37 %. Here it must be pointed out that interest should be consolidated, which is not done yet, depending on lack of data.

As for D62 data based on direct information are 63 % in 2002.

For D4 and D62, social security sector, the annual figures are divided by four to get the quarters. Before annual figures are available forecasts done by the National Insurance Board are used. It is planned to collect this information quarterly. Also for D5 the parts of this transaction code that are based on tax assessment values consist of forecasts until taxation values are available.

## 2. Compliance with ESA95 rules

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

## 3. Consistency between annual and quarterly data

### Central Government

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 were compiled every half-year. From year 2000 the data are compiled quarterly. The quarterly data are fully in line with annual data.

Some of the data needed for the social security sector funds are available through the source mentioned for the central government. The reason for this is that the collection of social contributions is co-ordinated. For other incomes and expenditures, consumption, capital income and social benefits, only annual figures from annual surveys are available. To get the quarterly figures the amounts are simply divided with four. Before annual figures are available we use forecasts made by the National 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. For City councils, Statistics Sweden (SCB) collects information on a quarterly basis. Information is

adjusted to get them in line with ESA –95. 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. In the annual surveys information is on a much more detailed basis. Annual data are in line with quarterly. For county councils the County Union collects quarterly information.

#### **4. Revision policy**

During a year the data for earlier quarters can be corrected. Normally there are no revisions more than twelve months after the end of a period. Where forecasts are used, outcomes are presented in the taxation presented in time for the fourth quarter of year t+1. The revisions compared to updated forecasts are usually minor.

#### **5. General remarks**

Short about the data supply: For central and local government data supply is good, while improvement is needed for the social security sector. We plan to start surveys on quarterly basis. Some items for the social security sector are obtainable from the accounts of the central government. Data missing are consumption data, with minor figures, and social benefits and capital income and expenditure. Consolidation of interest is not done yet.

Changes in compilation practise: D5; forecast for final assessment is used until taxation outcome is known. Corrections for taxes debited but not paid are done.

#### **6. Expenditure of general government**

##### ***P2 Intermediate consumption***

##### **SOURCES**

Sources are The National Financial Management Board for central government and surveys for local authorities and social security sector. -

##### **METHODS**

##### Central and local government

All data are based on direct information and as far as possible on an accrual basis. There are no complete quarterly accounts, cash data can occur. Four quarters are consistent with annual data.

##### Social security sector:

For part of this sector quarterly data are available, and for part of it only annual data and forecasts are available. The annual amounts are divided by four to get the quarters. The amounts are minor.

### ***P5 and K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets***

#### **SOURCES**

Sources are The National Financial Management Board for central government and surveys for local authorities. For social security sector the data are partly fetched from annual reports and forecasts. The amounts are minor.

#### **METHODS**

Central and local government: All data are based on direct information and as far as possible on an accrual basis as for P5. Items belonging to K2 are not time-adjusted. The data are fully consistent with annual data.

Social security sector. For part of this sector quarterly data are available, and for part of it only annual data and forecasts are available. The annual amounts are divided by four to get the quarters. The amounts are minor.

### ***D1 Compensation of employees***

#### **SOURCES**

The National Financial Management Board for central government and surveys for local authorities . For social security sector the data are partly obtained from annual reports, partly from quarterly surveys.

#### **METHODS**

For central and local government direct information is available on paid wages and salaries. For social security sector part of the quarterly figures are forecasted from the latest available annual figure. The annual amounts are distributed on quarters according to central government quarterly pattern. These amounts are minor.

### ***D29 Other taxes on production, payable***

#### **SOURCES**

D29: The total income sum is available from the National Financial Management Board. One part consists of motor vehicle tax and the division on sectors is calculated. One part consists of taxes on wages and salaries and no direct information on sub-sectors is available. Neither for the part consisting of taxes on income for people working beyond retirement age information on sub-sectors is available.

#### **METHODS**

A percentage rate given from employers' organizations is applied on the sum of wages and salaries. This method is used for both central and local government. Local government also applies a percentage rate for the tax on incomes for people working beyond retirement age. The central government has direct information on this. As for motor vehicle tax a model based on the number of cars in each sector is used to calculate the expenditure side.

### ***D3 Subsidies***

#### **SOURCES**

The National Financial Management Board.

#### **METHODS**

D39, subsidies on salaries, is divided by the National Financial Management Board on receiving sectors.

### ***D4 Property income, payable***

#### **SOURCES**

For central government quarterly data from The National Financial Management Board. For local government data from quarterly surveys. For social security sector only annual data are available.

#### **METHODS**

Direct information for central and local government. For social security sector annual data are divided by four and forecasts are used before annual figures are available.

### ***D7 Other current transfers, payable***

#### **SOURCES**

The National Financial Management Board and quarterly surveys. For D7 relating to social security sector data are also obtained from The National Financial Management Board

#### **METHODS**

Direct information is obtained. Full consistency with annual data.

A minor reclassification is done from D7 to D9 as for investment grants from central government to local government. In this special case we rely more on the information from the local government quarterly surveys.

### ***D9 Capital taxes, investment grants and other capital transfers, payable***

#### **SOURCES**

The National Financial Management Board and quarterly surveys. Annual survey for part of the social security system combined with direct contact for quarterly distribution.

#### **METHODS**

Direct information is obtained. Full consistency with annual data

A minor reclassification is done from D7 to D9 as for investment grants from central government to local government. In this special case we rely more on the information from the local government quarterly surveys.

## **7. Revenue of general government**

### ***P1 Output***

#### **SOURCES**

The National Financial Management Board and quarterly surveys. Annual survey for part of the social security sector.

#### **METHODS**

Market output. Direct information. Full consistency with annual data. Output for own final use; direct information. Full consistency with annual data. For a minor part of output for final use a model is used. This model calculates own-produced computer software. Quarters are estimated and then replaced by annual model-figures. Other non-market output: Direct information. Full consistency with annual data.

### ***D39 Other subsidies on production, receivable***

#### **SOURCES**

The National Financial Management Board for central government

#### **METHODS**

D39, subsidies on salaries, is divided by the National Financial Management Board on receiving sectors.

### ***D4 Property income, receivable***

#### **SOURCES**

The National Financial Management Board for central government and quarterly surveys for local government. Annual survey for the social security sector.

#### **METHODS**

For central and local government direct information and fully consistence between annual and quarterly data. For social security sector, the annual figure is divided by four to get quarterly data. Forecast is used before the annual figure is available.

### ***D5 Current taxes on income, wealth, etc.***

#### **SOURCES**

The National Financial Management Board and quarterly surveys. Methods: Strictly accrual. Full consistency between annual and quarterly data. The collection of taxes for central and local government is co-ordinated. Preliminary debited monthly income taxes for enterprises and households are time-adjusted by one month. A forecast of final assessment is used and distributed evenly by quarters. Taxation data, when available, replace this forecast. The final assessment consists mainly on taxes on sales of real estates and securities and varies a lot over the years. As for historical data all data are direct information. For singular periods when still using forecasts, the 90 % criteria might not be fulfilled. In year 2000 (and before our change of method year 2001) the sales and thus taxes on securities and real estates were extremely high. This year the final assessment was 83 % of D5 total. Information on this final assessment is specified.

D5 is corrected for taxes debited but never paid. A total for all kinds of taxes never paid is available and then divided on different types of taxes according to the size of debited taxes. The amount is divided by four to get the quarters. The latest amount is used for the current year.

D5, expenditure, consists of very small amounts. It consists of income tax paid by council boards.

### ***D631 Social transfers in kind related to expenditure on products supplied to households via market producers***

#### **SOURCES**

The National Financial Management Board and quarterly surveys

#### **METHODS**

Direct information is obtained. Full consistency with annual data.

### ***D612 Imputed social contributions***

#### **SOURCES**

The National Financial Management Board for central government and quarterly surveys for local government.

#### **METHODS**

Central government: Direct information is obtained. Full consistency with annual data. Local authority: The difference between social contributions paid according to surveys and the settled percentage rate of wages and salaries is treated as imputed social contributions.

### ***D7 Other current transfers***

#### **SOURCES**

The National Financial Management Board for central government and quarterly surveys for local government. Annual survey for part of the social security sector.

#### **METHODS**

Central and local government: Direct information is obtained. Full consistency with annual data. Social security sector: annual amounts divided by four or direct contact for quarterly distribution, depending on the significance of the item.

### ***D9 Investment grants, other capital transfers, receivable***

#### **SOURCES**

The National Financial Management Board for central government and quarterly surveys for local government. Annual survey for the social security sector.

#### **METHODS**

For central and local government is direct information obtained. Full consistency with annual data. Social security sector: direct contact for quarterly distribution.

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## UNITED KINGDOM Description of United Kingdom practice, Year 2000

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

All data used is from direct sources. Most Central Government expenditure is supply expenditure. That is, it is voted annually by the UK Parliament and spent by Government Departments and agencies. Data for Central Government is collected monthly from all major departments, and quarterly from non-departmental public bodies, and the devolved administrations of Scotland and Wales through HM Treasury (the UK's Ministry of Finance). The devolved administration of Northern Ireland supplies only annual data; quarterly data is therefore calculated by distributing annual budget figures over the four quarters. The Government Actuary's Department (GAD) provides quarterly estimates of social security contributions while the Department of Work and Pensions provides figures directly on Social Security expenditure. The Inland Revenue and Customs and Excise Departments provide details of most taxes collected.

Most data on Local Government expenditure is received on an annual basis. Capital expenditure and revenue data, provided by Central Government directly to the ONS, is received mostly on a quarterly basis. Where only annual data is received, quarterly figures for the current year are calculated based on annual budgets (some equivalent quarterly data may be available, which can also be used as appropriate). Data on Central Government grants to Local Government is obtained from HM Treasury.

For England, a quarterly survey by the Office for the Deputy Prime Minister (ODPM - the Government Department responsible for Local Government) monitors compensation of employees, interest and dividend receipts, local tax (Council Tax) receipts and capital expenditure. The devolved administrations of Scotland, Wales and Northern Ireland collect such data from local authorities in each respective country. Data from Scotland is supplied on a quarterly basis, while Wales and Northern Ireland provide annual data only. For Local Government, the ONS therefore estimates current year quarterly figures for Wales and Northern Ireland based on annual budgets.

### 2. Compliance with ESA 95 rules

Basic data are collected or compiled on an ESA95 basis.

### 3. Consistency between annual and quarterly data

The compilation of general government data in the UK is done on a quarterly, or for some items monthly, basis. For Central Government, the quarterly data are the basic unit of the accounts, with the annual data being aggregated from them. For Local Government, as quarterly data is not widely available for expenditure items some quarterly data may be significantly revised after the corresponding annual data is received.

#### 4. Revision policy

Data may be revised at any time.

#### 5. General remarks

The Social Security Funds sub-sector is not currently shown separately in the UK National Accounts.

#### 6. Expenditure of general government

##### *P2 Intermediate consumption*

##### SOURCES

###### Central Government

Figures are mostly collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury (the UK's Ministry of Finance). Some are provided directly from Government Departments.

###### Local Government

For England, the ODPM provides data to the ONS. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country.

##### METHODS

###### Central Government

Data is received in a 'Resource Accounting' format and converted. Some other minor adjustments are made to convert consumption to an ESA 95 basis (mainly extraction/addition of relevant items). For example, it is ensured that single use military expenditure is recorded as current rather than capital expenditure.

###### Local Government

Some minor adjustments are made to convert consumption to an ESA 95 basis. For example; adjustments are made to computer software data to ensure that it is shown as capital rather than current expenditure. Accounting type adjustments are made for imputed payments on insurance premium supplements.

##### *P5 + K2 Gross capital formation, acquisitions less disposals of non-financial non-produced assets*

##### SOURCES

###### Central Government

Figures are collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury (the UK's Ministry of Finance).

###### Local Government

For England, the ODPM provides data to the ONS. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country.

## **METHODS**

### Central Government

Some minor adjustments are made to convert consumption to an ESA95 basis (mainly extraction/addition of relevant items). Estimates are used for intangibles and K.2 land.

### Local Government

Source data for P.5 and K.2 is provided in a combined form. An estimate is made of the split between the two. Adjustments are made to computer software data to ensure that it is shown as capital rather than current expenditure.

## ***P51 Gross fixed capital formation***

## **SOURCES**

### Central Government

Figures are collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury (the UK's Ministry of Finance).

### Local Government

For England, the ONS is provided data by ODPM. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country.

## **METHODS**

### Central Government

Some minor adjustments are made to convert consumption to an ESA95 basis (mainly extraction/addition of relevant items). Estimates are used for intangibles and K.2 Land.

### Local Government

Adjustments are made to computer software data to ensure that it is shown as capital rather than current expenditure.

## ***D1 Compensation of employees***

## **SOURCES**

### Central Government

Figures are collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury (the UK's Ministry of Finance).

Until 2003, National Health Service (NHS) Trusts (which manage the delivery of services in publicly funded hospitals) delivered data on compensation of employees to the Department of Health, or to the devolved administrations of Wales or Northern Ireland as appropriate. Their data was added to that received from HM Treasury.

### Local Government

For England, the ONS is provided data by ODPM. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country.

## **METHODS**

### Central Government

Adjustments are made to convert the data to ESA95. For example, income-in-kind does not necessarily appear as compensation of employees and has to be transferred over from procurement data.

### Local Government

No adjustments are made.

## ***D29 Other taxes on production, payable***

### **SOURCES**

#### Central Government

This now applies to Local Government only - the historical series included some CG taxes ("Non-domestic rates")

#### Local Government

From 1996 all payments previously recorded in D.29 are now shown in D.59 "Other Current Taxes".

### **METHODS**

#### Central Government

Not applicable.

#### Local Government

Not applicable.

## ***D3 Subsidies***

### **SOURCES**

#### Central Government

Figures are mostly collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury (the UK's Ministry of Finance). Some are provided directly from Government Departments.

#### Local Government

For England, the ONS is provided data by ODPM. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country. Only annual data is available, quarterly data is calculated on the basis of annual budgets.

### **METHODS**

#### Central Government

Some adjustments are made to convert data to ESA95 concepts. For example, EU compensation payments to farmers, concerning the BSE and Foot and Mouth epidemics, were reported as subsidies but they are extracted and shown as capital transfers to conform to ESA95.

#### Local Government

No adjustments are made.

## ***D4 Property income, payable***

### **SOURCES**

#### Central Government

D.4 is composed of D.41 only (see below)

#### Local Government

Quarterly data is received for England from the ODPM. Annual data only is provided by the devolved administrations of Scotland, Wales and Northern Ireland for these countries.

### **METHODS**

#### Central Government

D.4 is composed of D.41 only (see below).

#### Local Government

Most payments are made to Central Government so the data is compared to counterpart data on Central Government. Local Government data is adjusted to conform with Central Government data as this is regarded as better quality - under-recording in the Local Government sector is common.

## ***D41 Interest***

### **SOURCES**

#### Central Government

Figures are mostly collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury (the UK's Ministry of Finance).

#### Local Government

As for D.4.

### **METHODS**

#### Central Government

For imputed interest for discount on gilts\*, any discount on gilts at the time of issue is scored as interest spread over the life of the gilt.

An accruals adjustment is used for conventional gilts where, as gilt interest cash payments are a lumpy series, the total gilt interest payments are smoothed out over the financial year.

For interest on foreign currency debt, cash payments occur in one month of the year only: the financial year total is therefore accrued over the financial year quarters.

For accrued interest on National Savings, these are accrued over each financial year.

\* A bond issued through the United Kingdom Treasury and guaranteed by the British government.

Local Government

As for D.4 above.

***D5 Current taxes on income, wealth, etc., payable***

**SOURCES**

Central Government

Local Government only.

Local Government

Figures for England are based on a sample survey by the ODPM. Figures for Scotland, Wales and Northern Ireland are estimates.

**METHODS**

Local Government

See above.

***D6311 + D63121 + D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

These items are not separately used in the UK's National Accounts.

***D7 Other current transfers, payable***

**SOURCES**

Central Government

Data on current transfers from Central Government to Local Authorities is supplied by HM Treasury.

Local Government

Data on net non-life insurance premiums (D.71) is collected directly by the ONS through its Insurance and Pension Fund Inquiry.

**METHODS**

Central Government

Some data, from HM Customs and Excise Department, is delivered on a cash basis. This is converted to an accruals basis, using a time-adjusted cash approach, and VAT refunds are added on.

Local Government

No adjustments are made.

***D8 Adjustment for the change in net equity of households in pension funds reserves***

No funded schemes exist for either Central or Local Government.

## ***D9 Capital transfers, payable***

### **SOURCES**

#### Central Government

Data on transfers payable, concerning both the public and private sectors, is collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury

#### Local Government

For England, the ONS is provided data by ODPM. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country.

### **METHODS**

#### Central Government

Some minor adjustments are made to conform to ESA95 rules (mainly additions and extractions).

#### Local Government

No adjustments are made.

## **7. Revenue of general government**

### ***P11 + P12 + P131 Market output, output for own final use and payments for other non-market output***

### **SOURCES**

#### Central Government

P.131 is not separately identified from the published P.13 figure. Data for P.11, 12 & 13 is collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury.

#### Local Government

For England, the ONS is provided data by ODPM. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country.

### **METHODS**

#### Central Government

No adjustments are made.

#### Local Government

Some minor adjustments are made to convert data to an ESA95 basis. For example; adjustments are made to computer software data to ensure that it is shown in the capital rather than the current account. Accounting type adjustments are made for imputed payments on insurance premium supplements.

### ***D39 Other subsidies on production, receivable***

#### **SOURCES**

##### Central Government

Data is provided by HM Treasury for Central Government subsidies to the Local Authorities Housing Revenue Account, expenditure funded by the windfall tax, and for imputed subsidies to Network Rail (a Public Corporation). Data is also provided by the Inland Revenue (the UK government department which administers the majority of central government taxes and tax credits) on research and development tax credits.

##### Local Government

Not relevant to Local Government in the UK - The Local Authorities Housing Revenue Account is considered part of the Public Corporations sector for National Accounts purposes.

#### **METHODS**

##### Central Government

No adjustments are made.

##### Local Government

Not relevant to Local Government in the UK.

### ***D4 Property income, receivable***

#### **SOURCES**

##### Central Government

Figures are mostly collected from all major departments, non-departmental public bodies, and the devolved administrations of Scotland, Wales and Northern Ireland through HM Treasury (the UK's Ministry of Finance). Interest on bank and building society\* deposits are however imputed based on levels and average interest rates.

\*'Building Societies' are mutual financial institutions in the UK, owned by their members (rather than by shareholders), which pay interest on deposits and lend money on the security of property to enable members to buy their own homes. The distinction between building societies and banks is now much reduced and the main difference is often the question of ownership.)

##### Local Government

D.41: Counterpart sector data is available from which the amounts paid to Local Government are identified. A suitable level in the financial account (source: ODPM or Bank of England) is chosen and an interest rate is applied to any changes in this level quarter on quarter.

D.42: For England, the ONS is provided data by ODPM. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country. Data is also taken from the Annual Reports of Public Corporations.

D.44: Data is provided from the ONS' Insurance and Pension Fund Inquiry.

#### **METHODS**

##### Central Government

Interest on bank and building society deposits are imputed based on levels and average interest rates.

#### Local Government

No adjustments are made.

### ***D61 Social contributions***

#### **SOURCES**

##### Central Government

The Inland Revenue and the Government's Actuary Department (GAD) supply data on National Insurance contributions.

##### Local Government

Data on pension schemes for the Police and Fire services for England is provided by the Home Office (the UK's ministry of the interior/home affairs) and the ODPM respectively. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country.

#### **METHODS**

##### Central Government

Accruals adjustments are made.

##### Local Government

No adjustments are made.

### ***D612 Imputed social contributions***

#### **SOURCES**

##### Central Government

This is no longer applicable to Central Government. These were imputed payments being made by Central Government to meet the costs of indexation increases (the uplift to meet inflation) for Teacher and National Health Service (NHS) pension schemes in England and Wales. From 2003 Q2 the indexation costs have been met directly by employers (mainly Local Government, Public Corporations and NPISH).

##### Local Government

The ONS collects annual data on redundancy payments through its Annual Business Inquiry (ABI) which is used to generate annual estimates for the public sector. National Accounts estimates of imputed unfunded employers' contributions have to be used for the quarterly non-financial accounts as no data is available.

#### **METHODS**

##### Central Government

Not applicable.

##### Local Government

Estimates are used (see above).

## ***D7 Other current transfers, receivable***

### **SOURCES**

#### Central Government

HM Treasury provides data on D.74, which is currently composed of the UK's VAT abatement from the European Union. Data for D.75 is provided directly by Government Departments and consists mainly of fees paid to criminal Courts.

#### Local Government

Data on transfers from Central Government are provided by HM Treasury (reflected in the Central Government uses/expenditure side of the account).

Data on non-life insurance claims is provided by the ONS' Insurance and Pension Fund Inquiry.

### **METHODS**

#### Central Government

No adjustments are made.

#### Local Government

No adjustments are made.

## ***D9 Capital transfers, receivable***

### **SOURCES**

#### Central Government

Only D.91 "Capital Tax" is published. The data is derived from capital transfer and inheritance tax receipts and is provided by the Inland Revenue (the UK government department which administers the majority of central government taxes and tax credits).

#### Local Government

Data for D.92 is provided by HM Treasury's monitoring of EU official transactions and is reflected in the Central Government uses/expenditure side of the account.

Data for D.99 is provided by the ODPM for England. For Scotland, Wales and Northern Ireland, data is provided by the devolved administrations of each respective country.

### **METHODS**

#### Central Government

No adjustments are made.

#### Local Government

No adjustments are made.

## ***B8(g) saving, gross***

### ***B9 net lending/net borrowing***

B8(g) and B9 are aggregates including the items described above. The data sources and adjustments made to them for ESA95 purposes are thus as described above.

## **8. Future Developments**

An on-going project, called the Whole of Government Accounts, in the UK is currently working to produce GAAP-style 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 by 2006. This will merge with existing reporting arrangements, which should lead to better accuracy and an element of auditing. The ONS is involved in the development of this (led by Her Majesty's Treasury); to ensure that data produced is suitable for national account use. This will lead to some of the data currently presented on a cash basis having an improved accrual profile.

For Local Government, the ONS' Atkinson Review of Government output measures is providing the impetus for more quarterly and more timely data while improving the delineation between different items of expenditure/resource. This process is taking place in liaison with the ODPM and the devolved administrations for Scotland, Wales and Northern Ireland.

## ROMANIA

## Description of Romanian Practice

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COMPLIANCE WITH COMMISSION REGULATION 264/2000 (ARTICLES 3 AND 4) AND EUROPEAN PARLIAMENT AND COUNCIL REGULATION 1221/2002 (ARTICLES 4 AND 5)

### 1. Use of direct information

The requirements for the use of direct information set out in Article 3 and Article 4 of the Commission Regulation (EC) No 264/2000 and in of the European Parliament and Council Regulation 1221/2002 Article 4 are met.

### 2. Compliance with ESA 95 rules

Basic data for the taxes are reported on cash bases and transformed in compliance with ESA 95 concepts.

Central government consists of the central government units, the non-profit institutions which are controlled and mainly financed by central government and special fund and grants from EU.

Grants from EU are recorded on level of amount allow to users. That means the same amount on revenue and expenditure.

Monthly data are available for Central Government, local government and for Social Security Funds. These data are adjusted to accruals.

### 3. Consistency between annual and quarterly data

The annual and the quarterly data sources are described in general remarks. The methods based on the direct information available at the quarterly level are the same as for the annual.

### 4. Revision policy

In general, quarterly data are revised when the new annual data becomes available, i.e. the quarterly data reported earlier on the same year would be revised according to the annual data. The deadline for the annual national accounts publication is t+18.

### 5. General remarks

At present the fully quarterly non-financial accounts for the general government sector have not been compiled in Romania. The basic data system being used is on a cash basis both for revenues and expenditures. Annual data are adjusted in order to be in according with the ESA 95 requirements regarding the accrual accounting.

From 2003 onwards the figures of major corporations are collected by the Ministry of Finance.

From 2006 the Ministry of Finance planes to introduce the new bookkeeping system of the governmental accounting, which should provide the quarterly and annual data of all general

government institutions on an accrual basis. New budgetary economic and functional (COFOG) classification in accordance with GFS Manual of IMF will be developed.

## **6. Expenditure of general government**

### ***P2 Intermediate consumption***

#### **SOURCES**

##### Central Government

The quarterly data on intermediate consumption for state institutions are available from the Ministry of Finance provided monthly cash reports on the state budget execution.

##### Local Government

The quarterly data on intermediate consumption for all local government units are available from monthly cash reports on the local budget execution collected by the Ministry of Finance.

##### Social Security Funds

The quarterly data on intermediate consumption for social security funds are available from quarterly reports on budget execution collected by the Ministry of Finance.

### ***P5 Gross fixed capital formation***

#### **SOURCES**

The quarterly data on GFCF are available from quarterly cash reports on the execution of central and local government's budget as well as the social security funds.

### ***K2 Acquisitions less disposals of non-financial non-produced assets***

There is no data available

### ***D1 Compensation of employees***

#### **SOURCES**

##### Central Government

The quarterly data on compensation of employees for state institutions units are available from the Ministry of Finance provided quarterly cash reports on the central budget and local budget execution.

##### Social Security Funds

The quarterly data on compensation of employees for social security funds are available from quarterly cash reports on budget execution of Health Social Insurance Fund, Unemployment Fund and State social security budget.

### ***D29 Other taxes on production, payable***

There is no data available

### ***D3 Subsidies***

#### **SOURCES**

The quarterly data on subsidies paid by general government are available from the quarterly cash reports on the state budget execution provided by the Ministry of Finance; data for subsidies paid by local government units are available from quarterly cash reports on the local budget execution also collected by the Ministry of Finance.

### ***D4 Property income, payable***

#### **SOURCES**

Data sources are the following: State Budget, Local Budget, Self Financed Institutions subordinated to ministries, Self Financed Institutions subordinated to Local Government, Social Security. Quarterly data are available on a cash basis from quarterly budget execution reports. The annual data are available from the same sources. The state and local governments' budget execution reports are made by the Ministry of Finance.

### ***D62 Social benefits other than social transfers in kind***

#### **SOURCES**

Data for social benefits are available on a cash basis from quarterly budget execution reports of the state, local governments, Health Social Insurance Fund, Unemployment Fund and State social security budget.

### ***D6311+D63121+D63131 Social transfers in kind related to expenditure on products supplied to households via market producers***

#### **SOURCES**

##### Central Government

The quarterly data on social transfers in kind related to expenditure of central government are available from the Ministry of Finance provided monthly cash reports on the state budget execution.

##### Local Government

The quarterly data on social transfers in kind related to expenditure of local government are available from monthly cash reports on the local budget execution collected by the Ministry of Finance.

##### Social Security Funds

The quarterly data on social transfers in kind related to expenditure of social security funds are available from quarterly cash reports on budget execution of Social Security Funds.

### ***D7 Other current transfers, payable***

#### **SOURCES**

Quarterly data are available on a cash basis from the central and local government and social security quarterly budget execution reports. The annual data are available from the same sources.

## ***D9 Capital taxes, investment grants and other capital transfers, payable***

### **SOURCES**

Capital transfers paid to Rest of the world – Balance of Payments data. Other capital transfers including Investment Grants (between General Government sub sectors and grants paid to other institutional sectors) – the quarterly data are available from monthly cash reports on the execution of state and local governments' budget.

## **7. Revenue of general government**

### ***P11+P12+P131 Market output, output for own final use and payments for the other non-market output***

#### **SOURCES**

##### Central Government

Data on output for own final use is not available. The quarterly data on market output and payments for the other non-market output for state institutions are available from the Ministry of Finance provided monthly cash reports on the state budget execution. The data for the rest of central government institutions (mentioned in the general remarks) are available on an annual basis.

##### Local Government

Data on output for own final use is not available. The quarterly data on market output and payments for the other non-market output for all local government units are available from monthly cash reports on the local budget execution collected by the Ministry of Finance.

##### Social Security Funds

Data on output for own final use is not available. The quarterly data on payments for the other non-market output for social security funds are available from quarterly cash reports on budget execution of social security funds.

## ***D2 Taxes on production and imports***

### **SOURCES**

Taxes on production and imports mainly consist of VAT and excise duties on alcohol, tobacco, fuel, energy, vehicle, import duties, betting and gambling tax, car registration tax.

##### Central Government

Monthly cash data for VAT and other taxes are available from the Ministry of Finance budget revenue reports

##### Local Government

Monthly cash data of taxes collected by local governments are also available from the Ministry of Finance budget revenue reports.

## ***D4 Property income, receivable***

### **SOURCES**

The sources are the same described already under expenditure item D4.

### ***D5 Current taxes on income, wealth, etc.***

#### **SOURCES**

##### Central Government

The taxes concerned are personal income tax (on the total taxable income including wages and salaries, interest, dividends, capital gains etc.) and corporate tax (on distributed profits). Cash data are available monthly from the Ministry of Finance tax revenue reports for both personal income and corporate tax collections.

##### Local Government

The taxes included are the allocated part of personal income tax and VAT and local taxes related to certain kind of property paid by owners (motor vehicles). The monthly cash data are available from the Ministry of Finance tax revenue reports.

### ***D611 Actual social contributions***

#### **SOURCES**

Monthly cash data are available from the Ministry of Finance tax revenue reports.

### ***D612 Imputed social contribution = Employers' imputed social contribution D122 - representing military pensions***

#### **SOURCES**

The data are available from state budget execution.

### ***D7 Other current transfers, receivable***

#### **SOURCES**

All the sources are the same described already under expenditure item D7.

### ***D91 Capital taxes***

#### **SOURCES**

According to the tax legislation this category of tax at present is inheritance taxes, and there are not available data. Starting 2006 new budgetary classification will be detail on D91.

### ***D92+D99 Investment grants, other capital transfers, receivable***

#### **SOURCES**

Capital transfers received from the Rest of the world – Balance of Payments data. Other capital transfers including Investment Grants (between General Government sub sectors and grants received from other institutional sectors) – the quarterly data are available from monthly cash reports on the execution of central and local government and social security budget.

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## **ANNEXES**

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### **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 IV**

Regulation (EC) No. 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government

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## ANNEX I

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### **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) The tax rate is only known in the autumn of year Y. That is the reason why the annual amount is not known when compiling the account of the first quarter. 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 50% and by 20 December n for 50%)	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
France		
Income tax by assessment	see Taxes on household income	Cash basis
Deduction at source for some assets	Some tax payers choose to pay a tax when receiving the income	Cash basis
CSG	paid at the same time as the other taxes on income from capital	Accrual Basis
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 October of year n) Balance paid by the bank by February 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 <sup>th</sup> and an additional balance payment by Sept 30 <sup>th</sup> 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			
<b>Belgium</b>												
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			
<b>Denmark</b>												
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). <u>Note:</u> 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			
<b>France</b>												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Income tax by assessment					✓ <sup>1</sup>	✓	✓	✓				
					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> <sup>1</sup> 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>												
<b>Ireland</b>												
<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			
<b>Ireland (continued)</b>												
<p>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.</p>												
Tax on household income	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Self-employed	✓ Large amount No time-Adjustment								✓ Balance			
<b>Italy</b>												
Tax on household income:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employees	✓	✓	✓	✓	✓ Balance							
Self-employed	✓*		✓**		✓ Balance							
	*Prepay.40%x 98% of the tax due for year n-1(if the tax amount is between 52 and 258 euro there is not prepayment)		**Prepay.60%x 98% 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			
<b>Luxembourg</b>												
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)							
<b>Netherlands</b>												
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)							
<b>Austria</b>												
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			
<b>Austria (continued)</b>												
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							
<b>Portugal</b>												
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)							
<b>Finland</b>												
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			
<b>Sweden</b>												
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							
<b>United Kingdom</b>												
Notes:												
<ul style="list-style-type: none"> <li>- If the accounting period is not the calendar year, the “✓” should be shifted.</li> <li>- 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.</li> </ul>												
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			
<b>Belgium</b>												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	✓ Small	✓ ~40%	✓ ~20%	✓ ~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			
<b>Denmark</b>												
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). <u>Note:</u> 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							
<b>Germany</b>												
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			
<b>Spain</b>												
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										
<b>France</b>												
<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			
<b>Ireland</b>												
<p><u>Note:</u> 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
						✓	✓	✓	✓	✓	✓	✓
<b>Italy</b>												
Tax on income or profits of corporations:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		✓		✓		✓						
		Prepay.40% x 98.5% of the tax due for year n-1		Prepay.60% x 98.5% of the tax due for year n-1		Balance						
<b>Luxembourg</b>												
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			
<b>Netherlands</b>												
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							
<b>Austria</b>												
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							
<b>Portugal</b>												
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			
<b>Portugal (continued)</b>												
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)							
<b>Finland</b>												
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		
	Monthly pre-payments or two pre-payments (months 3 and 9 of the accounting period) time adjusted by 1 month											
<b>Sweden</b>												
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			
<b>United Kingdom</b>												
<u>Notes:</u>												
<ul style="list-style-type: none"> <li>- If the accounting period is not the calendar year, the “✓” should be shifted.</li> <li>- 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.</li> </ul>												
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					

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## ANNEX II

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### 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 Community<sup>45</sup>, as amended by Regulation (EC) No 448/98<sup>46</sup>, 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 policies<sup>47</sup> 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.
- (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.

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<sup>45</sup>OJ L 310, 30.11.1996, p. 1.

<sup>46</sup>OJ L 58, 27.2.1998, p. 1.

<sup>47</sup>OJ L 209, 2.8.1997, p. 1.

- (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/EEC<sup>48</sup>, as amended by Decision 96/174/EC<sup>49</sup>, 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, Euratom<sup>50</sup>,

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)
- actual social contributions (D.611),

on the use side:

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<sup>48</sup>OJ L 59, 6.3.1991, p. 19.

<sup>49</sup>OJ L 51, 1.3.1996, p. 48.

<sup>50</sup>OJ L 181, 28.6.1989, p. 47.

- 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 last 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*

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## ANNEX III

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### 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-95<sup>51</sup>), as last amended by Regulation (EC) No 448/98<sup>52</sup> 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.

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<sup>51</sup>OJ L 310, 30.11.1996, p. 1.

<sup>52</sup>OJ 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/EEC<sup>53</sup>, 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, Euratom<sup>54</sup>,

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*

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<sup>53</sup>OJ L 59, 6.3.1991, p. 19.

<sup>54</sup>OJ L 181, 28.6.1989, p. 47.

## ANNEX III (continued)

### 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 <sup>(1)</sup> :	
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

<sup>(1)</sup> 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 <sup>(1)</sup>	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»

<sup>(1)</sup> 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:

(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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## ANNEX IV

9.7.2002

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## I

(Acts whose publication is obligatory)

**REGULATION (EC) No 1221/2002 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL  
of 10 June 2002  
on quarterly non-financial accounts for general government**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285 thereof,

 Having regard to the proposal from the Commission <sup>(1)</sup>,

 Having regard to the opinion of the European Central Bank <sup>(2)</sup>,

 Acting in accordance with the procedure laid down in Article 251 of the Treaty <sup>(3)</sup>,

Whereas:

- (1) Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community <sup>(4)</sup>, (ESA 95), contains the reference framework of common standards, definitions, classifications and accounting rules for drawing up the accounts of the Member States for the statistical requirements of the Community, in order to obtain comparable results between Member States.
- (2) The report by the Monetary Committee on information requirements, endorsed by the Ecofin Council on 18 January 1999, underlined that, for the proper functioning of economic and monetary union and the single market, effective surveillance and coordination of economic policies are of major importance and that this requires a comprehensive statistical information system providing policy-makers with the necessary data on which to base their decisions. That report also stated that a high priority should be given to short-term public finance statistics for Member States, in particular those participating in economic and monetary union, and that the objective was the compilation of simplified quarterly non-financial accounts for the general government sector resulting from a step-by-step approach.

- (3) It is appropriate to define simplified quarterly non-financial accounts for general government by reference to the list of ESA 95 categories of government expenditure and revenue defined in 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 <sup>(5)</sup>.

- (4) Priority in the step-by-step approach was given to taxes, actual social contributions and social benefits other than social transfers in kind, as categories representing reliable indicators of trends in public finances that are already available on time (first step).

- (5) The transmission of this first set of categories on a quarterly basis, from June 2000, in all Member States is covered by 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 <sup>(6)</sup>.

- (6) It is necessary to supplement the first step with another set of categories in order to obtain the full list of categories constituting general government expenditure and revenue.

- (7) The reliability of quarterly data provided under this Regulation with regard to annual data should be assessed. A report on the quality of the quarterly data should therefore be made before the end of 2005.

- (8) Articles 2 and 3 of Regulation (EC) No 2223/96 lay down the conditions under which the Commission may adopt amendments to the ESA 95 methodology in order to clarify and improve its content. The compilation of quarterly non-financial accounts for general government will require additional resources in Member States. Their transmission to the Commission cannot therefore be dealt with in a Commission Decision.

<sup>(1)</sup> OJ C 154 E, 29.5.2001, p. 300.

<sup>(2)</sup> OJ C 131, 3.5.2001, p. 6.

<sup>(3)</sup> Opinion of the European Parliament of 3 July 2001 (OJ C 65 E, 14.3.2002, p. 33) and Council Decision of 7 May 2002.

<sup>(4)</sup> OJ L 310, 30.11.1996, p. 1. Regulation as last amended by Regulation (EC) No 359/2002 (OJ L 58, 28.2.2002, p. 1).

<sup>(5)</sup> OJ L 172, 12.7.2000, p. 3.

<sup>(6)</sup> OJ L 29, 4.2.2000, p. 4.

- (9) The Statistical Programme Committee (SPC), set up by Council Decision 89/382/EEC, Euratom<sup>(1)</sup>, and the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), set up by Council Decision 91/115/EEC<sup>(2)</sup>, have each been consulted in accordance with Article 3 of those Decisions,

HAVE ADOPTED THIS REGULATION:

*Article 1*

**Purpose**

The purpose of this Regulation is to define the content of quarterly non-financial accounts for general government, to lay down the list of the ESA 95 categories to be transmitted by Member States from 30 June 2002 and to specify the main characteristics of these categories.

*Article 2*

**Content of the quarterly non-financial accounts for general government**

The content of the quarterly non-financial accounts for general government is defined in the Annex by reference to a list of ESA 95 categories constituting general government expenditure and revenue.

*Article 3*

**Categories concerned by the transmission of quarterly data**

1. Member States shall transmit to the Commission (Eurostat) quarterly data for the categories or groups of categories included in the list provided in the Annex, with the exception of those categories for which data must be transmitted pursuant to Regulation (EC) No 264/2000.

2. Quarterly data shall be transmitted for the following categories (or groups of categories) of general government expenditure and revenue:

(a) expenditure:

- intermediate consumption (P.2)
- gross capital formation + Acquisitions less disposals of non-financial non-produced assets (P.5 + K.2)
- gross fixed capital formation (P.51)
- compensation of employees (D.1)
- other taxes on production (D.29)
- subsidies, payable (D.3)
- property income (D.4)
- interest (D.41)
- current taxes on income, wealth etc. (D.5)
- social transfers in kind related to expenditure on products supplied to households via market producers (D.6311 + D.63121 + D.63131)
- other current transfers (D.7)

- adjustment for the change in net equity of households in pension funds reserves (D.8)
- capital taxes + Investment grants + Other capital transfers, payable (D.91 + D.92 + D.99).

(b) revenue:

- market output + Output for own final use + Payments for the other non-market output (P.11 + P.12 + P.131)
- other subsidies on production, receivable (D.39)
- property income (D.4)
- imputed social contributions (D.612)
- other current transfers (D.7)
- investments grants + Other capital transfers, receivable (D.92 + D.99).

3. Transactions D.41, D.7, D.92 and D.99 are consolidated within the general government sector. The other transactions are not consolidated.

*Article 4*

**Compilation of quarterly data: sources and methods**

1. Quarterly data relating to the first quarter of 2001 onwards shall be compiled according to the following rules:

- (a) quarterly data shall be based as much as possible on direct information from basic sources, with the objective of minimising, for each quarter, differences between the first estimates and the final figures;
- (b) 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;
- (c) the quarterly data and the corresponding annual data shall be consistent.

2. Quarterly data relating to the first quarter of 1999 until the fourth quarter of 2000 shall be compiled according to sources and methods ensuring consistency between the quarterly data and the corresponding annual data.

*Article 5*

**Timetable for the transmission of quarterly data**

1. Quarterly data referred to in Article 3 shall be delivered to the Commission (Eurostat) at the latest by three months after the end of the quarter to which the data relate.

Any revision of quarterly data for previous quarters shall be transmitted at the same time.

2. The first transmission of quarterly data shall relate to data for the first quarter of 2002. Member States shall deliver these data no later than 30 June 2002.

However, the Commission may grant a derogation, not exceeding one year, concerning the date of the first transmission of quarterly data for the first quarter of 2002 onwards, in so far as the national statistical systems require major adaptations.

<sup>(1)</sup> OJ L 181, 28.6.1989, p. 47.

<sup>(2)</sup> OJ L 59, 6.3.1991, p. 19. Decision as last amended by Decision 96/174/EC (OJ L 51, 1.3.1996, p. 48).

## Article 6

**Transmission of backdata**

1. Member States shall deliver to the Commission (Eurostat) quarterly backdata for the categories referred to in Article 3, starting from the first quarter of 1999.
2. Quarterly data relating to the first quarter of 1999 until the fourth quarter of 2001 shall be transmitted to the Commission (Eurostat) no later than 30 June 2002.

However, the Commission may grant a derogation, not exceeding one year, concerning the date of the first transmission of quarterly data from the first quarter of 1999 onwards, in so far as national statistical systems require major adaptations.

## Article 7

**Implementation**

1. Member States shall provide the Commission (Eurostat) with a description of the sources and methods used to compile the quarterly data referred to in Article 3 (initial description), at the same time as they start to transmit quarterly data according to the timetable referred to in Article 5(2).
2. Any revision of the initial description of the sources and methods used to compile the quarterly data shall be provided to the Commission (Eurostat) when the revised data are communicated.
3. The Commission (Eurostat) shall keep the SPC and the CMFB informed of the sources and methods used by each Member State.

## Article 8

**Report**

On the basis of the data transmitted for the categories specified in Article 3, and after consulting the SPC, the Commission

(Eurostat) shall, by 31 December 2005 at the latest, submit to the European Parliament and the Council a report containing an assessment of the reliability of quarterly data delivered by Member States.

## Article 9

**Transitional provisions**

1. Member States which are not in a position to transmit, during the transitional period provided for in paragraph 4, quarterly data from the first quarter of 2001 onwards according to the sources and methods provided for in Article 4(1) and to the timetable referred to in Article 5(1) shall apply paragraph 2.
  2. The Member States referred to in paragraph 1 shall transmit to the Commission (Eurostat) their 'best quarterly estimates' (that is, incorporating all new information that becomes available during the process of compiling an improved system of quarterly non-financial accounts for general government) according to the timetable referred to in Article 5(1).
- They shall indicate at the same time which steps still need to be accomplished in order to comply with the sources and methods provided for in Article 4(1).
3. During the transitional period provided for in paragraph 4, the Commission (Eurostat) shall examine the progress made by Member States towards full compliance with Article 4(1).
  4. The transitional period shall start from the date of the first transmission referred to in Article 5(2) and shall end on 31 March 2005 at the latest.

## Article 10

**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 Luxembourg, 10 June 2002.

For the European Parliament  
The President  
P. COX

For the Council  
The President  
J. PIQUÉI CAMPS

## ANNEX

## Content of the quarterly non-financial accounts for general government

Quarterly non-financial accounts for general government are defined by reference to the list of government expenditure and revenue included in Commission Regulation No 1500/2000.

General government expenditure comprises ESA 95 categories recorded under the use side, or the changes in assets side or the changes in liabilities and net worth side of the sequence of accounts for general government, with the exception of D.3 which is recorded under the resource side of general government accounts.

General government revenue comprises ESA 95 categories recorded under the resource or changes in liabilities in net worth side of the sequence of non-financial accounts for general government, with the exception of D.39 which is recorded under the use side of general government accounts.

By definition, the difference between general government revenue and general government expenditure, as defined above, is net lending (+)/net borrowing (-) of the general government sector.

Transactions D.41, D.7, D.92 and D.99 are consolidated within the general government sector. The other transactions are not consolidated.

The table below shows ESA 95 categories constituting general government expenditure and revenue. Categories shown in italics are already subject to transmission on a quarterly basis in the context of the Commission Regulation (EC) No 264/2000.

ESA 95 codes	General government expenditure
P.2	Intermediate consumption
P.5 + K.2	Gross capital formation + acquisitions less disposals of non-financial non-produced assets
P.51	Gross fixed capital formation
D.1	Compensation of employees
D.29	Other taxes on production
D.3	Subsidies, payable
D.4	Property income
D.41	Interest
D.5	Current taxes on income, wealth etc.
<i>D.62 + D.6311 + D.63121 + D.63131</i>	<i>Social benefits other than social transfers in kind + social transfers in kind related to expenditure on products supplied to households via market producers</i>
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
ESA 95 codes	General government revenue
P.11 + P.12 + P.131	Market output + output for own final use + payments for the other non-market output
D.2	<i>Taxes on production and imports</i>
D.39	Other subsidies on production
D.4	Property income
D.5	Current taxes on income, wealth etc.
D.61	Social contributions
D.611	<i>Actual social contributions</i>
D.612	<i>Imputed social contributions</i>
D.7	Other current transfers

ESA 95 codes	General government revenue
D.9 (f)	Capital transfers, receivable
D.91	Capital taxes
B.8g	Saving, gross
B.9	Net lending/net borrowing

(f) Adjustments for taxes and social contributions assessed but never collected, when recorded under D.9, are considered as negative revenue.