

**Inventory of the methods, procedures and sources  
used for the compilation of deficit and debt data and  
the underlying government sector accounts  
according to ESA 2010**

*Romania*

**2021**

## Background

Compilation and publishing of the Inventory of the methods, procedures and sources used to compile actual deficit and debt data is foreseen by Council Regulation 479/2009, as amended.

According to Article 8.1: *“The Commission (Eurostat) shall regularly assess the quality both of actual data reported by Member States and of the underlying government sector accounts compiled according to ESA 95.... Quality of actual data means compliance with accounting rules, completeness, reliability, timeliness, and consistency of the statistical data. The assessment will focus on areas specified in the inventories of Member States such as the delimitation of the government sector, the classification of government transactions and liabilities, and the time of recording.”*

In line with the provisions of the Regulation set up in Article 9, *“Member States shall provide the Commission (Eurostat) with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts. The inventories shall be prepared in accordance with guidelines adopted by the Commission (Eurostat) after consultation of CMFB. The inventories shall be updated following revisions in the methods, procedures and sources adopted by Member States to compile their statistical data”*.

The content of the Inventory and the related guidelines have been endorsed by the Committee on Monetary, Financial and Balance of Payments statistics in June 2012 and are followed by all EU Member States. This version introduces references to the ESA 2010 and the updates mirroring the changes introduced by the ESA 2010. It also includes changes introduced by the August 2019 MGDD version.

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**Annex I** – list general government units

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

## **A. Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data**

This chapter provides a summary description on the general government sector components and specifies institutional responsibilities and basic data sources used for EDP tables and for the compilation of general government national accounts. Special attention is given to EDP tables: detailed description of components of the working balance and the transition into B.9 (net lending/net borrowing); compilation of Maastricht debt and of stock-flow adjustments; explanation of the link between EDP table 2 and 3, balancing process and statistical discrepancies.

### **1. General Government**

This section describes the coverage of the General Government sector and the sub-sectors for Goodland.

The general government sector is composed by three sub-sectors: S.1311, (S.1312) S.1313 and S.1314. It includes:

#### **1.1. Central government subsector (S.1311)**

*Central budgetary organisations include public authorities, ministries and other public administration bodies, such as Presidential Administration, Chamber of Deputies, Senate, Romanian Intelligence Services, National Sanitary Veterinary and Food Safety Authority, Permanent Electoral Authority etc. (64 units in 2018). Management authorities are also included as divisions in the respective ministry. The revenues and expenditures of CBO are part of State Budget and enter in working balance of EDP table 2A.  
(See Annex B \_List of General Government units)*

*Other central organisations:*

*a) Risk fund – extra-budgetary fund, approved by law outside of state budget for financing government guaranties to state companies. Receipts commissions and reimbursement of loans from companies, which are beneficiaries of state government guaranties and made payments of loans instead of companies, which cannot pay.*

*b) Treasury Budget: interest receipts and paid result from financing of current deficit of state budget, and other subsectors (local and social securities). Paid interest to budgets which are surplus (for instance unemployment fund), and receipts interest from budgets which are recording deficit.*

*c) Public institutions partially or totally financed from own revenues include:*

*- autonomous institutions are public institutions that are wholly financed from own revenues and do not receive state budget subsidies. Budgets of these institutions, according to Law 500/2002 regarding public finance, are approved by the governing body of the institution, and with the approval of line ministry hierarchical superior. Their number is very small (7 units in 2018) and mainly consist of public institutions that regulate certain areas, such as:*

- 1. The National Regulatory Authority for Energy*
- 2. The National Dwelling Agency*
- 3. The Romanian Agency for Quality Assurance in Higher Education*



4. National Authority for Management and Regulation in Communications

5. Urbanistic Register of Romania

6. Institute of Public Justice and Science Administration

7. Science Academy of National Security

- public institutions partially or totally financed from own revenue.

Most of public institutions receive budgetary allocations or subsidies to cover their expenses. Government may approve the establishment of activities wholly financed from own income, in addition to some public institutions or changing the system of financing public institutions funded under the provisions of Law of public finance no 500/2002, art.62 para (1) a) and b) financed under art.62 para (1) b) and c) as appropriate and determine the scope, system organization and operations of these activities, the categories of income and nature of expenses. These public institutions are subordinated to ministries, have non-market activities and represent state institutions with public and executors' activity also representing state involvement in society in different areas of activities. Financing of current and capital expenditure is according to art.62 of Law no.500/2002 regarding public finance, totally or partially from state budget, social security budget. Own revenues consist in sells of goods and services, rents, studies, projects, organizing cultural events and sports. If public institutions do not have sufficient funds, the line ministry may transfer from state budget. Public institutions represent organisations established by a central budgetary organisation to conduct some of the government functions, especially in the areas of cultural, education or social services, hospitals. They have features of non-profit institutions and they are linked with the State budget through balance of their revenues and expenditures.

Includes also for 2018: - 4 central units responsible for privatisation within the following ministries: Ministry of Transport – privatization activity, Ministry of Economy - department for privatisation and administration of state participation, the Authority for State Assets Administration (AAAS), Ministry of Energy-privatisation department. Activity for privatization is reported separately from the reporting ministry.

d) Public companies reclassified in Central Government subsector

The classification into sectors of public producers is made based on both quantitative and qualitative criteria in order to establish if it is a market or non-market producer. In this respect, all public companies at central level controlled by government (selected from Statistical register) are tested by applying the 50% test. According to the result of the 50% test, for the purpose of compiling the non-financial and financial accounts of general government, 282 companies are classified in central government sub-sector (S1311) in year 2021 including the new units tested in 2021. The analyses are done by the National Institute for Statistics and are based on annual financial statements.

The 50% criterion was applied based on the ratio of sales to production costs.

Related to qualitative criterion all public companies that sell to government more than 50% from output were reclassified into central government sub-sector (S1311).

Related to qualitative criterion all public companies that sell to government more than 50% from output were reclassified into central government sub-sector (S1311).

e) Foreign aid, an extra-budgetary fund managed by Ministry of Public Finance. Established in 1997 according to Government decision 749, represent Government assistance granted to Romania by the governments of the Group of 24, the donor can take the form of imports programs and financial assistance programs.

f) EU funds received from the European Union

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

g) *National Authority for Property Restitution.*

*According to Law no.247/2005 regarding the reform in the fields of property and justice, properties abusive overtaken in communist regime on 6 March 1945 – 22 December 1989 can be recovered by individuals in kind and in recovery titles. In this respect, a financial investment company called Property Fund is established. This company has active shares from many state companies like electric companies, gas companies, transportations, lottery, etc. Any person who has not recovered housing in kind and is entitled to be recovered will receive restitution titles which are claims to Romanian government. This restitution titles can be converted into shares issued by Property Fund. Also, these recovery titles cannot be sold or bought before their conversion in shares issued by Property Fund.*

*In 2014 it was approved Law no.164/2014, on some measures to accelerate and complete the process of settling claims based on Law no. 9/1998 on granting compensations to Romanian citizens for the assets transferred to state ownership. The amounts set by the decision validating the ANRP according to the Law no.164/2014, have to be paid in chronological order of issuance, in equal annual instalments, spread over a period of 5 years starting with the date of the decision for validating next year schedule of payments.*

*Law no.165/2013 regarding measures for finalising the process of restitution, in kind or equivalent, of the properties abusively overtaken by the communist regime in Romania. Restitutions titles, which cannot be solved through restitution in kind, at the level of public entities invested by the law, are solved by compensatory measures as points.*

*Payments title issued by the National Authority for Property Restitution, according to par. (1) and (2) of the Law 165/2013, are paid by the Ministry of Public Finance within 180 days from the date of issue.*

## **1.2. State government subsector (S.1312)**

*S.1312 subsector does not exist in Romania.*

## **1.3. Local government subsector (S.1313)**

***Local budgetary organizations named as “Territorial Administrative Units” (UAT) include:***

*- Counties (județe) – a county represents a traditional administrative-territorial unit in Romania, including towns and communes, depending on geographical, economic and social-political conditions and population’s culture and traditional relations. Romanian territory is organised into 42 counties (including Bucharest Municipality).*

*- Municipalities (municipii) – 103 units; is a town, with an important economic, social, political and cultural role, usually having administrative function;*

*The capital: Bucharest Municipality is the most important political, economic and cultural-scientific centre of the country; it is organised into six (6) administrative sectors.*

*- Town Councils (orașe) – 217 units; represents a human concentration with administrative function and a life specific to urban areas and with a population professional structure where the population employed in non-agricultural branches prevails;*

*- Communes (comune) 2.861 units; is a territorial-administrative unit, which comprises rural population united by interest and traditional community, including one or several villages (from which one is commune residence).*

### ***Other local organisations***

*Institutions partially or totally financed from own revenues established by a local budgetary organisation to carry out some of the local government functions. These organisations operate in different branches of the national economy (e.g. in property management, technical services, education, cultural or in social services) and that are linked with the local budget. If*

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*expenditures are higher than revenues, then the unit obtains a subsidy. Include schools 3897 units; kindergartens 732 units; canteens 9 units; hospitals 328 units; theatres 72 units, museums 90 units. See Annex B\_List of General Government units.*

*Public companies reclassified in Local Government subsector*

*The classification into sectors of public producers is made based on both quantitative and qualitative criteria according to ESA 2010 in order to establish if it is a market or non-market producer. In this respect, all public companies at local level controlled by government (selected from Statistical register) are tested by applying the 50% test. According to quantitative and qualitative criterion, for the purpose of compiling the non-financial and financial account of general government, 606 companies were classified in local government sub-sector (S1313). The analysis is done by the National Institute for Statistics and is based on annual financial statements.*

*The 50% criterion was applied based on the ratio of sales to production costs.*

*Related to qualitative criterion all public companies that sell to government more than 50% from output were reclassified into local government sub-sector (S1313).*

#### **1.4. Social security funds subsector (S.1314)**

*National Fund of Health Social Insurance is administered by the National Health Insurance House. National Fund of Health Insurance consists of contributions for health insurance, subsidies from the state budget and other sources donations / sponsorships. Fund granted insured medical services, health care, medicine.*

*Unemployment Fund. Legal basis: Law 76/2002 regarding the unemployment insurance system and employment stimulation, with subsequent amendments.*

*Contributors: Legal entities and individuals using paid labour.*

*State Social Security Budget manages the public pension system and other social insurance rights and was created by Law no.273//2009 which modified Law no.19/2000.*

*Employers are legal or natural persons who employ salaried staff and participating to public pension system and other social insurance rights.*

*Categories of employees:*

*Employees participating in the public pension system are:*

- legal persons under the law, hire salaried staff;*
- legal entities that have public servants work relations;*
- individuals who, by law, hire salaried staff;*
- institution who operates persons holding elective;*
- institution appointees who work within the executive, legislative or judicial;*
- organizations handicraft cooperatives;*
- National Agency for Employment, through its regional structures.*

*Are treated as employers:*

- professional organizations, trade unions, employers, political parties, organizations of pensioners and other organizations and associations, with or without legal personality, given that personnel performing based on individual labour contract.*

*Public institutions totally or partially financed from own revenues of unemployment budget (8 units)*

*These units:*

- include regional centres for training and retraining of people looking for a job;*

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- *conducts training programs for occupations in computer science in construction and textiles (in this website are provided information on the programs developed each centre);*
- *helps employers interested in identifying their training needs;*
- *provide learners and employers groups individuals designated general education modules;*
- *identify and develop, at the request of the interested economic training programs to develop employee skills current staff;*
- *conducted training programs in entrepreneurship for those who have started or want to start a company.*

Further details relating to practical aspects of sector classification for individual units into general government sector could be found in Chapter B, section 1.

## 2. Institutional arrangements

This section provides general information on institutional arrangements relating to the production and dissemination of government deficit and debt statistics:

- responsibility of national authorities for compilation of individual EDP tables and underlying government national accounts, as defined by ESA 2010 Transmission Programme;
- institutional arrangements relating to public accounts which are used by statistical authorities for compilation of government national accounts and EDP tables;
- general overview about bookkeeping system used by public units, internal quality checks and external auditing;
- communication between individual national authorities involved in EDP;
- publication of deficit and debt statistics.

### Legal basis for the compilation of GFS and EDP data

*The main national laws that specify the collection of fiscal data are:*

1. *Law no.226/2009 on the organization and functioning of official statistics in Romania;*
2. *Government Decision no.957/2005 on the organization and functioning of the National Institute of Statistics;*
3. *Law no.500/2002 on public finances, as amended and supplemented, the Government Emergency Ordinance no. 45/2003 on local public finances, approved by Law no.108/2004, with subsequent amendments and Government Decision no. 1574/2003 on the organization and functioning of the Ministry of Public Finance and the National Tax Administration Agency, modified and supplemented;*
4. *Law no.312/2004 on the Statute of the National Bank, as amended and supplemented;*
5. *Government Decision no. 757/2003 on the organization and functioning of the National Commission for Prognosis, as amended and supplemented; Cooperation protocol no. 20403/24148 signed in 2003 between the Ministry of Public Finance and National Institute of Statistics for the exchange of statistical information;*
6. *Convention no. 1755 concluded in 1999 between the National Statistical Commission (later renamed into National Institute of Statistics) and the National Bank of Romania on cooperation actions statistical information system;*
7. *Protocol of Cooperation no. 2183/2014 between the Ministry of Public Finance (MPF), the National Institute of Statistics (NIS), the National Bank of Romania (NBR) and the National Prognosis Commission (NPC) on the development of the National System of Government Finance Statistics (the Protocol) and Addendum to the Protocol;*
8. *Protocol of Cooperation no. 7548/268/2008 between the Ministry of Economy and Public Finances and the National Bank of Romania, on the provision of data on General Government, concerning external debt and the international investment position;*
9. *Order no. 2873/2016 regarding the regulation of the procedure for reporting some economic-financial indicators by the economic operators with capital / patrimony wholly or mainly owned directly or indirectly by the central or local public authorities.*

### 2.1. Institutional responsibilities for the compilation of general government deficit and debt data

This section describes institutional responsibilities for compilation of Government Finance Statistics (national accounts for general government and EDP tables). Further related information is described in section 2.3 Communication.

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

National accounts data for general government are transmitted to Eurostat<sup>1</sup> via the following tables (see the related EU legislation)<sup>2</sup> :

Table 2 – Main aggregates of general government (annual data)

Table 6 – Financial accounts by sector (annual data)

Table 7 – Balance Sheets for financial assets and liabilities (annual data)

Table 801 – Non-financial accounts by sector (quarterly)

Table 9 – Detailed Tax and Social Contribution Receipts by Type of Tax or Social Contribution and Receiving Sub-sector (annual data)

Table 11 – Expenditure of General Government by function (annual data)

Table 25 - Quarterly Non-financial Accounts of General Government

Table 26 – Balance sheets for non-financial assets (annual data)

Table 27 – Quarterly Financial Accounts of General Government

Table 28 – Quarterly Government Debt (Maastricht Debt) for General Government

Data on government deficits and debt levels are reported to Eurostat twice a year (in April and October) in EDP notification tables<sup>3</sup>.

**Table 1. - Institutional responsibilities for the compilation of general government national accounts and EDP tables**

Institutional responsibilities <i>(the appropriate cells are crossed)</i>		NSI	MOF	NCB	Other
<b>Compilation of national accounts for General Government:</b>					
Nonfinancial accounts	annual	X			
	quarterly	X			
Financial accounts	annual			X	
	quarterly			X	
Maastricht debt	quarterly		x		
<b>Compilation of EDP Tables:</b>					
EDP table 1	actual data	deficit/surplus	X	x	
		Debt		x	
		other variables	X		
	planned data	deficit/surplus		x	
		Debt		x	
other variables					x
EDP table 2 (actual data)	2A central government		x		
	2B state government		NA		
	2C local government		x		
	2D social security funds		x		
EDP table 3 (actual data)	3A general government		x	x	
	3B central government		x	x	
	3C state government		NA	NA	
	3D local government		x	x	
	3E social security funds		x	x	
EDP table 4			x	x	

NSI - National statistical institute including units subordinated to the NSI (the latter is to be specified in comments)

MOF – Ministry of Finance/Economy including units subordinated to the MOF (to be specified in comments)

NCB – National Central Bank

Other – other national body, to be specified in comments

<sup>1</sup> <https://ec.europa.eu/eurostat/data/database>

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1581327918231&uri=CELEX:32013R0549>

<sup>3</sup> <https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables>

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

*The official names of the institutions involved in the compilation of general government national accounts are:*

**Ministerul Finanțelor Publice; Ministry of Public Finance**

**Banca Națională a României; National Bank of Romania**

**Institutul Național de Statistică; National Institute of Statistics**

**Comisia Națională de Strategie și Prognoză; National Commission for Prognosis**

*National Institute of Statistics has the responsibility to coordinate the inventory of the methods, procedures and sources used for the compilation of deficit and debt data and in accordance with the sharing of the responsibilities among the National Institute of Statistics, the Ministry of Public Finance and the National Bank of Romania. This inventory is jointly elaborate.*

*Sharing of responsibilities among the institutions:*

**National Institute of Statistics:**

*EDT Table 1*

- *Gross Domestic Product at current market prices for years n-1, n-2, n-3 and n-4,*

- *General Government expenditure on Gross Fixed Capital Formation for years n-1, n-2, n-3 and n-4,*

- *Net borrowing (-)/lending (+) for General Government Sector and its sub-sectors (responsibility shared with the MoPF).*

*EDP Table 2 A*

- *Net borrowing (-)/lending (+) for central government public corporations.*

*EDP Table 2 C*

- *Net borrowing (-)/lending (+) for local government public corporation.*

*EDP Table 2 D*

- *Net borrowing (-)/lending (+) of social security*

*EDP Table 4*

- *Gross National Income at current market prices for years n-1, n-2, n-3 and n-4.*

*The National Institute of Statistics is also responsible for:*

- *The transmission of the EDP Notification to Eurostat;*

- *The compilation and transmission to Eurostat the ESA 2010 Transmission Programme. (Table 2, 9-NTL, 11, 25).*

**Ministry of Public Finance:**

*EDP Table 1*

- *Consolidated gross debt data at nominal value outstanding at end of the year for General Government Sector and its sub-sectors,*

- *Net borrowing (-)/lending (+) for General Government Sector and its sub-sectors (jointly with the National Institute of Statistics),*

- *General government expenditure on interests (EDP D.41) (jointly with the National Institute of Statistics),*

*EDP Tables 2 of the Notification for General Government Sector and its sub-sectors.*

*EDP Table 3 of the Notification for General Government Sector and its sub-sectors for years n-3, n-2, n-1 and n*

- *Issuances above/ below par,*

- *Difference between accrued and paid interest (EDP D.41),*

- *Redemption of debt above (+) / below (-) par,*

- *Appreciation or depreciation of foreign currency debt,*

- *Gross debt by General Government sub-sectors,*

- *Sub-sectors holding of other sub-sectors debt (jointly with the National Bank of Romania),*

- *Changes in sector classification (K.61) ((jointly with the National Institute of Statistics).*

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*The Ministry of Public Finance is also responsible for compilation and transmission to Eurostat of Table 28 within the ESA 2010 Transmission Programme.*

**EDP Table 3**

- Amount outstanding in the general government debt from the financing of the public undertakings (jointly with the NBR).

EDP Questionnaire tables: 1.1, 1.2, 2.1, 2.2, 3, 4.2.1, 4.2.2, 5, 7 regarding the military expenditure (based on data coming from the National Defence Ministry), 9.1, 9.2, 9.3, 9.4, 13 (only by MoPF), tables 6, 8, 10.1 (jointly with NBR), table 10.2 (jointly with NBR, NIS), 11, 12 (NIS).

Supplementary table – Quarterly Intergovernmental lending by the counter-party government.

**National Bank of Romania:**

**EDP Tables 3**

- Currency and deposits (F.2), for S.1311, S.1313 and S.1314. For S.1313 and S.1314 for currency and deposits held with State Treasury, jointly with MoPF for currency);

- Debt securities (F3) held by S.1311 and issued by other institutional sectors than S.13;

- Loans (F4) - loans to corporations or to financial corporations engaged in lending, on-lent loans jointly with MoPF;

- Equity and investment fund shares/units (F.5) – capital injections in various non-financial corporations, in international organisations (BII, BAI, IBRD, FII3M, IFC) (jointly with MoPF), receipts from privatization (jointly with MoPF), capital withdrawals following the superdividend test (jointly with NIS);

- Other financial assets (F.1, F.6) technical reserves (data from S.128);

- Other accounts receivable/payable (F8), jointly with MoPF.

**EDP Table 4**

- Trade credits and advances (AF.81) – financial liabilities stocks.

EDP Questionnaire tables: 4.1.1, 4.1.2, 6, 8.1 jointly with MoPF, 10.1 and 10.2 (in cooperation with MoPF and NIS).

*The National Institute of Statistics has the responsibility to verify that the data reported for EDP correspond to the ESA 2010 methodology and gives a “final” approval of EDP data before sending them to Eurostat.*

*EDP tables are filled in by each institution, according to the responsibilities above mentioned. The transmission of the data to Eurostat is done only by the National Institute of Statistics.*

### **2.1.1. Existence of an EDP unit/department**

*The Public Finance Statistics Office staff is responsible for:*

- compiling the annual and quarterly non-financial accounts for the general government sector and its subsectors;

- filling in the EDP tables, according to the institutional responsibilities;

- compiling the annual regional accounts.

*The National Bank of Romania, Monetary and Financial Statistics Division within the Statistics Department is responsible for the compilation of the annual and quarterly financial accounts for general government sectors and its subsectors, as well as for the compilation and provision of information in EDP Tables 3 and 4, Annex 1 and Annex 3, according to the responsibilities established in the Collaboration Protocol.*



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*There is a joint working group between the following institutions, responsible for EDP notification in Romania: National Institute of Statistics, Ministry of Public Finance and National Bank of Romania established by the Protocol of cooperation no. 2183/2014.*

*Working group members, at least two from each institution from the Protocol, report to the director from their respective division about the subjects of the meeting, the measures taken and the responsible individuals or entities for each item. Annexed to the inventory, there are the organisation charts of the institutions involved, focused on matters related to EDP.*

### **2.1.2. Availability of resources for the compilation of GFS data**

*The Public Finance Statistics Office from Department of National Accounts and Macroeconomic Synthesis of the National Institute of Statics includes 8 people.*

***The National Institute of Statistics staff is responsible for:***

- Compiling the annual and quarterly non-financial accounts of general government;*
- Filling in the EDP tables and questionnaire in accordance with the responsibilities established in the Protocol;*
- Compiling and transmission of tables 2, 9 including National Tax List (NTL), 11, according to the Transmission Programme of ESA 2010 and 25 Table according Gentlemen agreement;*
- Compiling the net lending/net borrowing of public companies classified into General Government sector (S.13);*
- Processing of statistical questionnaires;*
- Checking and analysis of data sources.*

***The National Bank of Romania is responsible for:***

- Compilation of the annual and quarterly financial accounts for government sector and its subsectors;*
- Filling in the EDP tables and questionnaire in accordance with the responsibilities established in the Protocol;*
- Compilation and transmission of Table 27 to Eurostat and ECB;*
- Transmission of Table 28 to ECB;*
- Compilation and transmission of Annual GFS data to ECB (jointly with the MoPF).*

*Statistics Department provides a 5-person staff, with responsibilities on GFS, out of which 3 persons work full-time in the compilation of the quarterly and annual financial accounts for government sectors and its subsectors.*

***Ministry of Public Finance is responsible for:***

- Filling in EDP tables and questionnaire in accordance with the responsibilities established in the Protocol;*
- Compilation of Table 28 and its transmission to NIS and NBR in order to be transmitted to Eurostat and ECB.*

*The same staff is involved into providing of data upon requests of other national organizations (Eurostat, UN, Government, other institutions upon request).*

*Also for GFS purposes, according to Annex 3 of the Protocol named Institutional Responsibilities concerning the provision of data, the preparation and reporting of the Fiscal Notification, according to Regulation no. 479/2009 as amended, the Treasury and Public Accountancy Directorate provides to:*

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*a. NIS and NBR – the budget execution according to Annex 2 of the Protocol entitled List of data required for the implementation of the National System for Government Finance Statistics*  
*b. NBR - the balance sheet of public institutions and general balance sheet of the state treasury, as well as the information provided in Annex 2 of the Protocol. For this purpose, another Protocol was signed as early as in 2008 between the MoPF and NBR, according to which NBR receives on a quarterly basis the data needed for the General Government financial statistics. A specific annex to the financial statements of public institutions was designed, for detailed information broken down by financial instrument and counterpart sector, in order to be used for the financial accounts purposes. The information reported by public institutions are checked by MoPF and sent to NBR.*

## **2.2. Institutional arrangements relating to public accounts**

Generally, “public accounts” are basic source data for GFS compilation, i.e. EDP tables as well as annual and quarterly accounts for general government. Public accounts are used by public units and refer to accounting records and relating accounting outputs (e.g. financial statements) based on the accounting framework defined by a national legislation. This section provides a general overview on institutional responsibilities relating to public accounts. Further details on public accounts for individual government subsectors are described under relevant sections on data sources and EDP tables.

### **2.2.1. Legal / institutional framework**

*Since 2006, all public institutions are using accrual accounting. Nevertheless, in the process of budget execution for revenues and expenditures accrual and cash accounting are used. All accounting records are stipulated in the Chart of Accounts, which was approved through Order of the Ministry of Public Finances no. 1917/2005 with subsequent changes and completions.*

*The Ministry of Public Finance is responsible for accounting standards, the design of financial statements, collection and processing of data, for all public institutions.*

*Public institutions are required to conduct double entry bookkeeping using accounts provided for in the general accounts.*

*The chart of accounts includes the following general classes of accounts:*

- Class 1 "capital accounts";*
- Class 2 "fixed assets accounts";*
- Class 3 "Inventories and work in progress";*
- Class 4 "Third party accounts";*
- Class 5 "Accounts with Treasuries and credit institutions" \*);*
- Class 6 "Expense accounts";*
- Class 7 "Revenue accounts and financing."*

*In the classes there are several groups of accounts and account groups are developed synthetic grade/tier I and II. Accounts can be developed both synthetic and analytic, according to the specific needs of business and information.*

*With these accounts, public institutions recorded economic and financial operations based on accounting principles rights and obligations (commitments) and upon the creation, transformation or disappearance / reverse the economic value of a debt or an obligation.*

*The correspondence functions within each account established by these Rules are not limiting. They can be developed within each institution, in compliance with the economic transaction in question, the accounting requirements based on the principle of rights and obligations and the legal provisions in force.*

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*In this regard, the principal loan accounts will elaborate plans to develop analytical accounts and monographs containing specific operations to the respective activity.*

*The accounts of the chart of accounts are no legal basis for registration of accounting operations.*

*Public corporations*

*Economic operators apply accounting regulations concerning statements individual annual and consolidated financial statements approved by Order no. 1802/2014 for approval of accounting regulations on the annual individual and consolidated financial statements.*

*Indicators total assets, net turnover and average number of employees is determined from the annual financial statements of the prior period. The same provisions apply to entities that have opted for an exercise to different fiscal calendar year, according to Accounting Law no. 82/1991, republished, as amended and supplemented.*

*These regulations partially transposed the provisions of Directive 2013/34 / EU of the European Parliament and of the Council on the annual consolidated financial statements and related reports of certain types of companies, amending Directive 2006/43 / EC of the European Parliament and the Council and repealing Directives 78/660 / EEC and 83/349 / EEC, published in the Official Journal of the European Union no. L 182 of 29 June 2013.*

*All accounting records are stipulated in the Chart of Accounts, approved through Order of the Ministry of Public Finances no. 1917/2005 with subsequent changes and completions.*

*-bookkeeping standards used by public units,*

*-designing of financial statements,*

*-data collection and processing,*

*-internal quality and consistency checks and validation (not external auditing).*

*The Ministry of Public Finance is responsible for accounting standards, the design of financial statements, collection and processing of data, for all public institutions.*

*Internal audit department is responsible for the internal quality and consistency checks and validation.*

*There are no foreseen changes of bookkeeping system used by public units.*

## **2.2.2. Auditing of public accounts**

### **2.2.2.1. General government units**

*According to Law no.94/1992 (recast), on the organization and functioning of the Court of Accounts (Auditors), this institution is the only one responsible for certifying the accuracy and veracity of the data from the checked execution accounts.*

*All Public units for sub sectors (S1311, S1313, and S1314) are periodically audited by the Court of Accounts.*

*For business accounts according to the Accounting Law no.82/1991, Article 34, paragraph 1 and 2, the annual financial statements of public legal persons are audited. The financial audit is performed by auditors, whether individual or legal persons authorised by law.*

*The Court of Accounts carries out financial audit for the execution of annual accounts of consolidated public budget (described under point 1) following, principally:*  
*a) the development and implementation of its own project budget and authorization, legality and necessary changes or correction of public budgets;*  
*b) the accuracy of the data included in the financial statements;*

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c) the organization and, implementation maintenance of internal control systems. The court is also responsible for the management to audited entities and for establishing a causal link between the results of the inspections and deficiencies found by the Court of Accounts in the activities of that entity;

d) also takes responsibility for setting out and pursuing the general government revenue collection, in the amount and terms stipulated by law and to identify the causes of their failure.

e) the supervision of the economic and financial management quality, identifying any gaps, inconsistencies and imperfections of the legislation;

f) other objectives foreseen in the law.

The Court of Accounts performs financial audit for the annual general account of public debt according to national legislation (the EOG no 64/2007 concerning public debt), which includes information related to the debt contracted directly or guaranteed by the Government, through the Ministry of Public Finance, and contracted directly or guaranteed by the territorial-administrative units, and then the general account of public debt is approved by law.

Auditing of accounts is carried out annually, after the elaboration of final budgetary accounts.

The Court of Accounts presents an annual report to the Parliament, regarding the general government accounts. After the Parliament consents on the report, the final public accounts are consequently approved.

The results are usually available to GFS compilers in the following year of reporting period.

Individual audit reports are not published. They report to the audited entity. In the administrative-territorial units, a copy of the financial audit report prepared for the principal loan is sent to deliberative bodies of local government.

Court of Accounts report is published on the website: [www.curteadeconturi.ro](http://www.curteadeconturi.ro), publications section.

The Public Report of the Court of Accounts includes also the audit of the general account of public debt according to the national legislation (the EOG no. 64/2007 concerning public debt). On the same website, reports on local public finances prepared for each county are published.

Financial audit reports describing the findings of the errors / irregularities identified, their value, a description of the causes and circumstances which may have led to the failures, the effects caused by deficiencies, conclusions and recommendations of the audit team on the measures to be taken to eliminate mistakes.

According to the national legislation, the public debt includes also the debt guaranteed by the Government, through the MoPF, and by the territorial-administrative units, and the audit exercised by the Court of Accounts is referring to guaranteed debt too.

Please see in the attached Annex 1.a. on the Financial Audit a Public Report for 2018 published by the Court of Accounts on website: [www.curteadeconturi.ro](http://www.curteadeconturi.ro), publications section

#### 2.2.2.2. Public units, not part of general government

Accounts of all units, which are included in the public corporation sector according to ESA 2010 are audited.

Business accounts of public corporations according to the Accounting Law no.82/1991, Article 34, paragraph 1 and 2, are audited by auditors, whether individual or legal persons authorised by the law.

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*All public flows and accounts are audited including extra budgetary funds. Public units submitted financial and accounting statements including final reports only their founders, i.e. corresponding ministries or central offices.*

*Auditing of the accounts takes place in the following year after elaboration of financial statements, which consists in: balance sheet, result of patrimonial account, cash flow statement, and statement of changes in the structure of assets / capital, annex to the financial statements which include accounting policies and explanatory notes, the budgetary account.*

*Auditing takes place in the following year after the elaboration of financial statements and final budgetary accounts.*

*Individual audit reports are not published. These reports are sent only to the audited unit. Financial audit reports describe the findings of the errors/irregularities identified, their value, a description of the causes and circumstances, which may have led to the failures, the effects caused by deficiencies, conclusions and recommendations of the audit team on the measures to be taken to eliminate deviations.*

## **2.3. Communication**

### **2.3.1. Communication between actors involved in EDP**

#### *2.3.1.1. Agreement on co-operation*

*There is a Protocol of cooperation no. 2183/2014 among the Ministry of Public Finance (MoPF), the National Institute of Statistics (NIS), the National Bank of Romania (NBR) and the National Commission of Prognosis (NCP) regarding the development of National System for Government Finance Statistics (the Protocol).*

*The main goal is to fulfil:*

- the compilation and transmission of the “Reporting of General Government Deficits and Debt levels”;*
- the compilation of all tables according to ESA 2010 Transmission Programme requirements for public finance statistics field;*
- the production of the quarterly financial and non-financial accounts of general government sector;*
- the implementation and improvement of the Integrated Architectural IT System.*

*The Protocol is updated whenever significant changes in organisation arrangements and data sources occur. The Protocol was setup in October 2004 and updated in 2008 and 2014. There are no foreseen changes in responsibilities of institutions involved.*

*According to the Protocol, four thematic working groups were set up, in charge to analyse methodological issues and clearly defining responsibilities and detailed technical, operational functions and tasks of each institution involved.*

*Each thematic working group is composed of at least two members selected from each of the four institutions (MoPF, NBR, NIS, NCP). When necessary, responsibilities, functions and duties of the institutions involved are defined and detailed thematic working groups are approved by the Committee. The Working Groups Members meet whenever necessary.*

#### *2.3.1.2. Access to data sources based on public accounts*

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

*The budgetary accounts are one of the main data sources used for the compilation of non-financial accounts of general government sector.*

*Data sources are detailed in the Annex 1 of the Protocol, signed among National Institute of Statistics, Ministry of Public Finance, National Bank of Romania and National Commission of Prognosis.*

*Financial statements are approved by the order of the Ministry of Public Finance. Whenever significant changes occur in the structure of financial statements NIS is consulted and informed. Budgetary accounts are transmitted in electronic format (Excel), financial situations of companies classified in S13 are in “pdf” or “excel” format.*

*Data are certified if the Financial situations of the companies have the signature and the stamp of the responsible government institution.*

*The access to the public account database is granted only if the National Institute of Statistics makes a special request to the Ministry of Public Finance.*

*Data are consistent, regardless of the available means (paper, electronic form, database etc.).*

## **2.3.2. Publication of deficit and debt statistics**

### *2.3.2.1. Publication of EDP data*

*EDP figures are published at national level in April and October on the National Institute of Statistics web site [www.insse.ro](http://www.insse.ro). Data are released on the same day as the press release of Eurostat.*

*All EDP tables are published for all the reported years.*

*EDP data is not published before the official validation and publication by Eurostat.*

### *2.3.2.2 Publication of underlying government ESA 2010 accounts*

*The National Institute of Statistics published non-financial accounts in each year for the last two years in the national accounts brochure:*

- the sequence of Accounts for general government sector and sub-sectors;*
- the correspondence between taxes as recorded in public accounting and those specific to national accounting, for central and local government;*
- the simplified account of general government and sub-sectors.*

*ESA 2010 Table 2, 9, NTL, 11 and 25 (including its subsectors) are also published in the same brochure and on NIS website, at the following link : <http://www.insse.ro/cms/ro/content/nivelul-datoriei-si-deficitului-guvernamental>*

*Quarterly Financial Accounts of General Government (including its subsectors), consolidated data, are published on the website of National Bank of Romania on a quarterly basis, in Statistics/Data sets/National Financial Accounts (Romanian only).*

*Annual financial accounts of General Government are part of the Annual national financial accounts publication (data sets for the past five years) which is published once a year, both in paper format and on the National Bank of Romania website: Publications/Regular publications/Financial Accounts). The consolidated and nonconsolidated data for General Government and its subsectors is available in Excel files (on the website of National Bank of Romania: Statistics/Data sets/National Financial Accounts).*

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

*The EDP Inventory is published and updated periodically on the National Institute of Statistics web site [www.insse.ro](http://www.insse.ro) under the following link : <http://www.insse.ro/cms/ro/content/nivelul-datoriei-si-deficitului-guvernamental>*

### 3. EDP tables and data sources

This section reports on availability and use of basic data sources for the compilation of national accounts and EDP tables, by general government subsectors and main units/groups of units. It also aims at describing adjustments to basic data source in order to compile ESA 2010 based deficit/surplus; EDP tables compilation techniques, balancing practices; link between EDP table 2 and 3.

#### 3.1. EDP table 1

EDP table 1 provides the core, summary information for the reporting period, as requested by the related EU legislation<sup>4</sup>: net borrowing(-)/net lending(+)(B.9) for general government sector and its subsectors, outstanding amount of Maastricht debt by instruments, Gross Domestic Product (GDP), gross fixed capital formation (GFCF) for GG sector and data on interest expenditure (D.41) .

This section focuses on Maastricht debt only. A detailed description of B.9 calculation and data sources for individual subsectors is covered under section 3.2.

##### 3.1.1. Compilation of Maastricht debt

###### 3.1.1.1. Specification of debt instruments

###### **Debt instruments included in general government debt:**

###### **1.Currency and deposits (AF22)**

*In general government debt, there are reported the balances of economic agents accounts (availabilities) opened in State treasury accounts and the treasury certificates issued by the Ministry of Public Finance for individuals until 2003 and not redeemed by individuals until present (as deposits). There are no deposits with capitalised interest.*

###### **2.Debt Securities (AF 3)**

*The Ministry of Public Finance issues treasury bills (with the original maturity less than 1 year and issued with discount) and long –term bonds (with initial maturity more than 1 year, issued with coupon and discount/premium) on domestic market but also Eurobonds on international capital market (long –term securities issued with coupon and when they are reopened with discount or premium). According to national legislation (the EOG no 64/2007 concerning public debt) only the MoPF is authorised to issue debt at central level and due to this, no other central government units have issued any debt securities or contracted loans. The territorial-administrative units, especially Bucharest City Hall, have issued debt securities. There are no case of capitalised interest bonds.*

###### **3.Loans (AF4)**

*The instruments under this position are:*

- *loans contracted directly by the Ministry of Public Finance or territorial-administrative local units;*
- *loans contracted by companies and guaranteed by the Ministry of Public Finance which are repaid from state budget and classified as government debt at inception;*
- *repeated called guaranteed loans according to Eurostat methodology at central and local level;*

<sup>4</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2014.069.01.0101.01.ENG](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.069.01.0101.01.ENG)



- until 2012 financial leasing.

The companies reclassified both in central government and in local government subsectors, have also contracted loans from the financial institutions.

In order to identify the long-term trade credit (at inception) liabilities, in December 2019 the reporting legislation has been modified with the provisions related to the obligation to report the long-term trade credit (at inception), as it is required by the provisions of MGDD 2019 editions. The draft order is to be approved by the minister.

There are no deposits with capitalised interest.

There are no cases of capitalised interest bonds.

#### 3.1.1.2. Data sources used for the compilation of Maastricht debt

The Ministry of Public Finance, through the General Division of Treasury and Public Debt, calculates the general government debt using the financial statements issued by General Division of Public Accountant and Settlement System in Public Sector, the reports of local public authorities (for debt contracted directly and repeated called guarantees), having in view that according to national legislation the MoPF has information for all debt instruments contracted directly or guaranteed by the Government, through the MoPF, or by territorial-administrative units, as well as the reports beneficiaries of on-lending (debt contracted by Government and on-lent them) or repeated called guarantees issued by Government (for repeated called guarantees – 3 times in line), in accordance with the provisions of EOG no. 64/2007 concerning public debt.

The companies reclassified in central government sub-sector report to the MoPF their debt on a monthly basis, in accordance with the MoPF Order no. 2873/2016 on the settlement of the reporting procedure of economic and financial indicators by economic agents reclassified in S1311 while the companies reclassified in local government sub-sector also report their debt to the Ministry of Public Finance.

The National Bank of Romania (the Statistic Department) sends (via e-mail) to the General Division of Treasury and Public Debt (GDTPD - MoPF) data on the level of the holdings of the government securities by the residence criterion (domestic and external) and the GDTPD adjusts the stock of government issuances with these amounts.

The MoPF, through General Division of Treasury and Public Debt collects the debt data, and calculates general government debt and the debt by sub-sectors of general government.

Debt data are available on a monthly basis, one month after the end of the reporting period.

The actual debt data are available for the April EDP notification, and they are subject to audit by the Court of Accounts.

The final data for the year n-1 are available in July of the year n, after the Government has approved the annual general account of public debt and has sent the law for its' approval to the Parliament.

#### 3.1.1.3. Amendments to basic data sources

Deviations in terms of valuation of debt for individual GG units occur only for the debt denominated in foreign currency that are re-evaluated in local currency according to the rules of the Manual on deficit and government debt.

*The government securities issued by the Ministry of Public Finance, both on short and long maturity (treasury bills and bond issuances) could be issued with discount or premium based on the market conditions. In order to report the debt at nominal value (face value), the discount or premium at issuance is added/subtracted to the amount received at auction.*

*The adjustments, relating to a change in nominal debt, which do not result from a transaction (other change in volume), are recorded for both central government and local government sub-sectors, when companies reclassified in these sub-sectors of general government had contracted debt.*

*There are no amendments of data using counterpart information.*

*The payments made by the MoPF or by local territorial-administrative units for guarantee are recorded as capital transfer, except the case of repeated called guarantees according to the rules of Manual on deficit and government debt (3 times successive) when the guaranteed debt is reclassified as general government debt, both for central government and local government sub-sector, and has impact on deficit with the outstanding amount of the guarantee in the year of reclassification.*

#### 3.1.1.4. Consolidation of Maastricht debt

##### **Consolidation on the subsector level**

*Debt consolidation within central government is recorded in the case of loans granted from the State Treasury to companies reclassified in central government. The debt consolidation is also carried out in the case of loans contracted directly by the MoPF and on-lent to the companies reclassified in general government and for loans guaranteed by the MoPF and by the local territorial-administrative units, which observe the rules for repeated called (3 times in a row) and are reported as government debt in the case of the companies reclassified in general government.*

*In the financial accounts of S.1311, the consolidation for F.2 is made through the elimination of the bilateral transactions with deposits at the State Treasury, made between institutional units classified within this subsector. Concerning the consolidation of debt securities (AF.3), until 2012 (when Property Fund was reclassified outside general government) when the securities issued by the MoPF and held by Property Fund were consolidated. Since the reclassification of the Bank Deposits Guarantee Fund (BDGF) in S.1311, transactions with debt securities held and issued by public administrations are consolidated.*

##### **Consolidation between subsectors**

*Between S.1311 and S.1314*

*- before 2009, the loans contracted by the MoPF and on-lent to social security funds were consolidated, starting with 2009 the loans on-lent were taken over by the MoPF for repayment.*

*Between S.1311 and S.1313*

*- loans granted by the MoPF from privatisation receipts to units of local government are consolidated.*

*For central government the debt includes amounts presented as central government holdings of other subsectors debt in EDP 3B table. This consolidating debt represents transferable liabilities deposits on the liability side of S 1311 consolidated with transferable deposits held by S.1313 and S.1314 with the State Treasury, on their asset side.*

*Data sources for the consolidation of debt and the valuation of holdings, at the level of each government sub-sector and at the level of general government sector, are State Treasury financial statements and other reports of the beneficiaries of loans on-lent and guaranteed loans at central and local level.*

*At central level, only the Ministry of Public Finance can contract or guarantee debt. Also the MoPF has all information on stocks and flows of debt instruments consolidated at central government. Moreover, at the level of local government units having in view that according to national legislation the public debt includes debt contracted or guarantees by local territorial administrative units, the MoPF has all necessary information.*

*The information on stocks of debt instruments, consolidated at the level of general government sector, is compiled by the MoPF - General Directorate of Treasury and Public Debt.*

### 3.2. Central Government sub-sector, EDP table 2A and 3B

Information provided in this section refers to data sources available for the Central Government (S.1311), indicates what sources are used for compilation of non-financial and financial accounts and EDP tables for S.1311, and explains the adjustments made in order to comply with ESA 2010.

#### 3.2.1. Data sources for main Central Government unit : “The State”

This section describes data sources available and used for compilation of national accounts and EDP tables for the main Central Government unit:

- Basic data sources
- Complementary data sources used for the purpose of special ESA 2010 adjustments (e.g. accrual adjustments, recording of specific government transactions, etc.).

**Table 2 – Availability and use of basic source data for the main central government unit**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
<b>Budget Reporting</b>							
C	M	T+20	T+7	(1) Current revenue and expenditure	x	x	
C	M	T+20	T+7	(2) Current and capital revenue and expenditure	x	x	
C	Q	T+55	T+7	(3) Current and capital revenue and expenditure and financial transactions	x	x	x
A	Q	T+55	T+7	(4) Balance sheets			x
<b>Financial Statements</b>							
A	A	T+150	T+7	(5) Profit and loss accounts		x	
A	A	T+150	T+7	(6) Balance sheets		x	
				(7) Cash flow statement			
<b>Other Reporting</b>							
				(8) Statistical surveys			
				(9) Other:			
A	Q/A	T+55	T+7	Statement regarding other accounts receivable/payable of central government			x
C	Q/A	T+55	T+7	Cash balance of EU flows			x

EDP tables and data sources - Central Government sub-sector, EDP table 2A and 3B

C	Q/A	T+55	T+7	Statement of EU funds classified by subsectors of the general government			x
C	Q/A	T+55	T+7	Situation Of Revenues And Expenditures from Privatisation			x
C	O-semi-annual	T+30	T+9	Statement regarding superdividends			x
A	Q/A	T+55	T+7	Foreign claims (Balance of Payments Statistics)			x
A	M	T+25	T+7	Money and banking statistics			x
M	M	T+45	T+7	Balance of payments/International investment positions			x

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

The statistical data sources used (monetary balance sheets, balance of payments statistics/international investment position or securities statistics) supply the proper structure of the financial instruments for EDP and financial accounts purposes (for example, the provision of counterpart sector information or the entire account sequence). The quality of these data is verified in the context of the Quality Reports issued by Eurostat or ECB in various statistical fields.

### 3.2.1.1. Details of the basic data sources

#### Data sources used for compilation of national accounts

Working balance of EDP T2A corresponds to an item voted by the Parliament and refers to cash deficit of state budget.

Data sources used for working balance are cash data from budgetary execution (conturi de execuție) which present information on revenue and expenditure on cash basis.

Data reported in the WB are also used for B.9 calculation. Taxes and social contributions are calculated based on monthly report and with the method time adjusted cash. Profit tax has a time lag of 3 months. For year 2019, Single tax declaration settled in 2019 with time lag 7 month for calculation of year 2018 and in 2020, taxes and contributions from Single declaration for income tax and social contributions of individuals have been postponed to May 25, 2021 according to Official Monitor, no. 72/31.01.2020, was published the Ordinance no.6/2020 for modification and completion of the Law no.227/2015 regarding Fiscal Code, as well as for the regulation of fiscal-budgetary measures.

EU funds neutralisation is presented in other accounts receivable. Also, data from the balance sheet related to WB are presented in other account payable, based on change in due for payments method. Interest is calculated in accrual.

Level of detail available is by groups of units, and by category of transaction/instrument, by unit and for aggregated data, based on budgetary classification.

Budgetary classifications give the necessary information for distinguishing between different flows.

*For budgetary execution accounts purposes, data received from Ministry of Public Finance is classified by main financial instruments in the case of State budget. For public companies reclassified, the main data sources are financial statements (balance sheets), which allow the identification of non/financial versus financial flows.*

*Structure of inflows and outflows are appropriate.*

*When necessary, statistical authorities ask for supplementary information, in order to identify the financial instruments.*

*Consolidations between GG units/subsectors can be identified.*

*Data available from basic sources is not consolidated. Consolidations are made intra and inter sectorial, on both revenue and expenditure sides, for D4, D7 and D9.*

*For non-financial transactions the information on subsidies, other current transfers, other capital transfers and investment grants is based on budgetary classification.*

*The budgetary executions, revenues and expenditures are classified in ESA 2010 codes and the distinction between non-financial and financial flows is possible.*

#### 3.2.1.2. Statistical surveys used as a basic data source

*Statistical surveys are not used as basic data source for B.9 compilation.*

*For the April notification, central and local companies reclassified into general government sector report semi-final data according to MoPF Order nr. 2873/2016 of December 16, 2016 regarding the regulation of the procedure for reporting some economic-financial indicators by economic operators with full or majority capital / patrimony held directly or indirectly by the central or local public authorities*

*For the others budgets, budgetary accounts are available, having status of semi-finalized data.*

#### 3.2.1.3. Supplementary data sources and analytical information

This section describes supplementary data sources used to amend basic data sources when compiling national accounts. In order to meet ESA 2010 requirements, supplementary data could be used for e.g. for accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

*(i). No supplementary data sources are used for non-financial accounts.*

*(ii). For financial accounts compilation, counterpart information is taken from the following data sources: monetary balance sheet, balance sheets of economic agents, balance sheet of National Bank of Romania, balance of payments, international investment position, statistical reports to the NBR made by investment funds, financial corporation engaged in lending and insurance companies, data from the Financial Supervisory Authority on pension funds financial assets and liabilities, financial auxiliaries balance sheets.*

*For debt securities issued by Central Government data sources used are:*

- Public debt statement provided by Ministry of Public Finance on quarterly basis, data on stocks on nominal value, with breakdowns on: i) maturities (short term securities and long term securities), ii) issuers (issued by S1311) and iii) creditors residency (domestic and foreign).*

*For the split of government debt securities by creditors residency, MoPF (General Division of Treasury and Public Debt) calculates the stock of debt securities and adjusts the stock of government issuances with data on creditors residency, using statistical information provided on a monthly basis by the National Bank of Romania, Statistics Department, Balance of Payments Division.*

- *Data on debt securities issued by Central Government, from the security-by-security IT system developed starting with 2010 by Statistics Department of NBR. The statistical system includes two modules, one referring to security issuances and another one on security holdings:*

- *data about residents' issuances are collected from different domestic sources, on a monthly basis, whereas information about foreign instruments held by residents are extracted directly from Centralized Securities Database – CSDB, system developed at the level of ECB.*

- *data about holders are supplied by resident credit institutions, investment funds, insurance corporations, private pension funds and domestic custodians. Based on all this information, the local system is able to compile securities' stocks, flows, revaluation or other changes in volume at market prices, aggregates that are part of external statistics (international investment position, balance of payment, external debt) and national account statistics. The stock of non-consolidated government debt securities calculated at face value, is compiled automatically by the system and provided to MoPF on a monthly basis.*

*According to Annex 3 Institutional Responsibilities concerning the provision of data, the preparation and reporting of the Fiscal Notification, according to Regulation no. 479/2009, as amended, of the Protocol, the Treasury and Public Accountancy Directorate from MoPF provides to NBR:*

- a. the budget execution according to Annex 2 List of data required for the implementation of the National System for Government Finance Statistics of the Protocol;*

- b. the balance sheet of public institutions and general balance sheet of the State Treasury, as well as the information provided in Annex 2 of the Protocol. For this purpose, another Protocol was signed as early as in 2008 between the MoPF and NBR, according to which NBR receives on a quarterly basis, the data needed for the compilation of the General Government financial statistics. A specific annex based on the financial statements of public institutions is reported with detailed information, broken down by financial instrument and counterpart sector, in order to be used for the financial accounts purposes. The information reported by public institutions are checked by MoPF and sent to NBR.*

*The Ministry of Public Finance provides data on accrued interest, adjustments on deficit for guarantees repaid from risk funds, cancellation of foreign claims and adjustments for capital increase in multilateral banks as well as additional information related to debt consolidation.*

*Money and banking statistics provide information on deposits, loans and holdings of debt securities issued by Central Government.*

*BoP statistics is used for cross-checking of information regarding transactions with the Rest of the World sector.*

*Quarterly information from the statistics of other financial intermediaries, insurance companies, and pension funds.*

- *Data on debt securities issued by Central Government, from the security-by-security IT system developed starting with 2010 by Statistics Department of NBR. The statistical system includes two modules, one referring to security issuances and another one on security holdings:*

- *data about residents' issuances are collected from different domestic sources on a monthly basis whereas information about foreign instruments held by residents are extracted directly from Centralized Securities Database – CSDB, system developed at the level of ECB.*

- data about holders are supplied by resident credit institutions, investment funds, insurance corporations, private pension funds and domestic custodians. Based on all this information, the local system is able to compile securities' stocks, flows, revaluation or other changes in volume at market prices, aggregates that are part of external statistics (international investment position, balance of payment, external debt) and national account statistics. The stock of non-consolidated government debt securities, at face value, is automatically compiled by the system and provided to MoPF on a monthly basis.

Other complementary data sources are referring to:

- UMTS (data on flows provided by MoPF), financial corporations engaged in lending (IFN-guarantee funds);
- compensation titles (data on flows provided by MoPF);
- emission trading permits (data on flows provided by MoPF), super dividends (data on flows provided by NIS);
- saving and lending for housing - Bauspar system (data on flows regarding the premiums the state offers to match the savings, provided by MoPF);
- military equipment (data on flows provided by MoPF).

3.2.1.3.1. Supplementary data sources used for the compilation of non-financial accounts

Special reports and data from other administrative sources are transmitted twice per year, in order to compile EDP data:

- For allocation of mobile phone licences (Universal Mobile Telecommunications Systems UMTS) – The National Regulatory Authority for Communicating (included in autonomous institutions);
- For financial corporations engaged in lending (IFN-guarantee funds) – Ministry of Agriculture, Guarantee Fund of Rural Credits;
- For data related to compensation titles - National Authority of Property Restitution;
- For emission trading permits – Office for the greenhouse gas emissions trading allowances, department within Ministry of Public Finance and National Agency for Environment Protection -institution within the Ministry of Environment;
- For data on super dividends - General Division for Administration of State Assets within Ministry of Public Finance;
- For data on saving and lending for housing - Bauspar system – Ministry of Regional Development and Public Administration;
- For military equipment the government unit responsible is the Ministry of Defence;
- Risk fund and Foreign aid managed by Ministry of Public Finance-accounting department from Ministry of Public Finance;
- Super dividends test – National Institute of Statistics.

Information is available on a regular basis for the whole period.

Adjustments are influencing B.9, by changing the level of government revenue and expenditure - recordings are made in accordance with ESA 2010.

In 2020, the COVID-19 pandemic started, having a strong impact on economic activities. This situation has led the public authorities to resort to measures to mitigate the impact, namely:

*The measures adopted in 2020 by the government to control and limit the negative effects of the COVID-19 pandemic*

*Measures taken to eliminate the effects of the Covid-19*

□ *Measures in the field of expenditure:*

- *is supported from the unemployment insurance budget, for the period of suspension of the individual employment contract at the initiative of the employer, in case of temporary interruption of activity according to art. 52 para. (1) lit. c) of Law no. 53/2003 - Labor Code, with subsequent amendments and completions, the allowance benefited by employees, of at least 75% of the basic salary corresponding to the job, paid from the salary fund, but not more than 75% of the average salary gross provided by Law no. 6/2020 on the state social insurance budget for 2020.*

*For all areas of activity in which the restrictions are maintained, the granting of the ..allowance is extended after May 31, 2020, until the lifting of these restrictions.*

- *the obligation of the employers who benefit from the above mentioned measure to maintain the employment relations of the persons concerned for a period of at least 6 months from the date of resumption of the activity after the suspension of the employment relations according to art. 52 para. (1) lit. c) of Law no. 53/2003 - Labor Code, with subsequent amendments and completions;*

- *granting an indemnity for parents during the suspension of courses according to the provisions of Law no. 19/2020;*

*Starting with June 1, 2020, the employers whose employees benefited from the provisions of the Government Emergency Ordinance no. 30/2020, as well as the employers whose employees had their individual employment contracts suspended and did not benefit from the provisions of the Government Emergency Ordinance no. 30/2020 during the state of emergency or alert, benefits, for a period of three months, from the settlement of a part of the salary, supported from the unemployment insurance budget, representing 41.5% of the gross basic salary corresponding to the job occupied, but not more than 41.5% of the average gross earnings provided by Law no. 6/2020;*

*Employers who, from 1 June 2020 to 31 December 2020, employ, for an indefinite period, full-time, persons over the age of 50 whose employment has ceased during the state of emergency and alert registered as unemployed, receive monthly, for a period of 12 months, for each person employed in this category, 50% of the employee's salary, but not more than 2,500 lei;*

- *Employers who are employed, but not later than 31 December 2020, for an indefinite period, full-time, persons aged between 16 and 29 registered as unemployed receive monthly, for a period of 12 months, for each person employed in this category, 50% of the employee's salary, but not more than 2,500 lei;*

- *Employees of employers whose activity has been suspended as a result of the epidemiological investigation carried out by the county public health directorates, respectively of the municipality of Bucharest, benefit from the granting of the indemnity provided by the Government Emergency Ordinance no. 30/2020 for amending and supplementing some normative acts, as well as for establishing measures in the field of social protection in the context of the epidemiological situation determined by the spread of SARS-CoV-2 coronavirus, approved with amendments and completions by Law no. 59/2020. with subsequent additions;*

- *For persons who carry out unskilled activities on an occasional basis, called day laborers, affected by the interruption or restriction of activity due to the effects of SARS-CoV-2 coronavirus, for a period of three months, at the choice of the beneficiary of works, but not later than 31 December 2020, an amount representing 35% of the remuneration due for the working day is granted from the state budget;*



- *financing the services provided by family doctors for monitoring the health status of patients under the conditions of art. 8 para. (3 ^ 1) - (3 ^ 3) of Law no. 136/2020 on the establishment of measures in the field of public health in situations of epidemiological and biological risk, republished, is made from the state budget, through the budget of the Ministry of Health, through transfers to the budget of the Single National Health Insurance Fund, within the amounts approved annually for this purpose;*
- *the financing of the acquisition of equipment in the field of information technology - mobile IT, respectively tablets with internet access, as well as other electronic equipment / devices, is granted through grants from non-reimbursable external funds, up to a value of 250 euro / tablet. Also, medical protection equipment / medical devices, disinfectants and mobile sanitary containers are purchased within state pre-university education units, state higher education institutions for students who meet the criteria to benefit from social scholarships and occasional social scholarships, settled from non-reimbursable external funds allocated within the Large Infrastructure Operational Program, up to a limit of 60 million euros;*  
*At the same time, significant sums were allocated from the Budget Reserve Fund at the disposal of the Government to ensure the prevention and treatment of COVID-19 associated diseases in order to accelerate the elimination of the effects of the health crisis.*  
*Some of the measures taken in 2020 to remove the effects of the pandemic crisis have been settled from European funds in addition to the national budgetary effort, and some amounts will be recovered in 2021.*

*In 2020, the amount of 1219.6 million lei was settled from the EC, on account of payments made on active measures to combat Covid-19, expenses that were initially made from national expenses, other than European funds, respectively on the position of social assistance.*  
*So, in the working balance of Unemployment budget was included the amounts received from the European Union, respectively 1,219,564,958 lei representing the financial support granted to employers whose field of activity is directly affected as a result of declaring epidemic situations (e.g. COVID-19), according to the Military Ordinance other documents issued by the competent authorities during the state of emergency, and which meet the conditions provided in art. XI par. (2) of the Emergency Ordinance no. 30/2020 for the modification and counting of some normative acts, as well as for establishing measures in the field of social protection in the context of the epidemiological situation determined by the spread of SARS-CoV-2 coronavirus, with subsequent modifications and completions, during the state of emergency declared, by paying the amount of indemnity that benefits their temporary employees individual employment contract, according to art. 52 paragraph (1) letter c) of Law no. 53/2003 - Labour Code, republished, with subsequent completed amendments.*

#### ***Deferral taxes.***

*Extensions of payment terms. GEO 29/2020 - Fiscal measures for the period of emergency caused by the COVID-19 epidemic*

*The tax obligations that became due after 21.03.2020 and not paid on time are not considered outstanding tax obligations (for non-payment at maturity there are no interest and penalties for delay);*

*The enforcement measures are suspended, by the effect of the law, or do not start by seizing the budget receivables Both measures shall cease to have effect within 30 days of the cessation of the state of emergency. This ordinance also legislated the extension of the payment term for the building tax, the land tax, respectively the tax on means of transport, from March 31, 2020 to June 30, 2020, with the preservation of the right to allowances granted by local councils for full payment of taxes. respectively for the whole year.*

*General aspects Government Emergency Ordinance no. 29/2020 on some economic and fiscal-budgetary measures (GEO 29/2020) was published in the Official Gazette of Romania, Part I, no. 230 of March 21, 2020, entering into force on the same day. Fiscal measures by derogation from the Fiscal Code and the Fiscal Procedure Code, GEO 29/2020 introduced a series of fiscal measures.*

*Tax liabilities that become due after March 21, 2020 - exempted from the calculation and payment of tax accessories The normative act stipulates that, for the fiscal obligations due from the date of entry into force of the emergency ordinance and not paid within 30 days from the cessation of the state of emergency, no interest and delay penalties are calculated and not due. In addition, they do not qualify as outstanding tax obligations, with the legal consequences arising from this statute. Enforcement measures by seizure of budget receivables are suspended or not started Exceptions to this provision are the procedures for recovering budget receivables established by court decisions in criminal matters. Measures to suspend enforcement by seizing the traceable amounts representing income and cash are applied, by the effect of the law, by credit institutions or third parties seized, without other formalities from the tax authorities. Within 30 days of the cessation of the state of emergency, these measures shall cease to have effect.*

*Local taxes and fees - extended for payment until June 30, 2020 For 2020, the payment deadline of 31 March for the first installment, of the two equal installments due to the tax on buildings, land and means of transport, shall be extended until 30 June. If the taxes are paid in full on June 30, the bonus of up to 10% is granted, established by decision of the local council. Other fiscal measures Taxpayers who would have owed the quarterly advance payments for 2020, at the level of the amount resulting from the level of income tax for 2019, can make the quarterly advance payments for 2020, at the level of the amount resulting from the calculation of the current quarterly income tax. The calculation method is kept for all quarters of the fiscal year 2020. The facility also applies to those who have opted for a financial year other than the calendar year (it applies to advance payments due for the remaining quarters of the modified year ending in 2020). The facility to restructure outstanding budget obligations as of December 31, 2018, adopted by O.G. 6/2019, remains accessible if the notification of the intention to benefit from the restructuring measure is submitted by 31 July 2020 (compared to the previous deadline of 31 March 2020), and the restructuring application is submitted by 30 October 2020 (before by the previous deadline of 31 July 2020).*

*Also as a measure in the context of the Covid-19 and as effect of the application of the fiscal facilities approved by GEO no. 29/2020 with the subsequent modifications and completions, respectively of GEO no. 181/2020, NAFA estimated the possibility of collecting of 15,35 billion lei from the amount of fiscal obligations declared in the period March – December 2020. In 2020 deferral taxes was included in EDP Table 2A and 2D in other accounts receivables, separately. Deferral taxes will be recovered in 2021 and 2022.*

### 3.2.1.3.2. Supplementary data sources used for the compilation of financial accounts

*For the compilation of quarterly financial accounts of general government mentioned above at 3.2.1.3 (ii) counterpart information is taken from the following statistical data sources:*  
*- Money and banking statistics - provide information on stocks of deposits, loans and debt securities, issued by Central Government held by the monetary and financial institutions;*

- *Investment funds statistics* – provide information regarding debt securities, issued by Central Government held by investment funds, other accounts receivable/payable and holdings of investment funds shares or units (data on stocks, transactions and revaluations);

- *Balance of Payments and International Investment Position (IIP) statistics* - represent data sources for the financial claims of the State (F.2, F.5 and F.8) with the rest of the world (data on stocks, transactions and revaluations);

- *Financial corporations engaged in lending statistics* provides information on loans, holdings of debt securities issued by Central Government, and shares and other equities;

- *Insurance companies' statistics* provides information on holdings of debt securities issued by Central Government, non-life insurance technical reserves and other accounts receivable/payables;

- *Securities statistics system* provides information on institutional sectors that hold debt securities issued by public administrations (stock data, transactions, revaluations and other volume changes);

- *The data regarding the amounts receivable/payable by the economic agents and households* are compiled by MoPF. Data is available in due time for GG financial accounts compilation. These data sources are used because the quality of the data is good and the breakdown by instruments and sectors is compliant with ESA 2010 requirements. For the compilation of financial accounts, a supplementary data source is used regarding super dividends is produced, on semi-annual basis by National Institute of Statistics.

*The counterpart information is classified by financial instruments and subsectors of General Government sector.*

*The counterpart information is available to financial accounts compilers, on a regular basis, because they are based on statistics for which National Bank of Romania is responsible.*

*No adjustments are made on counterpart information in financial accounts compilation.*

#### 3.2.1.4. *Extra-budgetary accounts (EBA)*

Usually, not all flows of a non-financial nature are recorded in the so called budgetary accounts which enter the WB, as reported in the first line of EDP table 2. Some funds could be put aside as reserves, special purpose funds and are booked in so called “extra-budgetary accounts” - EBA. In some cases, according to national legislation, transactions that are not scrutinized by budgetary rules can be booked in EBA and not in ordinary budgetary accounts. It is very important that all non-financial flows of the main entity, including those entering EBA, are appropriately incorporated into calculations of deficit.

*Risk Fund and Foreign Aid Fund managed by Ministry of Public Finance are extra budgetary funds.*

*Foreign Aid Fund is an extra budgetary fund managed by Ministry of Public Finance. Established in 1997 according to Government decision 794, represent Government assistance granted to Romania by the governments of the Group of 24, the donor can take the form of imports programs and financial assistance programs.*

*Risk Fund – extra budgetary fund, approved by law in order to financing government guaranties to state companies. Receipts commissions and reimbursement of loan from companies, which are beneficiaries of state government guaranties and made payments of loans instead of companies which cannot pay.*

*Non-financial flows recorded in EBA*

*All non-financial transactions of risk fund are recorded to EDP table 2A -OGB detail 1. Foreign aid is recorded together with non-refundable external funds (from General consolidated budget-separate column) is recorded in EDP table 2A - other adjustments. These items are not included in Working balance.*

*Risk fund has revenue from guarantees, commissions and payments into the accounts of guarantees granted. Foreign aid fund has revenue from interests.*

*The non-financial revenues that could be recorded in EBA are guarantees, commissions and interest.*

*Risk Fund has D9 as Payments into the accounts of guarantees granted.*

*All EBA revenue/expenditure do not transit working balance.*

*Detailed data on inflows and outflows are available each year in March for the previous year.*

*If data on EBA is not available, (it was not the case until now), we suppose we can record the same amount from previous year or estimation provided by the department involved*

*There is no consolidation and no flows in the working balance. Financial flows recorded in EBA – there is not the case.*

### 3.2.2. Data sources for other Central Government units

This section describes data sources available and used for compilation of national accounts and EDP tables for other Central Government units (those not reported in the working balance in EDP T2A).

*Other central government units/groupings of units, classified in S.1311.*

*a) Risk fund*

*b) Public institutions partially or totally financed from own revenues - are public institutions subordinated to ministries, some under the Parliament, with a share of education activities, health activities, authorization licenses, services, issuing permits and operating licenses.*

*c) Treasury budget*

*d) Public companies reclassified in general government sector.*

*In T2A “other adjustments” is Bank Deposit Guarantee Fund  
See Annex B List of General Government units.*

**Table 3 – Availability and use of basic source data for other central government units:**

Available source data	Source Data Accounting	Source data used for compilation of
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EDP tables and data sources - Central Government sub-sector, EDP table 2A and 3B

Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			B.9 (NFA)	B.9f (FA)
		First results	Final data			
1	2	3	4	5	7	8
		T + days	T+months			
<b>Budget Reporting</b>						
C	M	T+20	T+7	(1) Current revenue and expenditure	X	
C	M	T+20	T+7	(2) Current and capital revenue and expenditure	X	
C	Q	T+55	T+7	(3) Current and capital revenue and expenditure and financial transactions	X	x
A	M	T+55	T+7	(4) Balance sheets		x
<b>Financial Statements</b>						
A	A	T+150	T+7	(5) Profit and loss accounts	X	
A	A	T+150	T+7	(6) Balance sheets	X	X
				(7) Cash flow statement		
<b>Other Reporting</b>						
				(8) Statistical surveys		
				(9) Other:		
C/A	Q/A	T+55	T+7	Statement regarding other accounts receivable/payable of self-financed institutions		
C	A	-	T+6	ETS template		
C	Q/A	T+55	T+7	Cash balance of EU flows of self-financed institutions		
C	Q/A	T+55	T+7	Statement of EU funds classified by subsectors of the general government of self-financed institutions		
M	Q	T+60	T+7	Statement of financial assets and liabilities for reclassified companies (accounting balance sheets)		X

See notes to table 2, on the used abbreviations.

*Data used for financial accounts and B.9f compilation are the same as those used for compilation of transactions reported in EDP T3. Preliminary balance sheets are used for April notification, and final financial data are used for October notification.*

*In addition to other statistical sources, previously mentioned in Table 3, "Other reporting" (information provided by MoPF), primary accounting data regarding the assets and liabilities of the companies reclassified within the public administration sector (data collected by MoPF) and other statistical data sources are used for the compilation of EDP Tables 3 and financial accounts. These statistical data sources (for example: monetary balance sheets, balance of payments statistics/ international investment position or securities statistics etc.) supply the proper structure of the financial instruments for EDP and financial accounts purposes (for example: provision of information by counterpart sector or the entire account sequence) and their quality is verified.*

3.2.2.1. Details of the basic data sources

*It is possible to identify the flow of units classified in different sectors, subsectors and which have been excluded from calculations.*

*It is possible to identify the non-financial versus financial flow from data sources used.*

*It is possible to identify the individual flows.*

*In the case of financial accounts for certain types of financial operations, such as emission allowances, stocks are obtained from cumulative transactions. Moreover, the amounts related to stocks of other amounts receivable/payable on non-reimbursable funds are obtained from transactions. In order to correctly identify the operations performed and the counterparts for the operations carried out by the companies reclassified in the public administration sub-sectors, additional information may be requested to the entities concerned.*

*It is possible to identify the flow between GG sub sectors for the process of consolidation. For self-financed companies it is not possible to identify the flows between GG subsectors for the process of consolidation.*

*For the public companies reclassified from non-financial sector into S.1311 according to market/non-market producer test it is possible to identify the flows between themselves. On quarterly basis, these companies send counterpart information regarding receivables.*

*Basic sources data are non-consolidated.*

#### 3.2.2.2. Statistical surveys used as a basic data source

*No specific statistical surveys are used for nonfinancial accounts and for the compilation of financial accounts.*

#### 3.2.2.3. Supplementary data sources and analytical information

This section describes supplementary data sources, which are used to amend basic data sources while compiling national accounts. In order to meet ESA 2010 requirements, supplementary data could be used for, e.g., accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

##### 3.2.2.3.1. Supplementary data sources used for the compilation of non-financial accounts

*Supplementary data sources are used for BDGF – Annex 3 comprises information regarding the main revenues and expenses.*

##### 3.2.2.3.2. Supplementary data sources used for the compilation of financial accounts

*For the compilation of the financial accounts purposes, the National Bank of Romania receives from the Ministry of Public Finance the following reports:*

- Statement regarding other accounts receivable/payable of self-financed institutions;*
- Emission trading permits template;*
- Cash balance of EU flows of self-financed institutions - Statement of EU funds classified by subsectors of the general government of self-financed institutions;*

- *Statements on the assets and liabilities of the reclassified companies are received on a quarterly basis;*

- *According to Annex 3 of the Protocol (Institutional Responsibilities concerning the provision of data, the preparation and reporting of the Fiscal Notification, according to Regulation no. 479/2009 as amended), the Treasury and Public Accounting Directorate within the MoPF provides to NBR the following:*

*a. the budget execution, according to Annex 2 of the Protocol (List of data required for the implementation of the National System for Government Finance Statistics);*

*b. the balance sheet of public institutions and general balance sheet of the state treasury, as well as the information provided in Annex 2 of the Protocol. For this purpose, another Protocol was signed as early as in 2008 between the MoPF and NBR, according to which NBR receives on a quarterly basis the data necessary for the compilation of General Government financial statistics. A specific annex to the financial statements of public institutions is reported with detailed information broken down by financial instrument and counterpart sector, in order to be used for the financial accounts purposes. The information reported by public institutions are checked by MoPF and sent to NBR;*

- *Securities- Regarding debt securities issued by Central Government, the data sources used are:*

*a. public debt statement provided by Ministry of Public Finance on a quarterly basis, data on stocks on nominal value, with breakdowns on: i) maturities (short term securities and long term securities), ii) issuers (issued by SI311) and iii) creditors' residency (domestic and external). For the split of government debt securities by creditors' residency, MoPF (General Division of Treasury and Public Debt) calculates the stock of debt securities and adjusts the stock of government issuances with data on creditors' residency, using statistical information provided on a monthly basis by National Bank of Romania, Statistics Department, Balance of Payments Division;*

*b. data on debt securities issued by Central Government, from the security-by-security IT system developed starting with 2010 by Statistics Department of NBR. The statistical system includes two modules, one referring to security issuances and another one on security holdings;*

*- data about residents' issuances are collected from different domestic sources, on a monthly basis, whereas information about foreign instruments held by residents are extracted directly from Centralized Securities Database – CSDB system developed at the level of ECB;*

*- data about holders are supplied by resident credit institutions, investment funds, insurance corporations, private pension funds and domestic custodians. Based on all this information, the local system is able to compile securities' stocks, flows, revaluation or other changes in volume at market prices, aggregates that are part of external statistics (international investment position, balance of payment, external debt) and national account statistics. The stock of non-consolidated government debt securities calculated at face value is compiled automatically by the system and provided to MoPF on a monthly basis.*

*In addition, for the financial accounts compilation purposes, the following data sources are used:*

*- Statement on the assets and liabilities of the Bank Deposits Guarantee Fund, on a quarterly basis;*

*- Money and banking statistics -counterpart information;*

*- BoP statistics -counterpart information.*

### 3.2.3. EDP table 2A

This section provides detailed information on individual lines reported in EDP T2A.

3.2.3.1. Working balance - use for the compilation of national accounts

Data from working balance are used for non-financial accounts and B.9 calculation. Data are in cash basis. Accrual adjustments of working balance related to receivable and payable are presented in table 2A in the respective items.

3.2.3.2. Legal basis of the working balance

Law no. 50/2019 regarding State Budget for year 2019, published in Official Monitor no. 209/2019 include details regarding revenues and expenditures not only for WB from T2A, but also for Health Social Insurance Budget (from WB T2D), projects with EU funds financing and activities financed from own revenues. Financial expenditure financed from the external loans was included in state budget.

The State Budget is voted in Parliament. For year (t) in December (t-1).

Data are audited by Court of Accounts (Curtea de Conturi) annually, in the following year after financial statements are submitted and the results are publicly available at [www.curteadeconturi.ro](http://www.curteadeconturi.ro).

As a result of the auditing of financial statements or budgetary accounts, there could be changes impacting B.9 or B.9f.

3.2.3.3. Coverage of units in the working balance

Two adjustment lines due to sector delimitation appear in EDP T2. The purpose of the first adjustment is to exclude flows relating to units, which do not belong to the government sector (or to the particular subsector) according to ESA 2010 definition. The second adjustment refers to B.9 of other units, which are classified within the particular government subsector, but related inflows/outflows are not included in the working balance.

3.2.3.3.1. Units to be classified outside the subsector, but reported in the WB

Units that are not belonging to the government sector are not reported in the working balance. Working balance include only revenues and expenditures of the state budget.

There are not any government units reported in the working balance which do not belong to the particular government subsector.

3.2.3.3.2. Units to be classified inside the subsector, but not reported in the WB

Units included in B9 of other government bodies, but not in WB are: public institutions financed partially or totally from own revenue, treasury budget, Risk fund, public companies which are classified into general government sector according to the result of qualitative and quantitative criteria (the 50% criterion) and other specifications included in ESA 2010).

The B9 of these institutions is on accrual basis.

The B9 of these units include EU flows, neutralization of EU flows, dividends, other accounts receivable/payable in net lending (+)/ net borrowing (-) of public unit.



*Full set of accounts is available for individual units or groups of governments units. Methodological adjustments regarding fixed capital consumption, FISIM, are calculated for each sub-sector.*

3.2.3.4. Accounting basis of the working balance

**Working Balance is on a pure cash basis, in line with transactions in F.2.**

*There are **no cases** when a "non-validated" expenditure by an auditing institution are not included in the working balance. There are no cases when expenditure related to the previous period not validated in the past is included in the working balance.*

*There are **no cases** when revenue or expenditure not recorded in the past due to different reasons were included in the current WB.*

*There are **no cases** when planned (budgeted) expenditure not actually spent (when no goods/services have been delivered), in the current year is recorded in the WB as an "actual" expenditure.*

3.2.3.4.1. Accrual adjustment relating to interest D.41, as reported in EDP T2

*The accounting basis used for interest recording in the WB is cash basis.*

*All interest expenditure of the main entity is recorded in the WB.*

*The payment of discount is recorded in the WB, and it can be identified.*

*Inflow from premium is recorded in the WB.*

*Under line "Difference between interest paid and accrued" the difference between cash interest payments and accrued interest calculated for both loans and securities is reported, taking into account the discount and premium for securities.*

*The adjustments are calculated for expenditure and revenue. It also refers to other government bodies (Treasury budget and public institutions partially or totally financed from own revenues).*

*The interest for companies reclassified in general government is recorded on accrual basis in lines "Net lending/net borrowing of other central government bodies".*

*Under line "Difference between interest paid and accrued", the adjustments to interest revenue reported in EDP T2 are found.*

3.2.3.4.2. Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2

*Non-financial transactions amended on accrual basis are fiscal revenues with time adjusted cash method for D2 -taxes on production and imports, D5-current taxes on income, D6-social contributions. F8-advances for fixed assets/supplier/debtor as P11, represent trade credits **and advances** such as receivable from the supply of goods, the execution of works, or the provision of services. D.92- investments grants.*

*Non-financial transactions adjusted on an accrual basis via payables on change in payments due method are "goods and services (P.2), "wages and salaries" (D.11), "employers' social*

contributions” (D.12 and scholarship D.624). Investment projects (P.51), court decision with retroactive effect (D.99), and court decision according to Government Emergency Ordinance no. 17/2012, 92/2012, 103/2013, Law 85/2016

There is not the case that the adjustment does not refer to replacement of cash flow by accrual one.

In EDP T3 are recorded all items on receivable and payable from T2 but in the different presentation, for example in T2 in B9 of other central government bodies public institution or public company are included items of receivable/payable. These receivables are not presented separately in T2 is included in B9 of respective units. In T3, on receivable/payable are collected all receivable/payable from table 2, including those from the B9 of public unit.

#### 3.2.3.4.3. Other accrual adjustments in EDP T2

##### **Table 2A “other accounts receivable” includes:**

- Receivable on taxes and social contribution
- Accrual on military equipment
- F8 advances for fixed assets/supplier/debtor
- Expenditures made on behalf of EU
- Payments from state budget on behalf of EU from Ministry of Labour and Ministry of Economy
- F89 temporal adjustments of EU fund infrastructure
- F89 temporal adjustment EU fund according to GEO no. 30/2018- -D74 Refunds from EU budget contribution
- Amounts paid on behalf of EU to other sectors than government (on expenditure/MA cash flow)
- Surplus/available account from reorganised institutions
- Amounts to be reimbursed by EU in account of agriculture funds
- Amounts paid on behalf of EU to other sectors than government (agriculture funds)

##### **Table 2A “other accounts payable” includes:**

- Changes payments due of public institutions to other sectors
- Court decision ESA expenditure including Law 85/2016
- Court decision payment including Law 85/2016-D29 related to emission permits
- Correction WB for ETS
- Correction on B9 OCGB for ETS
- F89 Bauspar system
- F89 National Fund of Investment-
- Payable License UMTS 2013-2029-
- Non-financial transaction not included in WB rent D45
- Contribution to assistance institutions for turkey refugees D99-
- Contribution to assistance institutions for turkey refugees paid-
- Pollution restitution : ESA expenditure
- Pollution restitution: payments

##### **Table 2C “other accounts receivable” includes:**

- Receivable on taxes and social contributions
- F8 claims from customers
- Expenditure made on behalf of EU
- F89 temporal adjustment EU fund according to Law no.260/2018/GEO no. 30/2018

**Table 2C “other accounts payable” includes:**

- Changes in payments due
- D99 Court decision ESA expenditure including Law 85/2016
- D11 Court decision payment including Law 85/2016

**Table 2D “other accounts receivable” includes:**

- Receivable on social contributions
- Expenditures made on behalf of EU
- F8 “claims from customers”
- F89 temporal adjustment EU fund according to GEO no. 30/2018

**Table 2D “other accounts payable” includes:**

- Change in due for payments mostly social transfer in kind
- Court decision ESA expenditure including Law 85/2016
- Court decision payment including Law 85/2016
- Reimbursement of social contributions to pensioners

3.2.3.5. Completeness of non-financial flows covered in the working balance

For T2C non-financial transactions not included in the working balance include the loans contracted by the local administrations for both goods and services purchased and the refinancing of other maturing loans, local public institutions financed partially or totally from own revenue and local companies do not enter in working balance of local budget. T2D non-financial transactions not included in the working balance include revenue and expenditure of Public institutions financed partially or totally from own revenue; these institutions belong to Unemployment Fund and report separately.

For T2A it is not the case.

It is not referred to non-financial flows put aside in the WB. These transactions are not included in working balance and are not booked in extra-budgetary accounts.

Transactions such as loans granted, receipt from the reimbursement of loans to government could be recorded in the WB, according to the national legislation.

Reimbursement of domestic and external credits of state and local budget could be recorded in the WB, according to the national legislation.

In working balance which is cash basis we have financial transactions, which are detailed below under the item financial transaction.

We identify such transactions by classification, they have distinct code of classification, and all types of financial transaction included in working balance of T2 are excluded in the section “Financial transactions considered in the WB”.

Financial transactions included in the WB:

Loans granted by government.

Loans granted by government to IFN (Non-banking financial institution) – reclassified transaction

Loans, repayments represent receipts from the reimbursement of loans to government

Other financial transactions include:

- Reimbursements of external and internal credits

- Differences due to exchange related to the external public debt
- Cash payment for compensation titles
- Participation to share capital of companies
- Coupon sold state budget.

### 3.2.3.6. Financial transactions included in the working balance

Transactions such as loans granted, receipt from the reimbursement of loans to government could be recorded in the WB, according to the national legislation.

Reimbursement of domestic and external credits of state and local budget could be recorded in the WB, according to the national legislation.

In working balance which is cash basis we have financial transactions, which are detailed below under the item financial transaction.

We identify such transactions by classification, they have distinct code of classification, and all types of financial transaction included in working balance of T2 are excluded in the section "Financial transactions considered in the WB".

#### Financial transactions included in the WB:

Loans granted by government.

Loans granted by government to IFN (Non-banking financial institution) – reclassified transaction

Loans, repayments represent receipts from the reimbursement of loans to government

Other financial transactions include:

- Reimbursements of external and internal credits
- Differences due to exchange related to the external public debt
- Cash payment for compensation titles
- Participation to share capital of companies
- Coupon sold state budget.

### 3.2.3.7. Other adjustments reported in EDP T2

#### **EDP T2A other adjustments:**

– Compensation titles (National Authority of Property Restitution) – amounts included in WB cash basis was neutralized in other financial transaction and transaction recorded in other adjustments based on market price.

– Transfer from state budget to risk fund represents the amount transferred from state budget to risk fund and uses by the MoPF to make payments, as Guarantor, in the name of beneficiaries of state guarantees;

– Influence from repeated guarantees represents the impact on B.9 from repeated called Guarantees as it is presented in Table 9.3 of questionnaire;

– Debt cancellation of external claims represents part of external claims cancelled by the Government;

– Capital transfer related to debt covered by central government for the social security fund and which represents debt reclassified from social security funds to central government (debt taken over for repayment by the MoPF);

- Adjustments for capital increased (BERD-European Bank for Reconstruction and Development, BEI-European Investment Bank, BDMN-Black Sea Development Bank, FII3M-The Three Seas Initiative Investment Fund S.A, Corporația Financiară

<p><i>Internațională (IFC), AIIB-Asian Infrastructure Investment Bank, IBRD-International Bank for Reconstruction and Development) representing cash payments for capital increase in international financial institutions;</i></p>
<ul style="list-style-type: none"> <li>– <i>Compensation titles Dacia – recorded as capital transfer – D.9 representing restitution of titles for persons which had deposits for cars in communist regime;</i></li> <li>– <i>Non-financial expenditure financed from the external loans budget – representing the budget of external credits which are considered expenditures;</i></li> <li>– <i>Internal loans – separate budget only for expenditures;</i></li> <li>– <i>Foreign aid managed by the Ministry of Economy and Finance – execution account of extra budgetary fund;</i></li> <li>– <i>Super dividends Property Fund - D.421;</i></li> <li>– <i>Guarantee Funds- transactions related to amounts granted by state budget to IFN (non-financial institution) - D.41;</i></li> <li>– <i>Call guarantee from Guarantee Funds- transactions related to IFN;</i></li> <li>– <i>Super dividends test-performed annually and applied to companies reclassified in S13 and also for S11;</i></li> <li>– <i>Other capital transfers - transfers from companies to state budget, with negative sign;</i></li> <li>– <i>EU funds corrections-irregularities in management and control system of Structural Funds in accordance with EU Regulation no 1083/2006, art.100(1);</i></li> <li>– <i>D.99p capital transfer from state budget to CFR Marfă represent outstanding commercial debts of CFR Marfă to NC CFR SA;</i></li> </ul>
<ul style="list-style-type: none"> <li>– <i>Provisions regarding standardized guarantees in government programs (First House Program SME INVEST, SME LEASING, Invest in yourself, etc.);</i></li> </ul>
<ul style="list-style-type: none"> <li>– <i>P.51 decommission costs – decontamination costs of the assets of the privatized company PETROM; transfer from separate account of state treasury to the account of the buyer;</i></li> <li>– <i>Super dividends of the National Bank – state budget revenue from NBR was reduced to the amount of NBR operating income for each year;</i></li> <li>– <i>Net position Exim bank - re-routing transaction because of activity performed in the name of state;</i></li> <li>– <i>Bank Deposit Guarantee Fund-guarantee bank deposits in the event of insolvency of a credit institution;</i></li> <li>– <i>Amounts from previous years financing-D759-from revenue of WB-adjustment made to not influence the current revenue (GEO 37/2008);</i></li> <li>– <i>Amounts from previous years financing-D759-from expenditure of WB-adjustment made to not influence current expenditure (GEO 37/2008);</i></li> <li>– <i>Amounts from amending EU budget 5/2016-amounts accrued in 2016.</i></li> </ul>

### 3.2.3.8. Net lending/net borrowing of central government

*The main source is the same as when calculating the WB. Nevertheless, some adjustments are done as the adjustments presented above plus financial statements of the public companies reclassified are taking into account.*

## 3.2.4. EDP table 3B

### 3.2.4.1. Transactions in financial assets and liabilities

*Central Government financial accounts are used for the compilation of EDP T3. Details are presented under table 4.*

**Table 4. Data used for compilation of transactions and of stocks of financial assets and liabilities**

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	<b>Calculation of transactions</b>													
Transaction data (integrated in public accounts)	X	-	X	X	-	-	X					X	-	X
Other transaction data														
Stock data								X	X	X				X
	<b>Calculation of stocks</b>													
Transaction data	X	-	X	X	-	-	X	X	X	X		X	-	X
Stock data	X	X	X	X	X	-	X	X	X	X	X	X	-	X

**The main data sources are:**

**Assets:**

- For currency (F.21) the data source is the general Treasury balance sheet and Annexes no. 3 and 4 to the Protocol of Cooperation no. 268/14.11.2008 and 7548/16.12.2008, received from the MoPF and for deposits (F.22 and F.29) the main sources are the monetary balance sheet of other monetary financial institutions and NBR balance sheet. These data sources are exhaustive. Other data sources are the balance sheets of all public reclassified companies into S.1311 (according to market/non-market producer test), individual data.
- For debt securities (F.3) the data source is a quarterly report received from the Bank Deposit Guarantee Fund (BDGF). This data source is exhaustive.
- For loans (F.4) the following data sources are used: (i) statement for on-lending credits granted by Central Government, (ii) statistical reporting of financial assets and liabilities of financial corporations engaged in lending, as listed in the General Register held by NBR, (iii) statement of loans given from Treasury in the context of pandemic Covid-19. In addition, the prepayments of military equipment were reclassified from AF.8 to AF.4. These data sources are exhaustive.
- For shares and other equities (F.5) the main data sources used are: (i) monetary balance sheet of other monetary financial institutions and NBR balance sheet, (ii) balance of payments/international investment positions statistics, (iii) statistical reporting of financial assets and liabilities of financial corporations engaged in lending, as listed in the General Register held by NBR, (iv) statement regarding assets and liabilities of Financial Supervisory Authority, (v) situation of revenues and expenditures from privatization received from the MoPF, (vi) annual data on the volume and structure of non-financial corporations' capital, received from The National Trade Register Office, (vii) statement regarding super dividend test performed by NIS on semi-annual basis, (viii) statement of Budgetary Execution regarding the payments between the central bank and the MoPF, received on quarterly basis, used as source for the super dividends recording and (ix) contributions of the nature of capital injections into financial international organizations and development banks registered under the basis of normative acts approved by the government, when such capital injections take place.

- For other financial assets (F.6) the data source is insurance corporation statistics for operations with non-life technical reserves.
- For other accounts receivable (F.8) main sources are: (i) quarterly data on other accounts receivable and payable for Central Government and self-financed companies received from MoPF, (ii) the balance sheets for each public company reclassified into Central Government (Order on the settlement of the reporting procedure of economic and financial indicators by economic agents reclassified in S1311), (iii) balance of payments statistics in case of debt cancellation, (iv) data on EU funds classified by subsectors of the general government from MoPF, (v) other adjustments in accordance with Eurostat advices (i.e. recording of financial corrections related to EU funds). Also, as a measure in the context of the Covid-19 and as effect of the application of the fiscal facilities in 2020 deferred taxes were included in EDP Table 3B to be in line with that one recorded in table 2A.

**Liabilities:**

- For currency and deposits (F.2), debt securities (F.3) and loans (F.4) the main data source is the statement regarding public debt, provided by MoPF on quarterly basis.
- For shares and other equities (F.5) the balance sheets for each public company reclassified into Central Government (Order on the settlement of the reporting procedure of economic and financial indicators by economic agents reclassified in S.1311) are used.
- For other liabilities (F.6) data received from MoPF concerning compensation titles converted into shares in Property Fund or for which compensation titles was not made in cash (2011, 2012) and operation with provision for calls under standardised guarantees First House Program (same data as recorded in Table 2A) are used.
- For other accounts payable (F.8) main data sources are: (i) quarterly data on other accounts receivable and payable for Central Government and self-financed companies, (ii) the balance sheets for each public reclassified company into Central Government (Order on the settlement of the reporting procedure of economic and financial indicators by economic agents reclassified in S1311), (iii) balance of payments statistics and (iv) statement of EU funds classified by subsectors of the general government (v) quarterly UMTS license allocation (the UMTS licence value is spread during the period of the contract) and (vi) ETS template received from MoPF.

For the government debt instruments (F.2, F.3 and F.4) the Ministry of Public Finance, within the General Division of Treasury and Public Debt has its own database, with individual debt data available, in the computerised systems related to public debt. The debt is recorded in accordance with the national legislation (debt contracted directly or guaranteed by Government, through MoPF, or by local public authorities). The MoPF also has debt data of companies reclassified in general government.

For the compilation of the financial accounts, counterpart information is taken from:

- monetary balance sheet,
- balance sheets of economic agents,
- assets and liabilities of companies reclassified within public administration
- balance sheet of National Bank,
- balance of payments,
- international investment position,
- Securities Statistics System - for counterpart sector breakdown and stocks recorded at market value. This information is corroborated with the information received from the MoPF.
- investment funds and financial corporations engaged in lending statistics,
- financial auxiliaries and insurances companies and pension funds statistics,

- *assets and liabilities of BDGF*

*All counterpart data is classified by financial instruments and subsectors of General Government sector. This information is used because the quality of the data is good and the breakdown by instruments and sectors is in compliance with ESA 2010 requirements.*

*Direct data sources on transactions are available for: i) privatization revenue information and the super dividend test for F.5 and ii) other accounts receivable/payable of the State Budget.*

*During the balancing process of the financial accounts of S.13, data for all financial instruments (stocks, transactions, revaluation and other changes in volume) are compared with data from all other sectors, taking into consideration the data sources quality and the hierarchy of sources.*

*In addition to amendments due to the available supplementary data (debt cancellation, debt assumption, super-dividends), data for deposits (F.22), assets of the Central Government are amended using counterpart information from monetary balance sheets.*

*For the rest of financial instruments, the counterpart information is used to enhance its quality. That means that the structure of assets/liabilities classified by financial instruments is adjusted for financial accounts purposes in accordance with counterpart information, while the total amount of assets and liabilities is unchanged. For example, for debt securities the main data source is referring to the total amounts of this kind of financial instruments issued by S.13. For financial accounts purposes it is necessary to split the information by holders' sector, using the counterpart information from various statistical sources (i.e. monetary balance sheets, investment funds statistics or securities holding statistics).*

*The following recordings are performed on the financial accounts, on a regular basis:*

- *debt cancellation of the Romanian external claims is recorded as a reduction of the transactions in F.8 "Other accounts receivable" with the amount canceled in case that data is not already reflected in balance of payments statistics. For this kind of transactions two data sources are compared: data from Ministry of Public Finance and data from balance of payments statistics supplied by National Bank of Romania;*
- *super-dividends are recorded as a decrease of transactions and stocks in F.5. This information is a supplementary data source received from NIS and it is necessary to adjust the main data sources (for example, in the case of Property Fund, classified in S.1311 until March 2012. This kind of data is on cash basis;*
- *negative own funds of public reclassified companies from non-financial corporations into Central Government according to market/non-market producer test are adjusted to be in compliance with the ESA 2010 requirements concerning positive stocks.*

*Data is not adjusted in the consolidation process. The holdings between sub-sectors are consolidated with no impact on B.9f in S.13.*

*The main data received from MoPF is compiled on accrual basis. The counterpart information from monetary balance sheets, investment fund statistics, insurance statistics and financial corporation engaged in lending listed in General Register held by NBR is on accrual basis. The accrual principle is partially applied in the balance of payments statistics.*

*The time of recording is when claims and obligations arise, excepting for general government taxes which are recorded on time-adjusted cash basis.*



*Financial transactions are recorded at transaction value, respectively the value expressed in national currency at which the financial assets and/or liabilities are created or assumed between counter-parties. The principles of valuation and recording of transactions for each financial instrument are presented below:*

- *Monetary gold (F.11) is recorded at the price set on organized markets precious metals;*
- *Special Drawing Rights (F.12) is recorded at the value determined daily by the International Monetary Fund;*
- *Currency (F.21) is recorded at nominal value;*
- *Deposits (Transferable deposits F.22, and Other Deposits F.29) are recorded at the nominal value that the debtor is contractually obliged to pay the creditor; the accrued interest is included in the instrument;*
- *Debt securities other than shares (F.3) are recorded at market value;*
- *Loans (F.4) are recorded at the nominal value; the accrued interest is included in the instrument;*
- *Listed shares (F.511) are recorded at market price;*
- *Unlisted shares (F.512) and other equity (F.519) stocks are valued on the basis of the book value (own funds);*
- *Investment fund shares or units (F.52) are recorded at net assets value;*
- *Other accounts receivable/payable (F.8), for taxes and social contributions the time adjusted cash method is used.*

*For public companies reclassified in S.1311, the accounting balance sheets are used as main data sources for deriving the financial transaction; however, the change in stocks is examined, analyzed and corrected in order to avoid discrepancies between financial and non-financial accounts. In some cases, Eurostat advices are requested and financial accounts are adjusted accordingly.*

*For each public company reclassified in S.1311 the information for stocks of "Equity and investment fund shares or units" is available and transactions are derived from stocks. Data for super-dividends test by NIS is available biannual. These data are recorded as F.5 transactions. The same treatment is applied for the payments between the central bank and government, and are recorded as super dividends, under F.5. In case that for one public reclassified company there are no data available for the current period the common practice is to use the last provided information.*

*In the event of population changes regarding the reclassified public companies, the soundness and continuity of the data series is ensured through other changes in volume.*

#### 3.2.4.2. Other stock-flow adjustments

*The MoPF has information concerning the discount/premium of government securities, at the time of issuance, on individual basis, and reports their value of them under the line "Issuances above (-)/below (+) nominal value".*

*The MoPF calculates the difference between interest paid and interest accrued and reports these adjustments under the line "Difference between interest accrued and paid".*

*There are no cases of swap transactions.*

*The MoPF has information concerning the discount of government securities at the time of redemption, on individual basis, and reports this adjustment under the line "Difference between interests accrued and paid".*

*The revaluation of foreign currency debt for central government debt is calculated using the average exchange rate as a proxy for all the transactions. The data is provided by the MoPF split by the debt instruments.*

*The debt of public companies reclassified in central government is reported as "Changes in sector classification", for the first time in the year when they are reclassified.*

*Under the item "Other volume changes in financial liabilities" there is data reported in table 3 B regarding trade credits reclassified into debt in accordance with Eurostat Decision concerning reclassification of some trade credits in loans.*

#### *3.2.4.3. Balancing of non-financial and financial accounts, transactions in F.8*

This section aims at describing of techniques and methods for balancing non-financial and financial accounts applied generally for the whole general government sector.

#### ***Allocation of discrepancy B.9 vs B.9f***

*We do not allocate the difference between B.9f and B.9. We chose to show the statistical discrepancy.*

#### ***Changes to intermediate data***

*As mentioned before at points 3.2.1.3.2 and 3.2.4.1, counterpart data is used for the compilation of financial accounts with no amendments on B.9f.*

#### ***Complementary elements on stocks/***

*The statistical discrepancy is not allocated, the choice is to show the differences between B9 and B9f.*

#### ***Accruals***

*Discrepancies can occur as result of different time of recording between financial and non-financial accounts*

#### ***Ex-post monitoring***

*The discrepancies between B9 and B9f for public companies reclassified in S.13 are assessed, on quarterly basis, by the team involved in the compilation on financial and non-financial accounts, namely the experts from NIS, MoPF and NBR involved also in EDP notification.*

*The value of the discrepancies does not exceed 0.1% of GDP.*

### **3.3. State government sub-sector, EDP table 2B and 3C**

*Not applicable for Romania.*

### 3.4. Local government sub-sector, EDP table 2C and 3D

#### 3.4.1. Data sources for Local Government main unit

**Table 5 – Availability and use of basic source data for main local government units**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
<b>Budget Reporting</b>							
C	M	T+20	T+7	(1) Current revenue and expenditure	X	x	
C	M	T+20	T+7	(2) Current and capital revenue and expenditure	X	x	
C	Q	T+55	T+7	(3) Current and capital revenue and expenditure and financial transactions	x	x	x
A	Q	T+55	T+7	(4) Balance sheets			x
<b>Financial Statements</b>							
A	A	T+150	T+7	(5) Profit and loss accounts	X	x	
A	A	T+150	T+7	(6) Balance sheets	X	x	X
				(7) Cash flow statement			
<b>Other Reporting</b>							
				(8) Statistical surveys			
				(9) Other:			
C/A	Q/A	T+55	T+7	Statement regarding other accounts receivable/payable of local government			x
C	Q/A	T+55	T+7	Cash balance of EU flows			x
C	Q/A	T+55	T+7	Statement of EU funds classified in local government			x
C	O-semiannual	T+30	T+9	Statement regarding superdividends			x
A	M	T+25	T+7	Money and banking statistics			x
M	M	T+45	T+7	Balance of payments/International investment positions			X

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

#### 3.4.1.1. Details of the basic data sources

Local government includes: local budget, budget of external and internal loans, local public institutions financed partially or totally from own revenue, legal basis is Law no.273/2006 regarding local public finance with amendments.

#### Assets:

-For currency (F.21) data source is provided by MoPF. The data source are the General Treasury Balance Sheet and Annexes no. 3 and 4 to the Protocol of Cooperation no. 268/14.11.2008 and 7548/16.12.2008 between the NBR and the MoPF regarding the provision of general government data necessary for the compilation of the balance of payments and international investment position. with subsequent amendments and supplements. For deposits (F.22 and F.29) the sources are: (i) administrative data from MoPF and (ii) monetary balance sheet of other monetary financial institutions. In addition, data from the balance sheets of all public companies reclassified into S.1313 (according to market/non-market producer test), individual data. These data sources are exhaustive.

- For loans (F.4) the same information that is recorded as in Table 2C is used, as increase or decrease of loans granted by local authorities or loans repaid to local authorities;

- For shares and other equities (F.5), the data source is the situation of revenues and expenditures from privatization provided by the MoPF;

- For other financial assets (F.6), the data source is insurance corporation statistics;

-For other accounts receivable (F.8), the main sources are: (i) quarterly data on other accounts receivables and payables for Local Government received from MoPF, (ii) the balance sheets for each public company reclassified into Local Government and (iii) statement of EU funds classified by subsectors of the general government received from MoPF.

#### **Liabilities:**

- For debt securities (F.3) and for loans (F.4), the main data source is the statement regarding public debt provided by MoPF on quarterly basis;

- For shares and other equities (F.5), the data sources are the balance sheets for each public company reclassified into Local Government;

- For other accounts payable (F.8), the main sources are: (i) quarterly data on other accounts receivables and payables for Local Government received from MoPF, (ii) the balance sheets for each public company reclassified into Local Government and (iii) statement of EU funds classified by subsectors of the general government received from MoPF.

#### 3.4.1.2. Statistical surveys used as a basic data source

Statistical surveys are not used.

#### 3.4.1.3. Supplementary data sources and analytical information

##### 3.4.1.3.1. Supplementary data sources used for the compilation of non-financial accounts

Receivable on taxes and social contributions;  
Local budget balance sheet for F.8 claims from customers and change in payments due;  
Local public companies included accordingly to the result of 50% test and qualitative criteria: airports, district heating units, other local units.

##### 3.4.1.3.2. Supplementary data sources used for the compilation of financial accounts

Regarding debt securities issued by Local Government data sources used are:

- public debt statement provided by Ministry of Public Finance on quarterly basis, data on stocks on nominal value, with breakdowns on: (i) maturities (short term securities and long term securities), (ii) issuers (issued by S1313) and (iii) creditors residency (domestic and external);

- for the split of government debt securities by creditors' residency, MoFP (General Division of Treasury and Public Debt), calculates the stock of debt securities and adjusts the stock of government issuances with data on creditors' residency, using statistical information provided on a monthly basis by NBR, Statistics Department, Balance of Payments Division;
- data from an IT application developed on security by security basis, which has been developed starting with 2010 by Statistics Department of NBR. The statistical system includes two modules, one referring to security issuances and another one on security holdings;
- data about residents' issuances are collected from different domestic sources on a monthly basis, whereas information about foreign instruments held by residents are extracted directly from Centralized Securities Database – CSDB system developed at the level of ECB;
- data about holders are supplied by resident credit institutions, investment funds, money market funds, insurance corporations, private pension funds and domestic custodians. Based on all this information the local system is able to compile securities' stocks, flows, revaluation or other changes in volume at market prices, aggregates that are part of external statistics (international investment position, balance of payment, external debt) and national account statistics. The stock of non-consolidated government debt securities calculated at face value is compiled automatically by the system and provided to MoPF on a monthly basis.

Data regarding accounts receivable/payable by the economic agents classified in S.1313 are available from MoPF.

Counterpart information from the following statistical data sources is used for the compilation of quarterly financial accounts of local government:

- Money and banking statistics - provide information on deposits, loans and government securities held by Monetary and Financial Institutions sector;
- Budgetary execution (table 2C) for loans from treasury and from public institutions' budget to traders;
- Budgetary execution (table 2C) for non-refundable foreign funds;
- Investment funds statistics – provide information regarding on securities issued by Local Government held by investment funds;
- Balance of payments and International Investment Position (IIP) statistics are data sources for the local governments financial claims in the form of other accounts receivable/payable F.8 on the Rest of the World (stocks, transactions, and revaluations data);
- Financial corporations engaged in lending statistics provides information on loans, debt securities and shares and other equities;
- Insurance corporations' statistics provide information on holdings of debt securities issued by Central Government, non-life insurance technical reserves and other accounts receivable/payable;
- Pension funds statistics provides information on holdings of securities issued by Local Government.

This data sources are used because the quality of the data is good and the breakdown by instruments and sectors is in compliance with ESA 2010 requirements.

The appreciation /depreciation of foreign currency debt are calculated for local government in the same way as for central government debt.

The debt of public companies reclassified in local government is reported as "Changes in sector classification" in the year when they are reclassified.

Under the item "Other volume changes in financial liabilities" there is data reported in table 3D regarding trade credits reclassified into debt in accordance with Eurostat Decision concerning reclassification of some trade credits into loans.

### 3.4.2. Data sources for other Local Government units

**Table 6 – Availability and use of basic source data for other local government unit**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
<b>Budget Reporting</b>							
C	M	T+20	T+2	(1) Current revenue and expenditure	X	X	
C	M	T+20	T+2	(2) Current and capital revenue and expenditure	X	X	
C	Q	T+40	T+2	(3) Current and capital revenue and expenditure and financial transactions	x	x	x
A	Q	T+40	T+2	(4) Balance sheets			x
<b>Financial Statements</b>							
A	A	T+150	T+7	(5) Profit and loss accounts		X	
A	A	T+150	T+7	(6) Balance sheets		X	X
				(7) Cash flow statement			
<b>Other Reporting</b>							
				(8) Statistical surveys			
				(9) Other:			
C	M	T+30	T+5	Supplementary information on local government debt			X

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

#### 3.4.2.1. Details of the basic data sources

*The main data sources used are budget executions of local public institutions financed partially or totally from own revenue.*

#### 3.4.2.2. Statistical surveys used as a basic data source

*Statistical surveys are not used.*

#### 3.4.2.3. Supplementary data sources and analytical information

*The data source for public companies reclassified at local level (airports, district heating units, other local units) is profit and loss account EDP table 2C.*

### 3.4.3. EDP table 2C

#### 3.4.3.1. Working balance - use for the compilation of national accounts

*Cash balance of local government revenue and expenditure.*

3.4.3.2. *Legal basis of the working balance*

*Law 273/2006 on local public finances as amended.*

3.4.3.3. *Coverage of units in the working balance*

*42 Counties including 103 units.*

3.4.3.3.1. Units to be classified outside the subsector, but reported in the WB

*None.*

3.4.3.3.2. Units to be classified inside the subsector, but not reported in the WB

*Local public institutions financed partially or totally from own revenue.  
Local public companies.*

3.4.3.4. *Accounting basis of the working balance*

*Cash basis.*

3.4.3.4.1. Accrual adjustments relating to interest D.41, as reported in EDP T2C

*The difference between interest paid and accrued is calculated by the MoPF for local government debt.*

3.4.3.4.2. Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2C

*Table 2C "other accounts receivable" includes:*  
*- Receivable on taxes and social contribution;*  
*- F8 "claims from customers";*  
*- Expenditure made on behalf of EU;*  
*- F89 temporal adjustment EU fund according to Law no.260/2018/GEO no. 30/2018.*  
*Table 2C "other accounts payable" includes:*  
*- Change in payments due;*  
*- Court decision ESA expenditure including Law no.85/2016;*  
*- Court decision payment including Law 85/2016.*

3.4.3.4.3. Other accrual adjustments in EDP T2C

*No other accrual adjustments.*

3.4.3.5. *Completeness of non-financial flows covered in the working balance*

*Fully covered.*

3.4.3.6. *Financial transactions included in the working balance*

*Loans granted and loans repaid by local authorities, reimbursements of domestic and external credits.*

3.4.3.7. *Other adjustments reported in EDP T2C*

*Difference from VAT, income revenue. These are harmonising with flows coming from state budget to local budget.*

*Influence from guarantees under call.*

3.4.3.8. *Net lending/net borrowing of local government*

*B.9 of local government include the same source data used for calculation of WB, with adding to it the adjustments mentioned above.*

**3.4.4. EDP table 3D**

3.4.4.1. *Transactions in financial assets and liabilities*

**Table 7. Data used for compilation of transactions and of stocks of financial assets and liabilities**

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	<b>Calculation of transactions</b>													
Transaction data (integrated in public accounts)	X	-	-	X	-	-	X					X	-	X
Other transaction data														
Stock data								X	X	X				X
	<b>Calculation of stocks</b>													
Transaction data	X	-	X	X	-	-	X	X	X	X		X	-	X
Stock data	X	-	X	X	X	-	X	X	X	X	X	X	-	X

**3.5. Social security sub-sector, EDP table 2D and 3E**

**3.5.1. Data sources for Social Security Funds main unit : xxx**

**Table 9 – Availability and use of basic source data for social security funds  
Social security sub-sector, EDP table 2D and 3E**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				<b>Budget Reporting</b>			
C	M	T+20	T+2	(1) Current revenue and expenditure	X	X	
C	M	T+20	T+2	(2) Current and capital revenue and expenditure	X	X	



EDP tables and data sources - Central Government sub-sector, EDP table 2A and 3B

C	Q	T+40	T+2	(3) Current and capital revenue and expenditure and financial transactions	x	x	X
A	Q	T+40	T+2	(4) Balance sheets			X
				<b>Financial Statements</b>			
A	A	T+150	T+7	(5) Profit and loss accounts			
A	A	T+150	T+7	(6) Balance sheets			
				(7) Cash flow statement			
				<b>Other Reporting</b>			
				(8) Statistical surveys			
				(9) Other:			
C/A	Q/A	T+55	T+7	Statement regarding other accounts receivable/payable of social security funds			x
C	Q/A	T+55	T+7	Cash balance of EU flows			x
C	Q/A	T+55	T+7	Statement of EU funds classified in social security funds			x

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6,7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

### 3.5.1.1. Details of the basic data sources

*Budget executions are the basic data sources for cash balance of revenue and expenditure of state social security budget, unemployment budget and health social insurance budget.*

**Assets:**

- For currency and deposits (F.2), the sources are: (i) the statement of State Treasury Account and Annexes no. 3 and 4 to the Protocol of Cooperation no. 268/14.11.2008 and 7548/16.12.2008 from MoPF and (ii) monetary balance sheet of other monetary financial institutions. These data sources are exhaustive;

- For loans (F.4), the same information as recorded in Table 2D, as increase or decrease of loans granted by social security funds;

- For other financial assets (F.6), the data source is insurance corporation statistics regarding operation with non-life insurance reserves;

- For other accounts receivable (F.8), the main data sources are: (i) quarterly data on other accounts receivables and payables for Social Security Funds, received from MoPF and (ii) statement of EU funds classified by subsectors of the general government received from MoPF.

Also, as a measure in the context of the Covid-19 and as effect of the application of the fiscal facilities in 2020 deferred taxes were included in EDP Table 3E to be in line with that one recorded in table 2D.

**Liabilities:**

- For loans (F.4), the main data source is the statement regarding public debt provided by Ministry of Public Finance on a quarterly basis;

- For other accounts payable (F.8), the main data sources are: (i) quarterly data on other accounts receivables and payables for Social Security Funds, acquired from MoPF and (ii) statement of EU funds classified by subsectors of the general government received from MoPF.

3.5.1.2. Statistical surveys used as a basic data source

No statistical surveys are used as a basic data source for compiling the data for S.1314.

3.5.1.3. Supplementary data sources and analytical information

3.5.1.3.1. Supplementary data sources used for the compilation of non-financial accounts

Budget execution of public institutions financed partially or totally from own revenue from unemployment fund.  
Balance sheet of social security budget used for F8 payable.

3.5.1.3.2. Supplementary data sources used for the compilation of financial accounts

The following supplementary data sources are used for the compilation of quarterly financial accounts of social security funds:

- Money and banking statistics, which provides information on deposits of social security funds.
- Insurance companies 'statistics provide information non-life insurance technical reserves and other accounts receivable/payable;
- Budgetary execution (tab.2D) for loans granted and loans repaid by unemployment budget and social security;
- Budgetary execution(tab.2D) for EU funds (expenditure made on behalf of EU);
- Data regarding receivable/payable accounts in counterpart with economic agents and households.

**3.5.2. Data sources for other Social Security units**

**Table X – Availability and use of basic source data for other social security units**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		T + days	T+months		cross appropriate cells		
				<b>Budget Reporting</b>			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	Q	T+55	T+7	(3) Current and capital revenue and expenditure and financial transactions	x	x	X

## EDP tables and data sources - Central Government sub-sector, EDP table 2A and 3B

A	Q	T+55	T+7	(4) Balance sheets			X
				<b>Financial Statements</b>			
A	A	T+150	T+7	(5) Profit and loss accounts			
A	A	T+150	T+7	(6) Balance sheets			
				(7) Cash flow statement			
				<b>Other Reporting</b>			
				(8) Statistical surveys			
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6,7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

### 3.5.2.1. Details of the basic data sources

Not the case.

### 3.5.2.2. Statistical surveys used as a basic data source

Not the case.

### 3.5.2.3. Supplementary data sources and analytical information

Not the case.

### 3.5.2.4. Extra-budgetary accounts

This section provides information on the so-called "extra-budgetary accounts" of the main local government entities, i.e. about flows, which are not recorded in budgetary accounts that enter the WB, as reported in the first line of EDP table 2.

#### **Non-financial flows recorded in EBA**

No financial flows recorded in EBA

#### **Financial flows recorded in EBA**

Financial flows recorded in EBA – there is not the case.

### 3.5.3. EDP table 2D

#### 3.5.3.1. Working balance - use for national accounts compilation

Cash balance of revenue and expenditure of state social security budget, unemployment budget and health social insurance budget.

#### 3.5.3.2. Legal basis of the working balance

*Is issued annually, for 2019 the Law no.47/2019 regarding social security budget is in force.*

3.5.3.3. Coverage of units in the working balance

*In Working balance of S.1314 are included state social security budget, unemployment budget and health social insurance budget.*

3.5.3.3.1. Units to be classified outside the subsector, but reported in the WB

*None.*

3.5.3.3.2. Units to be classified inside the subsector, but not reported in the WB

*Units included inside the subsector, not included in WB are public institutions financed partially or totally from own revenue from unemployment fund -8 units. They are non-profit institutions which perform activities of training and retraining of people looking for a job, conducts training programs for occupations in computer science in construction and textiles (in this website are provided information on the programs developed each centre); helps employers interested in identifying their trending needs; provide learners and employers groups individuals designated general education modules.*

3.5.3.4. Accounting basis of the working balance

*Working balance is on cash basis.*

3.5.3.4.1. Accrual adjustments relating to interest D.41, as reported in EP T2D

*Not the case.*

3.5.3.4.2. Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2D

***Table 2D “other accounts receivable” includes:***

- Receivables on social contributions;*
- Expenditures made on behalf of EU;*
- F8 “claims from customers”;*
- F89 temporal adjustment EU fund according to GEO no. 30/2018.*

***Table 2D “other accounts payable” includes:***

- Change in due for payments mostly social transfer in kind;*
- Court decision ESA expenditure including Law 85/2016;*
- Court decision payment including Law 85/2016;*
- Reimbursement of social contributions to pensioners.*

3.5.3.4.3. Other accrual adjustments in EDP T2D

*No other accrual adjustment.*

3.5.3.5. Completeness of non-financial flows covered in the working balance

*Fully covered.*

3.5.3.6. Financial transactions included in the working balance

*Loans granted and loans repaid by unemployment budget and social security.*

3.5.3.7. *Other adjustments reported in EDP T2D*

*Capital transfer related to the repayment of debt by central government on behalf of social security fund.*  
*Other capital transfers – capital transfer related to companies.*

3.5.3.8. *Net lending/net borrowing of social security funds*

*The net lending/net borrowing of social security funds reported in the last line of EDP T2D is derived from the same source data used when calculating the WB. Only specific adjustments as mentioned above use supplementary data sources (e.g. calculation of the time-adjusted cash of health insurance contributions, or the net lending/net borrowing of public institutions financed partially or totally from own revenue of social security bodies).*

**3.5.4. EDP table 3E**3.5.4.1. *Transactions in financial assets and liabilities***Table x. Data used for compilation of transactions and of stocks of financial assets and liabilities**

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	<b>Calculation of transactions</b>													
<b>Transaction data</b> (integrated in public accounts)														
<b>Other transaction data</b>														
<b>Stock data</b>	X	-	X	X	-	X	X		X	X			X	X
	<b>Calculation of stocks</b>													
<b>Transaction data</b>														
<b>Stock data</b>														

3.5.4.2. *Other stock-flow adjustments***3.6. Link between EDP T2 and related EDP T3**

The monitoring of the link between the individual adjustments in EDP T2 and the related transactions reported in EDP T3 is important for the assessment of GFS data quality.

It is not expected that the adjustments from EDP T2 would be clearly identified in EDT3.

- First, this is due to different coverage of units, because the adjustments in EDP T2 should refer only to the main entity reported in the WB, while transactions in EDP T3 reflect the whole subsector.
- Second, due to the accounting basis and coverage of transactions reported in the WB. For the former, if the WB is on accrual basis, theoretically there is no need for adjustments in other accounts receivable/payable F.8 in EDP T2, but it should be ensured that the accrual recordings in non-financial accounts are linked to transactions in F.8 reported in EDP T3 and in FA. For the latter (coverage of transactions), the WB balance as reported in EDP T2 typically does not cover all financial flows, since some are booked in the so called extra-budgetary accounts of the main entity.

- Third, adjustments/transactions reported in EDP T2A are non-consolidated, since they refer to the main entity only, as recorded in the working balance (e.g. loans, other accounts receivable/payable, etc.), while financial transactions recorded in EDP T3 refer to the whole subsector and they are consolidated.

As far as specific imputations are concerned, such as debt cancellation, debt assumption etc., which are reported in EDP T2, these should be reflected also in financial accounts and EDP T3 under the related financial instrument.

Therefore, in order to ensure consistency between non-financial and financial accounts and quality of GFS data, statisticians are to be able to explain and to quantify a link between flows reported in EDP T2 and EDP T3.

### 3.6.1. Coverage of units

*S.1311 includes: Ministries, other public institutions partially or totally financed from own revenues subordinated to ministries and public companies reclassified into S.1311.*

*S.1313 includes: Local authorities and public institutions partially or totally financed from own revenues subordinated to them and public companies reclassified into S.1313.*

*S.1314 includes: authorities that are managing social security funds (public pension system and other social security benefits, unemployment fund, health insurance fund, work accident and occupational disease insurance fund), as well as the subordinated local agencies, regardless of their financing source.*

*The register of units for the non-financial and financial accounts is the same. NIS is responsible for the classification of the institutional units by sector (i.e. the list of the public companies reclassified in S.13 is held by NIS and it is published on the website at the following address:*

*<https://insse.ro/cms/ro/content/nivelul-datoriei-%C8%99i-deficitului-guvernamental>*

*The coverage for the units reported in EDP Table 2 and 3 is identical.*

### 3.6.2. Financial transactions

*1. Explain, if relevant, the link between financial transactions, which are excluded from the WB as reported in EDP T2, and financial transactions reported in financial accounts and EDP T3.*

*2. Focus on financial transactions (FT) undertaken by the main entity reported in the WB and list all the reasons for different figures on FT reported in the working balance and in financial accounts, e.g. why there is different coverage of financial flows, possible differences in valuation, etc.*

*3. Do you use data on financial transactions reported in the WB for EDP T3 and FA compilation? If yes, specify further.*

*4. If you do not use the data on FT as reported in the WB for compilation of financial accounts and EDP T3, explain why.*

*5. List all the adjustments, which should be done in order to reconcile financial transactions reported in EDP T2 and T3.*

*6. The explanations should be provided separately for different financial transactions in assets: F.3, F.4, F.5, F.7; F.8; and for transactions in liabilities (including F.8), when relevant.*

The explanations are to be provided separately for each subsector.

### 3.6.3. Adjustments for accrued interest D.41

*The adjustment for accrued interest refers to expenditures and revenues.*

*The interest related to public companies reclassified in central government and in local government is not recorded in WB in EDP T2. These amounts are reported under lines “Net borrowing or net lending of other central/local government bodies”.*

*The adjustment for accrued interest is the same in EDP T2 and T3.*

*The difference between amounts reported in table EDP 2A and 3B under line “Difference between interest accrued and paid” represents the discount of government securities at the moment of redemption which is reported under this line.*

*The explanations regarding the adjustments which should be done in order to reconcile figures reported in EDP table 2 and table 3 in the adjustment line for accrual D.41 are to be provided separately for each sub-sector.*

### 3.6.4. Other accounts receivable/payable F.8

*The main entities reported in the working balance are: The State Budget (public institutions classified in Central Government including self-financed institutions), Local Governments and Social Security Funds.*

#### **Receivables**

*The transactions in other accounts receivable of these units reported in T2 are also recorded in T3.*

*Transactions in receivables related to EU funds of these units reported in T2 are also recorded in T3.*

*Receivables related to EU funds for self-financed institutions are recorded only in T3 for General Government.*

*Receivables for public reclassified companies into Central Government and Local Government subsectors are recorded only in T3.*

#### **Payables**

*The transactions in other accounts payable of these units reported in T2 are also recorded in T3, with the exception of the details related to emission trading permits that are not included in table 3 according to MGDD chapter 6.5.*

*Part of advances received from EU to be justified by the final payment to the beneficiaries is recorded in T3 as payables (F8) and the other part is recorded under Currency and Deposits (F2) (data source is the financial accounts). These advances are not recorded in non-financial accounts and therefore they are not recorded in Table 2A.*

*Payables for public reclassified companies into Central Government and Local Government subsectors are recorded only in T3.*

*The accrual adjustments reflected in non-financial accounts are identical to those reported in financial accounts in F.8*

*Data is on accrual basis in T2 and in T3 therefore there is no need for additional accrual adjustment for T3.*

*There is no need to reconcile transactions in F.8 between T2 and T3 because data is recorded on accrual basis.*

### **3.6.5. Other adjustments/imputations**

*“Other adjustments” in EDP T2 includes:*

- the impact on B.9 from guaranteed debt reclassified in general government debt and presented in EDP T3 under position change in debt;*
- annual payments made from state budget to the capital increase in multilateral banks are adjusted, being financial transactions, while in table EDP T3 the capital injection in multilateral banks is reported as total amount in the year when decision was taken, as increase (+) in “Shares and other equity other than portfolio investments”;*
- cancellation of foreign claims is recorded in both tables EDP T2 and EDP T3.*

*In the financial accounts no imputations are done, because those are already reflected in the data sources.*

### **3.7. General comments on data sources**

- 1. Provide additional comments and explanation on common features of different data sources, for different subsectors, when appropriate.*
- 2. Mention the consistency/inconsistency of classifications used in the Budget Reporting of different General Government units.*
- 3. Indicate briefly whether changes in the accounting rules are foreseen in the near future, if any and provide a reference to the related part of the EDP inventory for detailed explanation. EDP table 4*

### **3.8. EDP table 4**

*Table 4 – The statements on the provision of additional data contained in the Council minutes of 23/11/1993 request the submission of trade credits and advances, amounts outstanding in the government debt from the financing of public undertakings, differences between the face value and the present value of government debt and GNI at market prices.*

#### **3.8.1. Trade credits and advances**

*The main data sources used in the calculation of stocks of liabilities in trade credits and advances (AF.81L) are the balance sheets of the public companies reclassified in S.1311 and S.1313 and trade credits and advances from “Statement regarding other accounts receivable/payable of general government” (data supplied by the MoPF on a quarterly basis). The coverage is complete.*

*The Eurostat Decision of 2012 concerning the reclassification of some trade credits as loans and the provisions of MGDD 2019 edition was implemented and for such cases the trade credits were reported as general government debt under instrument “loans”.*



*The data sources mentioned above are also the main data sources for the compilation of general government financial accounts (quarterly and annual) for which the full sequence of accounts is available (stocks, transactions, revaluations and other changes in volume). The value of transactions in F.81 from financial accounts is the same with the one recorded under the line "net incurrence of other liabilities" in EDP T3.*

*Not the case.*

### **3.8.2. Amount outstanding in the government debt from the financing of public undertakings**

*The MoPF reports under this position the loans contracted directly by the MoPF and on-lent to public companies and the loans contracted by public companies and guaranteed by the MoPF which are repaid from the state budget.*

## **4. Revision policy used for annual GFS**

This section relates to the revision policy concerning annual non-financial and financial government accounts. It describes the country policy for revisions with and without impact on the deficit (non-financial accounts for general government) and debt (financial accounts for general government).

### **4.1. Existence of a revision policy in your country**

#### **4.1.1. Relating to deficit and non-financial accounts**

*For March EDP notification the data for public institutions are half-finalised data, for public companies classified in central and local government sub sector are half-finalised. The financial statements are collected at the end of May by the MoPF and after processing and validating it, the data is transmitted to NIS's data basis. For September EDP notification revision for annual non-financial government accounts are usually expectable.*

*EDP years are routinely re-opened for reclassifications of units and historical years can also be re-opened in case of need.*

#### **4.1.2. Relating to debt and financial accounts**

*The March EDP notification is based on half-finalized data. For the September EDP notification, data are final and B.9f can be impacted. In this respect can be mentioned that audited balance sheets of reclassified companies are available at T+7 months. Also the super-dividend test is performed on the final data.*

*The current revision concerning the debt data:*

- relating to data for year t-1, the data provided in October are updated compared with the data reported in April. The data sent in October could be amended only following the Court of Account decision for the audit made on the general account of public debt;*
- revisions following Eurostat recommendations and decisions.*

*EDP years are routinely re-opened for reclassifications of units, and historical years can also be re-opened in case of need.*

### **4.2. Reasons for other than ordinary revisions**

*EDP data are revised after the NIS applies the market/non-market test*

*Data can be revised when: units are reclassified or there is a controversy about claims/liabilities and there might be a need for a court decision with retroactive effect.*

*In case of new data sources, they are integrated in the financial accounts from the moment they are available.*

*If errors are detected, data are corrected and revisions are made accordingly.*

Revision policy used for annual GFS

### **4.3. Timetable for finalizing and revising the accounts**

*The non-financial accounts are revised in September mainly due to the final version of financial statements of central and local public companies.*

*Data are revised on a semi-annual basis linked with March and September notification.*

## B. Methodological issues

### 5. Sector delimitation – practical aspects

#### 5.1. Sector classification of units

General government is defined by ESA 2010 §2.111 as "... institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth". Moreover, §20.05 specifies that the general government sector "consists of all government units and all non-market non-profits institutions (NPIs) that are controlled by government units. It also comprises other non-market as identified in paragraphs 20.18 to 20.39".

It is necessary to determine:

- a. if it is an institutional unit (ESA 2010 2.12 describes the rules according to which an entity can be considered as an institutional unit)
- b. if it is a public institutional unit (ESA 2010 §20.18 and MGDD I.2.3 – define the notion of control by the government over an entity as "the ability to determine the general policy or programme of that entity"... According to the list of criteria listed in ESA 2010 §20.309)
- c. if it is a non-market public institutional unit - reference to "Market-non-market delineation" (ESA 2010 §20.19 to §20.28 and MGDD I.2.4)"

*The General Government sub-sectors include public institutions as well as public corporations. The institutional units administer and finance a group of activities, principally providing non-market goods and services, intended for the benefit of the community.*

*In order to determine whether an entity should be classified in the general sector we use the following criteria:*

*Institutional unit – this is the first criterion for classifying an entity into a sector. A unit, which has autonomy of decision and a complete set of accounts, is an institutional unit;*

*Private/public institutional unit criterion: the key concept is "control". An institutional unit is public, if it is controlled by a general government unit and private if it is not controlled by general government. Control means the ability to determine: the general policy or programme of an entity, the appointment of directors or managers if necessary. Ownership of at least half of the voting shares of the entity is a sufficient condition to establish control.*

*Market/non-market public institutional unit concept (according to ESA 2010 §20.29 to §20.31) – non-market institutional units are included in general government, even if they have market activities developed by market secondary local kind-of-activity units. In order to decide on the sector classification, the 50% criterion should be analysed, in other words, if more than 50% of the production costs are covered by sales to consumers, then the unit is a market. Market units are excluded from the general government sector.*

*In order to verify the correctness of the applied method for delineation of institutional units and their classification, a survey took place in 2002 regarding "Incomes and expenditures of public institutions under the ministries subordination partially or entirely financed from own revenues".*

*The aims of the survey were: to provide information on the provenance of the incomes and the types of expenditures of these institutions, to offer the possibility to reclassify these institutions into institutional sectors according to the principles of The Manual on Governmental Deficit and Debt, to compile national accounts aggregates for self-financing institutions by sectors, to*

improve the consolidation procedures for general government accounts, to improve the estimations for central government sub-sector and general government sector. In the light of the results obtained from this survey, it appeared that the 50% criterion applied on subgroups of institutional units was appropriate.

Anyway, the analysis was carried out, with focus on special cases. It is necessary to classify some important transactions and some significant features of both revenue side (the classification of fees as taxes or the provision of services) and the expenditure side (the classification of certain costs as intermediate consumption or capital formation) for whether units are classified as market producers or other non-market producers.

The classification into sectors is made after analysing if a producer is a market or a non-market unit. The criterion proposed by ESA 2010 is applied for each general government unit which is deemed to be an institutional unit, as well as a public producer. The legal definitions are also taken into consideration.

ESA 2010 defines the criterion of covering production costs by sales at institutional unit level in order to decide whether producers are market or other non-market units, as follows:

- if more than 50% of production costs are covered by sales, the unit is a market producer and is classified in the financial or the non-financial corporation sector;
- if sales cover less than 50% of production costs, the institutional unit is another non-market producer.

The public companies can be easily classified into different sectors applying the 50% criterion (test).

In Romania, for the general government non-financial accounts, the 50% criterion was applied annually for all public companies (at central and local level).

According to the result of qualitative and quantitative criterion, 282 public companies were classified into central government sub-sectors (S.1311) while 606 public companies were subordinated at local level in the local government sub-sectors (S.1313).

The analyse is done by the National Institute of Statistics based on annual accounting statements.

The 50% criterion was applied based on the ratio between operating incomes minus operating subsidies, on one side, and operating expenditures, on the other.

The NIS prepared a questionnaire for second time (2018) in order to obtain information on qualitative criterion.

The purpose of the questionnaire was to obtain information about the purchaser of the output of a public producer. The questions asked were the following:

- Is the output sold to corporations and households? (yes/no and %);
- Is the output sold only to government? (yes/no and %);
- Is the output sold to government and others? (yes/no and %).

All responses were analysed by NIS.

According to the results of the questionnaire, the public companies that sell to government more than 50% from output (17 new units at central level and 73 units at local level) were reclassified into General Government sector starting with 2015.

A number of 649 non-profit institutions (intercommunity development associations – IDAs) controlled and financed by local government were classified into local government sub-sector.

In order to examine the modalities to capture public control outside ownership, i.e. regardless of the shareholding proportion of government, and apply any relevant additional qualitative criteria in the context of the general government sector delimitation), the National Institute of Statistics prepared a survey/questionnaire in order to obtain information based on which to

*apply the qualitative criteria (government control). The questionnaire was sent to all units (736 units) in which the government is a minority shareholder (holds shares between 0-49.9%):*

*-central level 128 units;*

*-local level 608 units.*

*The purpose of the questionnaire was to obtain information about the level of control held by government.*

*The criteria that led to the reclassification of these units were the Government control of key committees in the entity and Government possession of a golden share.*

*A number of 16 units (12 at central level and 4 at local level) were classified into general government sector.*

*In order to continue this practice NIS launched again this survey in 2020*

*The qualitative questionnaire was sent to all units (739 units) where the government is a minority shareholder (holds shares between 0-49.9%).*

*The purpose of the questionnaire was to obtain information about the level of control by government.*

*The answers received from 524 units (central and local level) were analysed by NIS and according to the results of the questionnaire no unit was reclassified into General Government sector.*

*When a new unit is created, the information is obtained from Statistical Register (REGIS).*

*The classification of public producers by institutional sectors is made based on the analysis of the kind of producer in order to establish if it is a market or non-market producer. In this respect, both criteria, qualitative and quantitative, are applied according to the rules of new ESA 2010. For delimitation of general government sector priority has qualitative criteria, all public companies that sell to government sector are classified into central and local government sub-sectors. For these units the quantitative criterion is not applied.*

*The rest of public companies controlled by government, selected from Statistical Register (REGIS) are annually tested by applying the 50% criterion (test).*

*The analysis is done by the NIS and is based on annual financial statements in specially Profit and Loss Account.*

### **5.1.1. Criteria used for sector classification of new units**

*The criteria for classification of new units inside General Government (central or local level) are: qualitative and quantitative criteria, based on the structure of the shareholders and ownership. This information is obtained from Statistical Register (REGIS).*

### **5.1.2. Updating of the register**

*The list of units controlled by government (public companies) is obtained based on the information, from Statistical Register (REGIS) concerning the structure of the shareholders and ownership.*

*The Statistical Register (REGIS) is held by a special division from NIS, Statistical Register of Enterprises Division.*

*REGIS comprises both active and dormant enterprises. An active enterprise is an entity, which, from economic standpoint is active during the survey period, that is, it produces goods or services, records expenditure and draws up and submits normalised accounting statements (balance sheets). A dormant enterprise is an entity existing from legal/juridical standpoint, but inactive from the economic standpoint.*

*The information covered by the Statistical Register is structured on two levels:*

- *the legal units (enterprises), i.e. either natural persons or family associations (as entrepreneurs) or legal persons;*
- *the local units (establishments).*

*It is updated based on the following sources:*

- *the Trade Register is held by the Romanian Chamber of Commerce and it is recording all economic agents that start an activity in Romania;*
- *the Fiscal Register is held by the MoPF; it contains the fiscal registration number for all economic agents that develop an economic activity within Romanian territory;*
- *the accounting statements of economic units;*
- *the accounting statements of non-governmental organisations;*
- *the National Fund of Pensions and the National Insurance Fund;*
- *the declarations on global income of self-employed;*
- *the statistical surveys organised by the NIS.*

*The Statistical Register is the unique source for providing unit nomenclatures in order to carry out the surveys. The main characteristic of the REGIS is its full compatibility with the other registers used in the economy.*

*REGIS is revised monthly, semi-annually and annually, as follows:*

- *Monthly, based on the Trade Register (TR) and the Fiscal Register (FR);*
- *Semi-annually, based on the accounting statements (the balance sheets and the profit and loss account) of non-financial corporations submitted to MoPF;*
- *Annually, based on the feed-back of surveys (SBS), other surveys, accounting statements, declarations on global income of independent persons (SE/FA) from MoPF, and VAT declarations for all units. The feedback of surveys (SBS) is important, because much information from territory is made available concerning the actual situation. For example, although a unit has been found in the Trade Register as active, after running a survey it can however be found that this unit indeed is no longer active. In this way, data basis about all legal units are updated.*

### **5.1.3. Consistency between different data sources concerning classification of units**

*One of the current activities regarding the compilation of financial and non-financial accounts is the check of the list of public companies reclassified into S.13, in order to ensure that the same classification of the units is used in both statistics.*

*For the same purpose, a Convention regarding data sources for national accounts is enforced, which states that the list of institutional units classified into financial sectors is to be shared between NIS and NBR.*

## **5.2. Existence and classification of specific units**

### **1. Non-profit institutions (NPI)**

*Based on qualitative criterion, 649 non-profit institutions serving households are reclassified into local government subsector.*

*Non-profit organizations of public utility are defined in Government Ordinance no. 26/2000 on associations and foundations. Individuals and legal entities carrying out activities aimed at the public interest or in the interest of communities or, as appropriate, for their personal non associations or foundations may be under this Government Ordinance no.26/2000 on associations and foundations.*

*Associations and foundations established under this ordinance are private legal persons, without patrimonial purpose.*

*Person non-profit organizations - associations, foundations and federations are established by order, foreign legal persons referred to in art. 76 of the Ordinance, associations, foundations, unions, associations and corporate groups established under Law no.21/1924 and their subsidiaries; after their establishment, associations, foundations and federations concerned will require autonomous administrative authorities, ministries, other bodies of central government and local authorities to be taken over by them, depending on their field of activity. Recognition of public associations or foundations is by Government decision. To this end, the association or foundation concerned with a request to the General Secretariat of the Government, which shall, within 15 days, the ministry or a specialized body of the central government in whose area of jurisdiction it operates.*

*Associations and foundations established by the Romanian legal persons or legal entities may acquire the entire lifetime ownership and other real rights over the lands necessary to accomplish the purpose for which they were created.*

*According with the ESA 2010 a number of 649 non-profit institutions (intercommunity development associations – IDAs) controlled and financed by local government were classified into local government sub-sector starting with 2010.*

## **2. Quasi-corporations**

*There are no quasi-corporations identified.*

## **3. Infrastructure companies**

*The following infrastructure companies are classified inside General Government sector based on the result of 50%test and qualitative criterion:*

*The National Society of Railway Passenger Transport ‘C.F.R. Călători’- was established by the Government Decision no. 584/1998 modified and completed according to the regulations in the Government Decision no. 274/22.02.2001 and Government Decision no. 1199/2002 is a Romanian juridical person with integral state capital.*

*The object of the National Society of Railway Passenger Transport activity is:*

*-to effectuate the public passenger railway transport of long distance in intern and international traffic;*

*-to effectuate the railway transport in regional and interregional traffic;*

*-to effectuate the transport in specialized wagons, military type, penitentiary and others; Metrology activity and transport by road;*

*- other activities connected or associated to the public passengers’ railway transport, such as: industrial production, consultancy, intern and international tourism, performing services, transport based on other technologies that the railway one, publicity, issuance, printing and emission, commerce, any other activities based on contracts or conventions in the name of the third party, connected directly or indirectly with C.F.R. Călători activity.*

*The National Society of Railway Passenger Transport ‘C.F.R. Călători’ is classified into central government sector (S.1311) since 2008.*

*CNCF “CFR” SA (CFR Infrastructură) was established in 1998, following the reorganisation of the companies SNCFR and CNFR. The company manages and maintains the railway infrastructure – public or private.*



CNCF “CFR” provides to all railway operators the entire the rail network to perform in an environmental conditions and safety the transport of passengers or goods.  
CNCF “CFR” SA (CFR Infrastructură) is classified into central government sector (S.1311) since 2007.

METROREX SA - in year 1975 was established the Bucharest Metro Company having the role of building the entire metro transport network.

METROREX SA was established by Government Decision no.482/1999 and operates under authority of the Ministry of Transport. The company provides public passenger transport service to the subway and underground rail network ground, in term of traffic safety and comfort.

METROREX SA is classified into central government sector (S.1311) since 2004.

SN International Airport Mihail Kogălniceanu- was established by Government Decision 523/1998, amended and updated by Government Decision no..1096/2008.

The main activity is the provision of services, maintenance, repair of assets from owned property or concession, to ensure conditions for the arrival and departure of aircraft in internal traffic and/or international and provide airport services for the transit of persons, goods and mail and, also, services in the national interest.

SN International Airport Mihail Kogălniceanuis classified into central government sector (S.1311) since 2004.

National Company of Administration of Road Infrastructure (Compania Națională de Administrare a Infrastructurii Rutiere) is a strategic company that operates under Department of National Infrastructure, Projects and Foreign Investments.

This company has as main responsibilities:

- management and maintenance of the national network of roads and motorways;
- construction of roads and new motorways;
- elaboration of legislation in the field of infrastructure;
- preparation of the studies, forecasts and programmes for development, systematisation and modernisation of public roads;
- periodical revision of roads and bridges, permanent updating of the database on technical stage of rehabilitation programme for increasing traffic flow and comfort of the road.

National Company of Administration of Road Infrastructure is classified into central government sector (S1311) since 2003.

The "Lower Danube River Administration"(AFDJ R.A.) Galați is a Romanian legal entity operating as autonomous administration under the authority of the Ministry of Transports of Romania, in compliance with the provisions of the Decision no. 492/2003 of the Romanian Government and those of the international conventions and agreements in which Romania is part. AFDJ R.A.Galați plays the role of waterway authority on the Romanian sector of the Danube, from its entrance on the Romanian territory, at km 1,075 down to its mouth to the Black Sea, on Sulina Branch and in Sulina roadstead, on the navigable branches of the Danube, Borcea, Bala, Măcin, Vâlcui, Caleia, on Chilia branch and its secondary branches, on Sf. Gheorghe Branch with the rectifying canals and on the secondary channels of Sulina Channel, known as the Old Danube. As navigable way authority and according to the provisions of the "Convention Regarding the Regime of the Navigation on the Danube", AFDJ R.A. Galați has as object of activity to maintain the minimum navigation depths by maintenance dredging, to assure costal and floating signalling, to carry out topographic - and hydrographic measurements, to make construction and repair works of hydrotechnical constructions, to

*assure piloting of sea-going ships on the Romanian Danube section from Sulina roadstead to Braila and in the harbours situated on this sector, to put the naval infrastructure at the disposal of all users , as well as to fulfil some obligations incumbent on the Romanian state according to the international conventions and agreements to which Romania is part, obligations that were delegated to AFDJ by the Ministry of Transports and Infrastructure.*

*The "Lower Danube River Administration" Galati is classified into central government sector (S.1311) since 2004.*

*Administration of the Navigable Canals (ACN)- the shipping Canal Danube-Black Sea located in the South East part of Romania is under operation since 1984.The owner of the canal, initially denominated Danube-Black Sea Canal Administration and now called Administration of the Navigable Canals has been the general investor since 1975 and has provided technical and economic documentation and the control of works. In 1998, ACN becomes national company.*

*Administration of the Navigable Canals (ACN) is classified into central government sector (S.1311) since 2007.*

*RADIONAV SA - ensures maritime radio communications and technical support activities for ships under authority of the Ministry of Transport, in accordance with international regulations and requirements.*

*RADIONAV SA is classified into central government sector (S.1311) since 2006.*

*For the public companies that use the government assets, without paying fee, the depreciation cost is included for the calculation of the 50% test.*

*It is the case of Government Business Enterprise (Regie Autonoma) that do not pay fees to government (ROMATSA SA, REGIA AUTONOMĂA PĂDURILOR-ROMSILVA, REGISTRUL AUTO ROMÂN, RAPPS etc.)*

*Such public companies are market producers and are classified into non-financial corporations sector (S.11).*

*For the public companies that use the government assets and pay a fee to government, the value of the fee, not cover the depreciation cost.*

*Such units registered the assets in the books of government and not in their balance sheet.*

*For these public companies it was also included for the calculation 50% test the depreciation cost and value of the fee (CN TRANSELECTRICA, CN HIDROELECTRICA, SN TRANSGAZ SA, CN URANIULUI SA, SC OIL TERMINAL SA, SN AEROPORTUL INTERNATIONAL TIMIȘOARA, CH ADMINISTRAȚIA PORTURILOR DUNĂRII MARITIME GALAȚI SA, CH AEROPORTURI BUCUREȘTI, CN ADMINISTRAȚIA PORTURILOR DUNĂRII FLUVIALE GIURGIU, etc.)*

*These public companies are also market producers and are classified into non-financial corporation (S.11).*

#### **4. Universities, schools**

*Public universities are classified in S1311, as public institutions partially or totally financed from own revenues.*

#### **5. Public TV and radio**

*According to the Law no.41/1994 on the organization and functioning of the Romanian Radio and Television Broadcasting Corporation, republished, the both companies are autonomous public services of national interest, which operates under the Parliament control.*

*Under the same act, the financial resources of the two companies consist of allocations from the state budget from own and other sources. The annual budget law approved state budget funds of the Romanian Radio and Television Broadcasting corporation cover development expenses, purchase of equipment and radio and television parts, consumable materials necessary to conduct specific activities such as and all of the funds necessary to use transmitters, radio relays and video circuits and noise due to communications system operators, to ensure the security, the national interest, to pay contributions due to international governmental organizations. For funds received from the state budget, general manager of the Romanian Radio Broadcasting and the Romanian Television Company have the authority principal budget under the law.*

*The financial activity of the two companies shall follow their budgets and budget execution accounts presented to Parliament with the annual reports of the Committee on Culture, art and mass media, as well as those for Budget, Finance the combined of the two Houses of Parliament and will become public.*

*Of income from other sources, the Board of the companies may decide that certain amounts for facilities and refurbishment. The income of Romanian Radio Broadcasting Corporation and the Romanian Television Society come from: proceeds from the achievement of the object of activity, charges for public service broadcasting, television or public service, late penalties or failure to pay taxes due receipts from advertising etc. The both companies are reclassified into central government subsector (S.1311).*

## **6. Public hospitals**

*Public hospitals are classified into central (S.1311) and local (S.1313) government. Hospitals are mainly financed from the state budget. They are organized as public institutions which deliver medical services. There are two kind of revenues:*

- 1. Payments of medical services by the National House of Health Insurance, which represent most of the revenues;*
- 2. Transfers from the state budget, which have specific destinations such as: health programs, equipment, investments.*

*Ministry of Health approves the regulations concerning organization and functioning of hospital and nominates hospitals managers.*

*National House of Health Insurance is a public institution which is the administrator of the health fund and pays medical services to the hospitals.*

*In that sense, there are contracts between hospitals and National House of Insurance Health, which contain some general indicators such as number of sick man and other general indicators. Based on contract are approved annual budgets of hospitals.*

*During the year, hospitals present documents such as bills or invoices and the National House of Health Insurance pays medical services to hospitals based on these documents.*

*Due for payment of hospitals are reported by the Ministry of Health and are recorded as payables. Arrears of public hospitals are not significant and are also included in the Ministry of Health reports. Public hospitals do not receive equity injections or loans and they do not benefit from debt cancellations or debt assumptions.*

## **7. SPE/SPV**

*There are no SPVs in Romania.*

## **8. Specific public units involved in financial activities**

*Units involved in privatization – there are four central units within the following ministries:  
- Ministry of Transport – privatization activity,*

- Ministry of Economy - department for privatisation and administration of state participation,
- The Authority for State Assets Administration (AAAS),
- Ministry of Energy-privatisation department.

The activity for privatization is reported separately from the reporting ministry.

Privatisation units are classified in S.1311 under “Public institutions financed partially or totally from own revenues”. Proceeds from privatisation are eliminated from government revenues in the non-financial accounts and they are recorded in the financial accounts.

## **9. Protection funds**

Bank Deposits Guarantee Fund (BDGF) is the only statutory deposit guarantee scheme in Romania. BDGF guarantees bank deposits in case of insolvency of a credit institution. In the unlikely situation a bank cannot give the money back to the depositors, BDGF will make compensations payments. In addition, BDGF may operate as special administrator, temporary administrator, sole liquidator or shareholder of a bridge institution or of an asset management vehicle, according to the legislation on the recovery and resolution of credit institutions and investment firms.

BDGF is classified in Central Government S.1311 since 2003.

## **10. Other specific units**

APIA MARKET REGULATORY AGENCIES as described at point 6.2.1. and 6.2.4. Time of recording

## 6. Time of recording

This section describes the time of recording for taxes and social contributions, EU flows, military expenditure, interest and other transactions (subsidies, current and capital transfers and financial transactions).

The time of recording is defined in ESA 2010 §1.101. It is the accrual basis, meaning when economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.

### 6.1. Taxes and social contributions

ESA 2010 states that taxes and social contributions are derived from two sources: amounts evidenced by assessments and declarations or cash receipts.

If assessments and declarations are used, amounts should be adjusted by a coefficient reflecting assessed and declared amounts never collected. An alternative treatment foresees recording tax/social contribution revenue on a gross basis and adjusting this amount by a capital transfer to the relevant sectors equal to the amounts unlikely to be collected.

If cash receipts are used, the amounts should be time adjusted so that the cash is attributed to the time when the underlying activities, transactions or other events took place to generate the tax/social contribution liability, or when the amount of tax was determined, in the case of some income taxes.

#### 6.1.1. Taxes

This section describes the methods of recording of taxes on an accrual basis. The time of recording of taxes is defined in ESA 2010 §4.26 and §4.82 as the time "...when the activities, transactions or other events occur which create the liabilities to pay taxes".

*For taxes and contributions cash data are used. The accrual calculations based on cash data are done by the budget department from Ministry of Public Finance. In general, the simple time adjusted cash method is used for the calculation of taxes. Data are collected by National Agency of Fiscal Administration (ANAF). The time lag is one month for taxes and social contributions, except for profit tax which has time lag three months.*

#### **Value added tax**

*VAT revenue is divided into three parts:*

- 1) value added tax collected,*
- 2) VAT refunded (minus),*
- 3) amounts deducted from VAT (minus) – amounts transferred to local budget.*

*Item 1) According to the law tax accrued to taxation period (a month or a calendar quarter) is due on 25<sup>th</sup> day after the end of taxation period. It means that tax accrued in December and in 4<sup>th</sup> quarter of the previous year is collected in the current year on 25<sup>th</sup> of January. Thus, there is a lag of one month.*

*Exception: VAT collected on imports of goods must be paid at arrival in custom so they are not part of accrual adjustments. Cash equal accrual.*

*Starting with 2013 entered in force Directive 45/2010 regarding VAT collection system. This system involves the collection of value added tax at the time of collection supplies/services performed, but no later than 90 days from the date of invoice was issued or limit date for invoice*

(if invoice is not issued). This is applying to all taxpayers whose turnover is less than of 2.250.000 lei, which has economic activity in Romania.

Item 2) Value added tax refunded is paid on 25<sup>th</sup> of January for previous year, time lag one month.

Item 3) Amounts deducted from VAT (minus) are amounts transferred from the state budget to local budget. For consolidation purposes NIS recorded this amount directly into the local budget, while in state budget amounts are recorded on transfers. Time lag one month.

#### **Corporate Income Tax**

Until 2012, accrual calculation was adjusted so that they include January (t+1) following the rule that payment deadline was the 25<sup>th</sup> day of the next month for the activity took place. In 2013 was applied Government Ordinance no. 30/2011 regarding corporate income tax collection where is establish tax dead line in accordance with Law no.571/2003 amended in 2013 as follows:

- Quarter I-III until the 25<sup>th</sup> of next month;

- Annual corporate income tax related to previous year is to be paid until 25<sup>th</sup> March of the next year.

Exception:

**Banks:**

- prepayments quarter I – IV until the 25<sup>th</sup> of the following month;

- annual pay adjustment on 25<sup>th</sup> of March next year;

**Non-profit organizations and tax payers who receive income mainly from cultivating agricultural products:**

- annual payments on 25<sup>th</sup> of February next year

As follows, accrual revenue for year t includes cash receipts in period February – December plus cash receipts of January year (t+1).

Corporate income tax for year t include cash receipts from period April – December plus cash receipts from period January – March year (t+1).

Consequently, data for 2009-2012 has been revised. Time lag three months.

**New legislation VAT.** The existence of legislative inconsistencies has led to the impossibility of applying the provisions of Law 296/2020, this measure cannot be implemented starting with March 2021 of the new ceiling of 4,500,000 lei compare to 2,250,000 lei for the application of the VAT collection system, as well as for establishing the possibility of exercising the option to apply system at any time during the year, as intended by Law no. 296/2020, it is necessary the corresponding modification of the provisions of art. 282 para. (3) lit. b), para. (4) lit. c) and d) and par. (5), as well as of art. 324 para. (12), (14) and (16). By GEO no.13/2021 for the amendment and completion of Law no. 227/2015 on the Fiscal Code and the Accounting Law no. 82/1991, correlations required were made in the Fiscal Code in order to be applicable.

The measure will take effect from 2022, because it will be applied in relation to the financial year 2021.

There were no financial implications for 2020.

This change of VAT ceiling will be monitored and the effects will be analysed in the coming years.

#### **Personal Income Tax**

Personal income tax on wages and salaries of current year is adjusted by the January receipts (one-month lag).

The Fiscal Code establishes a personal tax on salaries, income from independent activities, lease operations, dividends and interest each of which are currently levied at a rate of 16 per cent.

*The 16 per cent tax rate applies to the gains of individuals from: transfer of securities, currency selling and purchasing operations; income from the liquidation of a legal person; pension income; income from agriculture, forestry and fish farming activities; income from prizes; and income from other sources. There is no reimbursement coming from personal income tax, being the unique rate of 16%.*

#### **Excise duty**

*According to law, these are collected on 25<sup>th</sup> of the following month in which are made release for consumption, with a time lag of one month.*

*Exception: excises collected from the sale of energetic products: (cash equal accrual) - authorized suppliers of electricity or natural gas excise tax payment deadline is the 25<sup>th</sup> of the month following that in which it was invoiced to final consumers; - delivery of energy products (leaded gasoline, lead, diesel, kerosene, liquefied petroleum gas) in bonded warehouses or in the location where they were received by the recipient shall be recorded only when payment provider which holds the document certifying payment of the state budget for the amount of excise duty amount to be invoiced.*

#### **Tax on use of goods**

*In general, most of them are collected on 25<sup>th</sup> of the following month, therefore the time lag is one month. Still, small amounts, regarding gambling tax, are paid in different ways, depending on the activity, or tax on prospecting and exploration of mineral resource is to be paid annually until 31<sup>st</sup> of December of the current year.*

*Tax on foreign trade and international transactions (customs duties) are collected at the moment of sale, making the cash basis equal to the accrual basis.*

#### **Tax on property**

*The tax is paid in two instalments within the year, 31<sup>st</sup> of March and 30<sup>th</sup> of September, therefore the revenue on accrual basis is equal to the revenue on cash basis.*

#### **Single tax declaration for income tax**

*Represents income tax and compulsory social contributions for individual's taxpayers, which by the Emergency Ordinance no. 18/2018 regarding the adoption of fiscal-budgetary measures and amending and supplementing some normative acts (Article I point 38), was introduced the single statement for income tax and compulsory social contributions due by individual persons for the following incomes stipulated in Law no.227/2015 on the Fiscal Code, as subsequently amended and supplemented, out of which:*

- *Income from self-employment;*
- *Income from the disposal of the use of the goods;*
- *Income from agricultural, forestry and fish farming activities;*
- *Investment income;*
- gains from the transfer of securities and any other transactions in financial instruments, including derivatives;*
- earnings from the transfer of financial gold, defined by law;*
- *Income from abroad;*
- *Income from other sources.*

*The deadline for submitting statements and collecting these revenues was set by the GEO, as 15<sup>th</sup> of March 2019 inclusive.*

*By Government Emergency Ordinance no. 15/2019 for the extension of certain terms in 2019, the deadline of 15 March included for the payment of income tax and compulsory social contributions due by natural persons for the income obtained in the situations covered by the Fiscal Code was extended until the date of July 31, 2019 inclusive.*

*For 2020 the deadline, for submitting the Single Declaration is 15<sup>th</sup> of March, but according to Ordinance no. 6/2020 the deadline was extended to 25<sup>th</sup> of May 2020 inclusive, in order to avoid the risk of non-compliance by certain categories of taxpayers, who are required to*

complete and submit, by 15<sup>th</sup> March 2020, but according to Government Emergency Ordinance no. 69/14 May 2020, the single tax declaration deadline **shall be extended until and including 30 June 2020**. Regarding the fulfilment of the form - Single Declaration on income tax and social contributions, the individuals required to be extended the period until they must fulfil their declarative obligations and to pay the income tax and the social contributions.

In conclusion, according to legislation, for the Single tax declaration was settled in 2019 with a time lag of 7 months for calculation of year 2018, while in 2020 according to GEO no.69/2020 was settled a time lag of **6 months for calculation of year 2019**.

For year 2020 single tax declaration taxes and contributions from Single declaration for income tax and social contributions of individuals have been postponed to May 25, 2021 according to Official Monitor, no. 72/31.01.2020, was published the Ordinance no.6/2020 for modification and completion of the Law no.227/2015 regarding Fiscal Code, as well as for the regulation of fiscal-budgetary measures.

We use method C: time adjusted cash amounts based on cash revenues with a time lag of one month. For corporate profit tax time lag is three months, according to Government Ordinance no. 30/2011 amending and supplementing Law no.571/2003 regarding the Fiscal Code.

The Ministry of Public Finance is responsible for the collection of information (Treasury Department) and the compilation of the EDP tables and questionnaires tables related the EDP (Budget department).

Reimbursements from value added tax is recorded on value added type taxes D211, fines and penalties for non-payments is recorded on miscellaneous current transfers D759.

According to the Law no.82/1991 regarding the accounting rules, the financial situations should be submitted to the Ministry of Public Finance in t+40 days.

### 6.1.2. Social contributions

The time of recording of social contributions is defined in ESA 2010 §4.94 as "... the time when the work that gives rise to the liability to pay the contribution is carried out..." for employers and employees social contributions, and as "... when the liabilities to pay are created" for self-employed and non-employed persons.

All employers and employees, and other individuals, are included in the category of contributors to the state social insurance system. The social insurance system covering pensions, child benefits, temporary disability situations, the risks of work accidents and occupational disease and other social services, unemployment benefits and incentives for employers to create jobs.

#### Contributions

Social contributions paid by employers and employees applies to the calculation basis that can be capped according to the Tax Code. Contribution rate may be modified by the state social insurance budget law or the law of the state budget. For 2013, social contributions were set as follows:

- employee contributions:
- contribution to the state social insurance budget (CAS) - Law no.571/2003 regarding the Fiscal Code;
- contribution to the Unemployment Insurance Fund , Law no.76/2002 regarding the unemployment insurance system;
- contributions to Social Health - Law no.571/2003 regarding the Fiscal Code as amended and completed, Law no.95/2006 on healthcare reform, with subsequent amendments.



*We use method C: time adjusted cash amounts based on cash revenues with a time lag of one month, and since 2012 time lag for profit tax is three months. Data sources used is cash data from financial situations, accrual adjustments are made on revenue using time adjusted cash method. In addition, accrual adjustments are made on expenditure side, using change in due for payments, based on items selected from balance sheet. Usually, data for social contributions do not differ between the first and second EDP notification.*

*The Ministry of Public Finance is responsible for the collection of information (Treasury Department) and the compilation of the EDP tables and questionnaires tables related the EDP (Budget department).*

*The following elements are recorded as payments to "Other capital transfers" (reimbursements and refunds, interest on late payments, fines and penalties for non-payment, amnesties).*

*According to the Law no.82/1991 regarding the accounting rules, the financial situations should be submitted to the Ministry of Public Finance in t+50 days.*

*Single declaration for social contributions.*

*It is applied for social contributions related to **State social security budget** and for **Health social insurance budget**.*

*Introduced in 2019 by the Emergency Ordinance no. 18/2018 regarding the adoption of fiscal-budgetary measures and amending and supplementing some normative acts.*

*Social contributions related to single declaration have in 2019 a time lag of 7 months for calculation of year 2018 and in 2020 according to GEO no.69/2020 have a time lag of 6 months for calculation of year 2019.*

*For calculation of year 2020 social contributions from Single declaration for taxes and social contributions have been postponed to May 25, 2021 according to Official Monitor, no. 72/31.01.2020, was published the Ordinance no.6/2020 for modification and completion of the Law no.227/2015 regarding Fiscal Code, as well as for the regulation of fiscal-budgetary measures.*

## 6.2. EU flows

The issue of recording EU flows is important for national accounts, especially government accounts, because – due to the institutional arrangements – in general all amounts transit via government accounts. In order to avoid potential effects on the level of government deficits, countries have to eliminate these flows from public accounts.

ESA 2010 paragraphs 20.294-20.300 foresee that when non-government units are beneficiaries from EU grants, all the flows to and from government should be recorded as financial transactions, without any impact on government net lending/borrowing (B.9).

When final beneficiary is a government unit, the neutrality of EU flows is ensured by matching the time of recording of government revenue from the EU and the time of recording of the government expenditure covered by the EU grant.

The ESA 2010 Manual on government deficit and debt Chapter 2.6 “Grants from and contributions to the EU budget” provide further details concerning the recording of these flows.

### 6.2.1. General questions

*Agencies involved in receiving EU funds (relation UE-Romania) are:*

*- Certifying and Paying Authority (CPA) for pre accession and post accession funds, structural funds, other than agriculture, within Ministry of Public Finance, sector S.1311;*

- Agency of Payments and Intervention in Agriculture (APIA) within Ministry of Agriculture for agricultural funds which made direct payments to farmers, S.1311;
- National Agency for community programs in education and training within Ministry of Education and Research, S.1311;
- National Authority for scientific research - within Ministry of Education and Research, S.1311;
- FRONTEX Agency within Ministry of European Funds, S1311;
- Ministry of Administration and Interior for solidarity and management of migratory flow, S.1311;
- Ministry of Public Finance – cash flow and Schengen, S1311.

Source of data for EU flows are the institutions mention above. Ministry of Public Finance centralize the data at aggregate level.

EU funds works on reimbursement principle. Management Authorities monitor and control amounts granted to final beneficiaries.

**Management Authorities for financial framework 2007-2013 are the following:**

1. Ministry of Regional Development and Public Administration;
2. Ministry of Development, Public Works and Housing;
3. Ministry of Economy;
4. Ministry of Environment;
5. Ministry of European Affairs;
6. Ministry of Public Finance;
7. Ministry of Regional Development and Public Administration;
8. Ministry of Transportation and Infrastructure.

**For new framework 2014-2020, Management Authorities (MA) that are under the Ministry of Regional development, Public Administration and European Funds are the following:**

1. Managing Authority for Technical Assistance Operational Programme - Ministry of Regional development, Public Administration and European Funds;
2. Managing Authority for Regional Operational Programme – Ministry of Regional development, Public Administration and European Funds;
3. Managing Authority for SME Initiative - Ministry of Regional development, Public Administration and European Funds;
4. Managing Authority for Large Infrastructure Operational Programme - Ministry of Regional development, Public Administration and European Funds;
5. Managing Authority for Competitiveness Operational Programme - Ministry of Regional development, Public Administration and European Funds;
6. Ministry of Regional development, Public Administration and European Funds;
7. Managing Authority for Romania - Republic of Serbia IPA Cross-border Cooperation Programme - Ministry of Regional development, Public Administration and European Funds.

EU funds are detailed on the level of central/local/ social security sub-sector and are recorded in budgetary accounts of public institutions.

Reliable data are on expenditure basis.

In the financial statements of S.13, expenditures on behalf of EU and national contribution whose final beneficiaries are public entities, and transfers made by state to non-government units NGO, farmers, etc. to sustain EU projects are recorded. Detailed information regarding

*final beneficiaries (government and non-government) are monitored by the seven MA mentioned above.*

*From the financial statements according to budget detail on national classification, EU funds whose final beneficiaries are ministries, all public entities from central level/local or social security sub-sector could be identified.*

*Distinction between advances and reimbursements are available.*

*In the working balance, EU funds (the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), the European Fisheries Fund (EFF), the European Regional Development Fund (ERDF), the European Social Fund (ESF), Cohesion Fund) are recorded: on revenue side the amounts reimbursed for payments in current year and also in previous year which have not been reimbursed; on expenditure side there are expenses on behalf of EU whose beneficiaries are public entities and also the national co-financing.*

*Since 2016 amounts paid on behalf of EU to other sectors than government (on expenditure/agriculture funds) (on revenue/expenditure of Management Authority cash flow) have been eliminated and changed from "other adjustments" in EDP table 2 to "other accounts receivable".*

*Accrual adjustments are made in EDP table 2A neutralizing working balance, in "other accounts receivable" detail - Expenditure made on behalf of EU.*

*For public institutions partially or totally financed from own revenues, accrual adjustments related to EU fund is recorded in B9 of those institutions, respectively Net borrowing (-) or net lending (+) of other central government bodies, detail - Public institutions partially or totally financed from own revenues.*

*For local government accrual adjustments are made in table 2C at "other accounts receivable" detail - Expenditure made on behalf of EU.*

*For social security funds, accrual adjustments related to EU fund from working balance is recorded in table 2D – "other accounts receivable" detail - Expenditure made on behalf of EU.*

*In case advances are received, these are recorded as asset of government.*

*The amounts received from EU funds are kept in deposit accounts of the Central government held at:*

- NBR - Current account of the State Treasury denominated in foreign exchange;*
- Credit institutions - In the financial accounts of the general government EU funds are recorded in "Currency and deposits"(F2), respectively deposits concerning EU funds of the public and private beneficiaries.*

*The third resource is recorded in the national accounts on D.74 current international cooperation in S1311.*

### **6.2.2. Cash and Schengen facility:**

The time of recording of payments received by the beneficiary Member States through Schengen and Transitional Facilities would be accounted according to the Eurostat decision on EU flows, while the time of recording of Cash-flow Facility is when the transfers are to be made by the Commission. In practice, in this particular case, the amounts would be recorded as revenue in the years in which they were received by the beneficiary countries.

*Romania received cash through Schengen facility.*

*Schengen facility was received by state budget in 2007 and recorded as other current transfers (D.75) on revenue side. Facility was granted for improving cash flow. In EDP table it was included in working balance of S1311 and any other adjustment was not necessary.*

### **6.2.3. EU financial instruments**

The EU has been providing measures of financial support from EU structural and investment funds 'financial instruments' (FI). These instruments may be 'equity or quasi equity investments, loans or guarantees' and they are intended to support activities that will generate income, or result in saving on future expenditure. Unlike grants, they do not constitute a gift to the final recipient, which will typically be a small or medium-sized enterprise (SME) since, under normal circumstances, the funds are expected to be repaid to the creditor and produce a return on the investment (such as interest on the loan, or profit on subsequent sale of equity). EU legislation allows for a choice on how the financial instruments are implemented nationally: the Implementing Authorities can choose whether to assign the implementing task to a newly created entity or contract out the management to the EIF/EIB or to existing financial institutions.

*The products under the JEREMIE Program:*

*- JER – 002/1 – „Structured Loan Portfolio Guarantee” (the guarantee instrument for the existing loan portfolio) – cancelled;*

*- JER 2010-002/2: Risk Capital (risk capital type investment instrument), with a 35 million - EUR budget, two operations having equal contributions (17.5 million EUR) to Ascenta Fund and 3TS Catalyst Romania Fund.*

*- JER-002/3: First Loss Portfolio Guarantee (guarantee instrument that covers the loss from a newly established portfolio) the product with a 63-million EUR budget includes two banking products launched on February 17, 2011 by the two selected banks: Romanian Commercial Bank (BCR) JEREMIE allocation of 42.5 million EUR and Raiffeisen Bank Romania (RZB) JEREMIE allocation of 20.5 million EUR.*

*Concerning the current state of play with regard to the above products launched under the JEREMIE Program:*

*- the two funds are in an advanced stage of collecting the private contributions and we estimate will sign the commercial contracts with the funds to allow the disbursement of contributions from the JEREMIE Program;*

*- the two banks have already started to implement the banking products, having the approval of National Bank of Romania (NBR) for these products. For now, there is no official update regarding the loans extended under these products.*

### **6.2.4. Market Regulatory Agencies**

Market regulatory agencies are bodies whose intervention activities are mostly characterised by buying and selling products, often on behalf of the EU, with an aim to stabilize prices and to maintain purchasing prices to farmers at a sufficiently high level: they offer buying agricultural products from domestic producers at a predetermined price (often higher than "market" prices) and reselling them usually at a lower price later on and occasionally arranging for giving them away free of charge. These agencies can be involved in storing agricultural inventories, or in arranging for storage, as well as in distributing subsidies.

The question is whether the principle of re-arranging EU transactions would also apply to the recording of changes in inventories (P.52) arising from the interventions of agricultural market regulatory agencies in the market. According to the guidance, in those circumstances where a market regulatory agency acting on behalf of the EU is classified inside general government, the creation of a unit in S.11 is recommended in order to capture the changes in agricultural inventories, and to avoid that such changes in inventories are recorded in national government accounts (as changes in government inventories, with an impact on the government deficit/surplus) or in the rest of the world accounts (as exports and imports). The unit to be created to capture these changes in inventories is a quasi-corporation, rather than a notional unit, in order to ensure an equality of treatment with cases where market regulatory agencies are classified outside government. This is also appropriate because any temporary difference in value arising from changes in market value of these inventories not yet covered by subsidies is likely to be small and on average zero.

*Agency for Payment and Intervention for Agriculture – APIA is a market regulatory agency. The Agency is classified in S.1311 in working balance under Ministry of Agriculture subordination.*

*The Agency for Payment and Intervention for Agriculture manages the market intervention, but the inventories on food products purchased are in the Commission property. No flows relating to the market intervention occur.*

### **6.3. Military expenditure**

The ESA 2010 principle on accrual recording, when applied to military expenditure, is generally the time when the economic ownership of the good occurs, which is usually when delivered.

ESA 2010 paragraphs 20.190-20.192 define the rules for the statistical recording of military equipment. Chapter II.5 in Part II of the ESA 2010 MGDD details the rules concerning the recording of military expenditure.

#### **6.3.1. Types of contracts**

*Ministry of Defence report is the data source used for compilation of military equipment expenditure.*

*The nature of the contracts used by military forces are sales agreed in advance with industrial suppliers, with or without government pre-financing.*

*We request details from Ministry of Defence.*

*Ministry of Defence provides data for the recording of military equipment.*

*Assets/liabilities reported in Questionnaire Table 7 are of a long-term nature.*

#### **6.3.2. Borderline cases**

*There are no borderline cases.*

#### **6.3.3. Recording in national accounts**

*In national accounts military expenditure is recorded as GFCF- P51g*

## 6.4. Interest

This part aims at describing accrual adjustment for interest.

ESA 2010 paragraph 20.178 reads: "In the system, interest is recorded on an accrual basis, i.e. interest is recorded as accruing continuously over time to the creditor on the amount of principal outstanding"

ESA 2010 MGDD part 2, chapter 2.4 is dealing with some practical aspects of the recording of interest.

### 6.4.1. Interest expenditure

**Table x Availability and basis of data on interest**

Instrument	S.1311		S.1312		S.1313		S.1314	
	State	OCGB	Main unit	OSGB	Main unit	OLGB	Main unit	OSSB
Deposits (AF.2)	x	x			x			
Debt Securities (AF.3)	x				x			
Loans (AF.4)	x	x			x	x	x	
Other accounts receivable (AF.8)								

Cash/accrual, M (not applicable) or L (not available)

*In the public accounts data on interest are recorded in cash system. In the national accounts, the data are adjusted and reported on accrual basis for both non-financial and financial accounts according to ESA 2010 provisions.*

*Data on interest is in accrual.*

*Data on instrument-by-instrument basis is not available to the NSI.*

*Information on interest in State/Local government and social security funds subsector is available.*

*The principle of recording accrued interest under instrument in financial accounts is applied for all debt instruments.*

### 6.4.2. Interest Revenue

*In EDP tables, under line "Difference between interest paid and accrued", the related accrual adjustments implemented can be found.*

### 6.4.3. Consolidation

*According to the consolidation rules, the following transactions are consolidated: D.4, D.7 and D9. The other transactions are not consolidated.*

*In general, the necessary information for consolidation purposes is available. Our budget classification (expenses and revenues) allows a detailed analysis of the transactions to be consolidated.*

*In the practice of consolidation, developing a matrix sector by sector or sub-sector by sub-sector is necessary for each transaction, to know who pays to whom and who receives which amounts and from whom.*

*The Consolidation method used for non-financial accounts of general government accounts, consists in the following steps:*

**For sub-sectors:**

*- the flows between units within the same sub-sectors are consolidated as a single unit.*

**For total general government sector:**

*- the flows between sub-sectors must be excluded.*

*This means that for consolidated flows, the amount of sub-sectors must be greater than the total for S.13. For sector S.13, data equals the sum of sub-sector data, except items D.4, D.7 and D.9.*

*However, sometimes a problem occurs in the consolidation process. There are differences between the amounts paid and received. In this case the smallest amount is consolidated and the difference is reclassified to another transaction (e.g. from D.73 into D.75).*

*The financial statements represent the data source for consolidation.*

*The consolidation is done for all subsectors.*

*The consolidation has no impact on B9; the same amount is eliminated from both uses and revenues.*

#### **6.4.4. Recording of discounts and premiums on government securities**

*The premium and discount related to government securities are reported as negative interest and respectively as interest expenditures in working balance on cash basis.*

*The adjustments for accrued interest are in line "Difference between interest accrued and paid".*

*Entities do not report under "other government bodies" in EDP tables 2 issue debt above/below par.*

*The premiums and discounts are distributed over the life of the debt instruments and adjusted in line "Difference between interests accrued and paid".*

*The premiums are treated in national accounts as negative expenditure.*

*The repayment of discount is identifiable from the repayment of debt.*

#### **6.4.5. Recording of interest accrued on intergovernmental loans in dispute and interest accrued on intergovernmental loans unlikely to be repaid**

*We have no cases of intergovernmental loans in dispute.*

*External claims that are not regulated due to the difficult economic and political situations are recorded in off-balance sheet accounts.*

### 6.5. Time of recording of other transactions

*All transaction is recorded on accrual basis to ESA 2010 rules.*

*We use and make accrual adjustments.*

*Data between non-financial flows are consistent with financial accounts.*

*We record the payable according to change in due for payments method. Data are available in balance sheet. Public accounts are audited.*

*We are aware of accumulated arrears/payables of government.*

***The time of recording of the following transactions in the national accounts by sub-sectors are as following:***

- Subsidies – cash data have been treated as accrual data; the Ministry of Public Finance reports that subsidies are paid according to possibilities of the Budget;*
- Records of current and capital transfers depend on kind of these transfers. In most cases, cash is equal to accrual;*
- Gross capital formation is calculated by the National Institute of Statistics on accrual basis;*
- Dividends are on cash basis and no adjustment is made;*
- Social benefits payable on accrual basis;*
- Taxes and social contributions are calculated on accrual basis by time adjustment method.*



## 7. Specific government transactions

Methodological rules applicable for recording of specific government transactions are set up in the Manual on Government Deficit and Debt (implementation of ESA 2010), 2019 edition<sup>5</sup>.

### 7.1. Guarantees, debt assumptions

Generally, government guarantees are recorded off-balance sheet in government accounts (contingent liability), and neither government debt nor deficit is impacted. However, when a guarantee is activated (called), the payment made by government on behalf of the debtor is normally recorded as government expenditure. In case of repeated guarantee calls, the whole outstanding amount of the guaranteed debt should be assumed by government. The latter leads to a one-off increase of government debt, as well as of deficit. The accounting rules are explained in the Chapter 7.4 on Government guarantees of the ESA 2010 Manual on government deficit and debt. This chapter describes also specific cases and related treatment in national accounts.

#### 7.1.1. Guarantees on borrowing

##### 7.1.1.1. *New guarantees provided*

##### **Recording in public accounts**

*Guarantees are provided by Ministry of Public Finance, EXIMBANK and local authorities to companies, local government and individuals.*

*The records on government guarantees are kept in government public accounts (except for the guarantees issued by Exim Bank in the name of the state which are kept by this institutions) and guarantees issued for: housing loans, for supporting SMEs, SME INVEST and SME Leasing programs for the support of small and medium enterprises affected by SARSCOV2, to support the purchase new vehicles for individuals, which are kept by National Guarantees Fund for Loans for SMEs (FNGCIMM) and Invest in yourself which is kept by National Guarantees Fund for Loans for SMEs (FNGCIMM) and Romanian Counter guaranteed Fund (FRC).*

*The government guarantees issued in accordance with GEO no 64/2007 (that means except those issued by Exim Bank), are reported in annual general account of public debt, which is approved by law and the annex with information on individual basis is published in the Official Gazette.*

*The guarantees on assets are guarantees issued and kept by National Guarantees Fund for Loans for SMEs - FNGCIMM (for housing loans, for supporting SMEs and to support the purchase new vehicles for individuals), Romanian Counter-guaranteed Fund (for Invest in yourself program) and those issued by Exim Bank in the name and for the account of the state for the priority domains of the Romanian economy (regional development, infrastructure, environmental protection, SMEs, R&D, personnel development, development of international transactions) as well as export credit insurance and reinsurance of Romanian foreign trade operations., while the guarantees on borrowing are one- off guarantees issued by the Ministry of Public Finance for companies and local government.*

<sup>5</sup> <https://ec.europa.eu/eurostat/web/government-finance-statistics/methodology/manuals>

*The guarantees issued by the Government, through the Ministry of Public Finance, is part of public debt according to national legislation (the GEO no. 64/2007 concerning public debt). The Government has issued government guarantees for BLUE-AIR AVIATION SA and for the National Air Transport Company - Tarom SA in order to compensate the economic losses suffered in the context of the COVID pandemic<sup>19</sup>.*

#### ***Recording in national accounts***

*All the necessary information related to guarantees issued, stock of guaranteed debt, new issuances, new drawings from loans guaranteed, principal repayments and interest payments, payments are made by Guarantor from risk funds and amounts recovered, fees paid by beneficiaries.*

*The guarantees provided by the Government are treated in the national accounts in accordance with the Manual on Government Deficit and Debt.*

*The guaranteed debt is recorded as general government debt.*

#### ***7.1.1.2. Treatment of guarantees called***

#### ***Recording in public accounts***

*The guarantees calls are recorded as expenditure.*

*If a claim was recorded, debt cancellation reduced the amounts to be recovered.*

*There has never been recorded in the public accounts an assumption of the outstanding amount of debt*

#### ***Recording in national accounts***

*For partial call, the cash payments are recorded as expenditure. When a guarantee is repeated call (3 times in line), the whole outstanding debt is assumed (see table 9.1-9.3 of questionnaire). No claims are recorded in national accounts.*

*The decision is taken based on the source of repayment of the guarantees and it is recorded in the public accounts related to the payments made by the Guarantor (Ministry of Public Finance or local government authorities) in the name of guarantees' beneficiaries.*

*No claims are recorded in national accounts.*

*The repeated called guarantees are recorded as government debt (see annex 9.2 of questionnaire).*

*The assumption of the outstanding amount of debt was recorded when at inception the repayment source is state budget, when sources of payments (interest or principal) is state budget or in the cases of repeated called guarantees in accordance with Manual on Government Deficit and Debt (implementation of ESA 2010). The decision was taken by the Ministry of Public Finance, based on the available information in public accounts.*

## Specific government transactions - Guarantees, debt assumptions

*Even the payments are related to interest payments or principal repayments, if there are repeated called guarantees, the debt is reclassified as government debt.*

### 7.1.1.3. Treatment of repayments related to guarantees called

#### **Recording in public accounts**

*The repayments made by the original debtor of the guarantee are recorded as revenues.*

#### **Recording in national accounts**

*For the case of repeated called guarantees when the debt was assumed as government debt the repayments made by beneficiaries of guarantees are recorded as capital transfer revenue (see annex 9.3 of questionnaire).*

### 7.1.1.4. Treatment of write-offs by government in public accounts of government assets that arose from calls, if any

*There are not write-offs of guarantees by government.*

### 7.1.1.5. Data sources

*Individual data on stocks of guarantees and related flows are available.  
Related flows are recorded as other central government bodies.  
The information is available on local level.  
Financial statements of Exim bank and other reports relating to guarantees provided by National Guarantee Fund for Loans to SMEs and by Romanian Counter-guaranteed Fund.*

## **7.1.2. Guarantees on assets**

### 7.1.2.1. New guarantees provided

*Recording in the public accounts increase the guaranteed debt.  
Recording in the national accounts increase the guaranteed debt.*

### 7.1.2.2. Treatment of guarantees called

*Recording in the public accounts as expenditure.  
Recording in the national accounts as expenditure.*

### 7.1.2.3. Treatment of repayments related to guarantees called

*Recording in the public accounts as revenue.  
Recording in the national accounts as revenue.*

### 7.1.2.4. Treatment of write-offs

*It is not the case.*

### 7.1.2.5. Data sources

*Financial statements of Exim bank and other reports relating to guarantees provided by National Guarantee Fund for Loans to SMEs and by Romanian Counter-guaranteed Fund.*

### 7.1.3. Standardized Guarantees

*The standardized guarantees are those issued under First house program, program for SMEs' program for purchase by individuals of new vehicles and invest in yourself.*

*The data sources for stocks and transactions (guarantee calls, repayments) are general account of public debt published annually in Official Gazette.*

*In order to estimate the provisions calls (F.66), we take in to account the non-performing loans rate (the failure rate) for the beneficiary of the specific economic sector, or in the case of individuals (like First House program), the failure rate estimated at the moment of the program's approval.*

## 7.2. Claims, debt cancellations and debt write-offs

Providing loan capital is generally a financial transaction not impacting the net borrowing/net lending (B.9). Government, as a lender, is expecting that the debtor will be in a position to repay the loans, according to a schedule agreed at inception. However, if the loan is non-recoverable, the recording of government expenditure might be considered. The related accounting rules are set up in ESA 2010 and further clarified in the Chapter 3.2 on Capital injections and Chapter 7.2 on Debt assumption and cancellation of the ESA 2010 Manual on government deficit and debt.

### 7.2.1. New lending

*Ministry of Public Finance granted loans to Other financial institutions (financial corporations engaged in lending) to provide guaranty to farmers and small and medium enterprises (SME). These transfers are treated as loans, with no impact on B9, in accordance with Eurostat's conclusions. ("Final findings Romania dialog visit July and September 2011").*

*Loans are reimbursed to the Ministry of Agriculture and are used for the same purpose. That means that there is no reimbursement in the state's budget revenue, from these loans.*

*Local budget grant loans for local institutions and services or activities financed totally from own revenue.*

*Social security budget does not grant loans.*

*Data on provided loans are available from balance sheets, while data that is more detailed is provided by the Ministry of Public Finance, but only for loans granted by the Ministry of Public Finance.*

*Loans granted by state and local recorded in their respective budget.*

*Both for central and local government stocks and transactions in F.4 are recorded in financial accounts for each subsector of public administration.*

### 7.2.2. Debt cancellations

*In the case of external claims, the decision is made, by the Government, in accordance with the international rules (for example Paris Club).*

*A claim could be cancelled only if a law is given for this purpose.*

*The recording of a debt cancellation is based on a law or a government ordinance, which is approved by law.*

*There are no cases when a debt cancellation is recorded on the basis of a decision of statisticians.*

*In the case of foreign claims, it depends on the terms of international negotiation; the debt cancellation could refer to both principal and interest.*

*In the case of foreign claims, the records are kept in the books of Treasury and the debt cancellation has impact on B9.*

### **7.2.3. Repayments of claims**

### **7.2.4. Debt write-offs**

*There are no cases when a debt write-offs or cancellation is recorded on the basis of a decision of statisticians.*

### **7.2.5. Sale of claims**

*There are no cases of sale of claims.*

## **7.3. Capital injections in public corporations**

Government capital injections are transactions which occur when governments provide assets (in cash or in kind) to public corporations (or assume liabilities), in their capacity of owner / shareholder, with an aim to capitalize or recapitalize them. The accounting rules are set out in ESA 2010 paragraphs 20.197-20.203 and clarified in the Chapter 3.2 on Capital injections of the ESA 2010 Manual on government deficit and debt. These chapters devotes considerable space to set the operational rules for the recording of capital injections in national accounts either as transactions in equity (financial transaction = financing = “below-the-line”), or as capital transfers (non-financial transaction = expenditure = “above-the-line”).

It is recalled that the MGDD also indicates that payments by government to public units, structured in the legal form of a loan or a bond, might be considered in specific circumstances as capital injections, and to be classified in certain cases as a non-financial transaction (predominantly capital transfer D.9); cf. MGDD 3.2.3.2.2.

*Budget classification and respective law or government decision show a possible capital injection.*

*The amounts provided by the government to the public companies, from the state budget, for investments, are recorded in the national accounts either as a capital transfer (non-financial transaction), with a negative impact on B.9, or as a financial transaction, with no impact on B.9.*

*Our decision is made taking into account the ESA methodology and it is based on the following information:*

*In the case of capital transfers:*

- the amounts are provided by the government to finance in whole or in part the costs for the acquisition of fixed assets and are recorded in national accounts as D.92 Investments grants;*
- the beneficiary units are public companies controlled by government;*
- the analysis of financial statement – if the company recorded past losses.*

*In the case of financial transactions:*

- *the government is acting like a private shareholder, expecting a sufficient rate of return;*
- *the analysis of financial statement – if the company recorded profits.*

*The capital injection test is performed annually by the National Institute of Statistics based on the information received from Ministry of Public Finance.*

#### **7.4. Dividends**

The accounting rules are set out in ESA 2010 paragraphs 20.205-20.207. It is recalled, that the ESA 2010 Manual on Government Deficit and Debt chapter 3.5 indicates that large and exceptional payments out of reserves which significantly reduce the own funds of the corporation should be treated as super dividends, i.e. transaction in shares and other equity (a capital withdrawal). It also sets out that the resource available for distribution by a unit (a corporation) is the *distributable income* of the unit, as defined in the ESA 2010, paragraph 4.55. Total distributions could therefore comprise one part recorded as distributed income of corporations, D.42, and another recorded as transactions in equity, F.5. The former data is reported to Eurostat in ESA 2010 table 2 and table 8 within “other property income” category, and the latter is included within transactions in equity in financial accounts. Within the latter, for the benefit of analysis, one should also distinguish between amounts received from the National Central Bank, and amounts received from other public corporations.

*Data sources for dividends are financial statements of public units from central/local level.*

*The payments made by the central bank to the MoPF are recorded, quarterly in the financial accounts of S.1311, under the financial instrument F.5, and recognised as super dividends. ‘Other equity’ instrument as investment or devaluation of central government in the capital of the central bank.*

*The main data sources on dividends received by the government are financial statements of public companies at central and local level. The super-dividends test is applied annually by National Institute of Statistics on March based on the data provided by the Ministry of Public Finance-General Division of Legislation and State Assets Regulatory. The following information is used from the financial statements of public companies: operating profit from previous years and the dividends paid to state in the current year.*

#### **7.5. Privatization**

The accounting rules are set out in ESA 2010 paragraphs 20.210-20.213. The proceeds collected by government when disposing of shares in public corporations are often called privatization proceeds. The counterpart entity (i.e. the acquirer of shares) is the private sector. Privatization can be indirect when the proceeds are forwarded to government after the sale of a subsidiary. The MGDD chapter 5.2 indicates that such indirect privatization proceeds are not government revenue. MGDD chapters 5.3 and chapters 5.4, respectively, provide the guidance on the treatment of privatisation proceeds from public corporations and restitution and use of vouchers for privatisation.

Specifically, chapter 5.3.1 of the ESA 2010 Manual on government deficit and debt mentions that in some EU Member States, holding companies have been set- up by the government to restructure the public sector with the aim of making the enterprises more competitive and profitable and, in the long run, disengaging the government. Often their main activity is to

organise the privatisation efficiently and transfer the proceeds of the sale of shares to other public corporations (owned by the holding company or not), through grants, loans or capital injections.

The main issue is: what is the relevant sector classification of this sort of unit managing privatisation and possibly making grants to other enterprises? Should this activity been considered as taking place on behalf of the government?

*There are 4 central units responsible for privatisation within the following ministries:*

- Ministry of Transport – privatization activity,
- Ministry of Economy - department for privatisation and administration of state participation,
- The Authority for State Assets Administration (AAAS),
- Ministry of Energy-privatisation department. Activity for privatization is reported separately from the reporting ministry

*S.1311 - Other central government bodies, they are included in Public Institutions financed partially or totally from own revenues, at this level we eliminate proceeds from privatisation, in Table 2A – other central government units.*

*In S.1311 working balance does not include proceeds from privatisation.*

*In S.1313 working balance include proceeds from privatisation.*

*In S.1313 working balance include proceeds from privatisation but they are neutralised in Table 2C in line “Equities”.*

*We can separate privatization and sale of shares at state/local government level, as it is in Public institutions partially or totally financed from own revenue and Privatisation institutions transferring income from privatisation to local budgets.*

*There were recorded transactions on an accrual basis in F5 due to privatisation (when the cash is paid in tranches).*

## **7.6. Public Private Partnerships**

The term “Public-Private Partnerships” (PPPs) is widely used for many different types of long-term contracts between government and corporations for the provision of public infrastructure. In these partnerships, government agrees to buy services from a non-government unit over a long period of time, resulting from the use of specific “dedicated assets”, such that the non-government unit builds a specifically designed asset to supply the service. The accounting rules are set out in ESA 2010 paragraphs 20.276-20.282 and clarified in the Chapter 6.4 of the ESA 2010 Manual on government deficit and debt.

The key statistical issue is the classification of the assets involved in the PPP contract – either as government assets (thereby immediately influencing government deficit and debt) or as the partner’s assets (spreading the impact on government deficit over the duration of the contract). This is an issue similar to the one of distinguishing between operating leases and finance leases, which is explained in Chapter 15 of ESA 2010.

As a result of the methodological approach followed, in national accounts the assets involved in a PPP can be considered as non-government assets only if there is strong evidence that the partner is bearing most of the risk attached to the asset of the specific partnership. In this context, it was agreed among European statistical experts that, for the interpretation of risk assessment, guidance should focus on three main categories of risk: “construction risk”

## Specific government transactions - Public Private Partnerships

(covering events like late delivery, respect of specifications and additional costs), “availability risk” (covering volume and quality of output) and “demand risk” (covering variability of demand).

PPP assets are classified in the partner's balance sheet if both of the following conditions are met: the partner bears the construction risks and the partner bears at least one of either availability or demand risk, as designed in the contract.

If the conditions are not met, or *if government assumes the risks through another mechanism*, (e.g. guarantees, government financing) then the assets are to be recorded in the government's balance sheet. The treatment is in this case similar to the treatment of a financial lease in national accounts requiring the recording of government capital expenditure and borrowing. In borderline cases it is appropriate to consider other criteria, notably what happens to the asset at the end of the PPP contract.

*So far, Romania has not signed any PPP.*

### 7.7. Financial derivatives

This part describes the use of financial derivatives and the recording of derivative related flows in EDP tables and national accounts.

Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union does not distinguish between the ESA and EDP definition of interest. The Regulation No 549/2013 paragraph 4.47 reads: *Payment resulting from any kind of swap arrangement is recorded as a transaction in financial derivatives in the financial account, and not as interest recorded as property income. Transactions under forward rate agreements are recorded as transactions in financial derivatives in the financial account, and not recorded as property income.*

ESA 2010 paragraph 20.133 specifies the treatment of so called of market swaps: *“Lump sums exchanged at inception on off-market swaps are classified as loans (AF.4) when the lump sum is received by government. Off-market swaps are partitioned in the balance sheet into a loan component and a regular, 'at-the-money' swap component.”*

#### 7.7.1. Types of derivatives used

*The Romanian general government does not use financial derivatives.*

#### 7.7.2. Data sources

#### 7.7.3. Recording

### 7.8. Payments for the use of roads

The main issue is whether payments for road, both in the case of tolls and vignettes, should be considered as sale of services or as a tax, when the infrastructures are owned by public units. The issue is important also because the classification of payments made for the usage of roads, either as sales or taxes, influences the assessment of the 50% criterion, which is fundamental for the purpose of assessing whether a given institutional unit (in some cases, a government-controlled entity receiving the payment of the toll or vignette) is a market or a non-market producer.



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Payments for the use of roads will generally be classified as a sale of a service in the case of tolls. They will also be classified as a sale of a service in the case of vignettes whenever users have sufficient choice both in terms of selecting specific roads and of choosing a determined length of time for the vignette.

*In Romania, the payments for the use of roads take the form of tolls or vignettes.*

*Government ordinance no. 15/2002 regarding applying of user charge, usage tariff is structured according to the duration of use of national roads, as follows: one day, 7 days, 30 days, 90 days, 12 months. Lifetime journey includes time and parking duration.*

*Usage fees apply structured as follows:*

*a) depending on the time map and parking for a maximum laden weight (MTMA) and number of axes, for goods vehicles with a maximum laden weight of not less than 12 tonnes;*

*b) depending on the time map and parking and a maximum laden weight (MTMA) for goods vehicles with a maximum laden weight of less than 12 tons;*

*c) depending on the time map and parking and seats for passenger vehicles.*

*The income from the vignettes is classified as revenue – sale of a service.*

*The institution unit collecting vignette is classified in S.1311 (National Company of Administration of Road Infrastructure).*

## 7.9. Emission permits

There are two main trading systems, where European Union Member States can participate:

The Kyoto Protocol is a 1997 international treaty, which came into force in 2005. In the treaty, most developed nations agreed to legally binding targets for their emissions of the six major greenhouse gases.[33] Emission quotas (known as "Assigned amounts", AAUs) were agreed by each participating 'Annex 1' country,

The European Union Emission Trading Scheme (or EU ETS) is the largest multi-national, greenhouse gas emissions trading scheme in the world. It is one of the EU's central policy instruments to meet their cap set in the Kyoto Protocol. The so-called EU emission Allowance (EUA) is traded.

The ESA 2010 MGDD part 6, chapter 6.5 is dealing with the statistical recording of the emission trading allowances.

*In 2012, an auction sale of EUA certificates was organised.*

*The occurrences of sale of emissions are recorded in as taxes on production D.29. The certificates not yet distributed are recorded on other accounts payable, because the timing difference between cash payments received by government for the permits and the time of recording of the tax revenue in the national account gives rise to a financial liability for government.*

*Since 2017 after compiling Emission Permits table, the amounts collected from the sold of these permits have generated revenue of the type taxes on production - D.29, according to SNA 2008 and to ESA 2010 15.40). Sale of emissions are recorded in "other accounts receivable" as D29 related to emission permits, including the adjustments (with minus) of D29 from working balance.*

*In 2018 the recording for ETS certificates was updated for the whole period 2012-2018, in accordance with new provisions from MGDD 2019 edition and Eurostat recommendations.*

*Method use: time adjusted cash by one year.*

In EDP Table 2A at “other accounts payable” is neutralized the cash flow related to ETS proceeds in the Working Balance and in the B.9 of OCGB, and in a separate line is report the D2 revenue of S.13 (shown in the adapted ETS Table) reflecting the time-adjusted cash by one year.

Also in Table 5 EDP Questionnaire for F8 under payable it is shown the difference between D2 accrual and cash.

### **7.10. Sale and leaseback operations**

Government sells an asset and immediately leases it back from the purchaser. The issue is whether the sale is to be considered as a "true sale" (transaction in GFCF improving B.9) or the transaction is to be treated differently and an asset should remain on government's balance sheet.

MGDD part 6, chapter 6.2 is dealing with sale and lease back operations

*There haven't been any occurrences of sale and lease back operations over the period 2000-till now.*

### **7.11. Securitization**

Securitisation is when a government unit transfers the ownership rights over financial or nonfinancial assets, or the right to receive specific future cash flows, to a special-purpose vehicle (SPV) which in exchange pays the government unit by way of financing itself by issuing, on its own account, asset backed bonds.

The classification of the proceeds received by government as disposal of an asset may lead to an impact on the government deficit, when the asset is a nonfinancial asset or if it is determined that a revenue should accrue. All securitisation of fiscal claims should be treated as borrowing, as well as all securitisation with a deferred purchase price clause and all securitisation with a clause in the contract referring to the possibility of substitution of assets. In addition, if the government compensates the SPV ex-post, although this was not required according to the contract, the operation should be reclassified as government borrowing.

ESA 2010 paragraphs 20.260-20.271 establish securitisation operations accounting rules. The MGDD part 5, chapter 5.5 is dealing with securitisation operations.

*There haven't been any occurrences of securitisation operations over the period 2000-till now.*

### **7.12. Mobile phone licenses**

The receipts of government following the allocation of mobile phone licenses to operators are to be recorded as rent (D.45) over the whole time of the licence.

In cases when licenses are sold in advance of their actual availability, any prepayment collected by government should be recorded as other accounts payable (F.8).

The ESA 2010 MGDD part 6, chapter 6.1 is dealing with the sale of mobile phone licenses.

*Starting with 2004 we had UMTS-allocation of mobile phone license; the whole amount of the contract, at the moment of the license's allocation was recorded and spread out payments as financial transaction.*

*In 2017, the statistical treatment recommended in the Guidance note modifying MGDD 2016 on “Mobile phone licenses, exploration rights and other licenses and permits” has been*

*applied, for data starting with 2012. The treatment consists of recording UMTS licenses on the liabilities of the central administration, as non-financial transaction not included in the financial instrument F.8.WB as rent D.45 spread over the duration of the contract. Mobile phone licences are not sold ahead of their availability.*

### **7.13. Transactions with the Central Bank**

The management of asset portfolios and interventions in foreign exchange markets for monetary policy purposes may generate capital gains for central banks, which are liable to be distributed to general government. The amounts involved may sometimes be very large. Capital gains are not income in national accounts and therefore payments to government financed out of capital gains cannot be recorded as property income but have to be recorded as financial transactions. It also proposes to apply the rules on capital injections when government makes a payment to the Central Bank. Such payments by government may be made to cover losses made by the Central Bank. Capital losses may occur due to foreign exchange holding losses. Operational losses may occur due to the fact that interest and other operational income do not cover operational costs made by the central bank. Capital losses cannot be recorded as equity injection, therefore capital gains and losses are somehow not treated symmetrically. This asymmetrical treatment is nevertheless justified for the purpose of appropriately measuring government deficit.

*According to the Law no.312/28.06.2004 on the Statute of the National Bank of Romania, Art. 43 Profit calculation and distribution, the National Bank of Romania shall transfer to the State budget a share of 80 percent of the net revenues left after deducting (i) the expenses related to the financial year, including expenses for the provisions and (ii) the loss related to the previous financial years that remained uncovered after using the available sources (special revaluation account and statutory reserves).*

*The share referred to above is transferred monthly, until the 25<sup>th</sup> of the following month inclusive, based on a special statement. This share represents revenue to the State budget. The adjustments related to the financial year are performed by the deadline for submission of the annual balance sheet according to the law, based on a rectifying special statement.*

*When the financial statements of NBR are available, the 'net operating income' (ESA 2010 par. 20.217) is calculated and the super dividend test is performed by NIS.*

*If net operating income is equal or bigger than the amount paid to the State budget, the distributions between NBR and the state budget are to be recorded as D.421 (dividends).*

*If net operating income is negative (operational loss), no revenues are recorded for the State budget and the amount paid is recorded as capital withdrawal (under the F.5 'Other equity') in the financial accounts.*

*This information is available for the EDP Notification in September each year, based on final financial statements of central bank. Infra-annual payments are recorded in the quarterly financial accounts of General Government (Q1 to Q3).*

### **7.14. Lump sum pension payments**

ESA 2010 paragraphs 20.273-20.275 define the accounting rules for recording of the lump sum pension payments. The related accounting rules are further described in the ESA 2010 MGDD and debt Part 3.6 Impact on government accounts of transfer of pension obligations.

*There haven't been any occurrences of lump sum pension payments.*

### 7.15. Pension schemes

The Romanian pension system has aligned to the EU requirements concerning the three pension pillars.

*The first (I) pillar is represented by the Public Pension System, is compulsory and is characterized by the solidarity between generations “Pay as you go” scheme (the employers and employees are paying now for present pensioners) and by defined benefits.*

- old age pension;

*Retirement pension is granted to a person who satisfies cumulatively age requirements and minimum contributions specify in Law no.263/2010 regarding the unitary system of public pension.*

*Retirement age is 65 for men and 63 for women. That age is achieved by increasing the standard retirement age scheduled according to the law. The minimum stage of contribution is 15 years, while the complete stage of contribution is 35 years.*

- anticipated pension;

*Pension early stage with more than 5 years before reaching the standard retirement age, for people who have made a contribution period of at least 8 years older than the complete contribution hereunder.*

- partial anticipated pension;

*Pension early stage with more than 5 years before reaching the standard retirement age, for people who have made a contribution period of at least 8 years older than the complete contribution hereunder. The pension amount is determined by the amount of partial early Retirement pension that would be due by the decrease of 0.75% for each month of anticipation, until the conditions for obtaining old age pension. Persons who lived at least 30 years in the areas affected by pollution due to extraction and processing residual ferrous ores containing copper, lead, sulphur, cadmium, arsenic, zinc, manganese, fluorine, chlorine, obtain a reduction in the standard retirement age by two years without penalty provided in par. (4) of Pension Law.*

- disability pension;

*Disability pension is granted to people who have lost at least half of the work capacity because:*

*a) occupational accidents and occupational diseases according to law;*

*b) malignancy, schizophrenia and AIDS;*

*c) common diseases and accidents not related to work.*

*Entitled to disability pension, as provided in par (1.a) of Law no.263/2010 regarding the unitary system of public pension students and other persons who have lost at least half of the capacity to work as a result of accidents or illnesses occurred during and because of professional practice, persons who have lost at least half of the capacity for work and great maimed as a result of participation in the struggle for the victory of the Revolution of December 1989 or about the revolutionary events of 1989, which were included in a social insurance scheme before their disability case are entitled to disability pension under the same conditions the disability pension is granted to persons to have suffered accidents at work.*

*In relation to the degree of reduction of work capacity, disability is:*

*a) grade I, characterized by total loss of working capacity and capacity for self;*

*b) grade II, characterized by total loss of working capacity, with capacity for self-preservation;*

*c) grade III, characterized by the loss of at least half the capacity for work, being able to provide a professional activity, corresponding to at most half of the normal work.*

*National House of Public Pension and sectors house of pension through the National Institute of Medical and Work Capacity Recovery and central committees of medical-military Ministry*

## Specific government transactions

of Defence, Ministry of Interior and the Romanian Intelligence Service, as appropriate, organizes, directs and controls the medical examination and recovery of working capacity.

- survivors pension;

The survivor's pension is granted to children and the surviving spouse, if the deceased was a pensioner or supporter they qualify for a pension. Children are entitled to a survivor's pension:

a) up to age 16;

b) continue their studies in a form of organized education law to graduation, without exceeding the age of 26 years;

c) the duration of the disability of any degree, whether it arose in the period were in one of the categories mentioned above. a) and b).

The surviving spouse is entitled to a survivor throughout the life at normal retirement age if the duration of the marriage was at least 15 years.

The surviving spouse is entitled to survivor's pension, regardless of age and duration of marriage, if the supporting spouse's death occurred due to an accident at work or occupational disease and if monthly earnings from a business for which insurance is mandatory or if they are less than 35 % of average gross earnings.

The survivor's pension shall, where appropriate, of:

a) old-age pension in payment or to which they were entitled, under the law, advocate died;

b) degree disability pension , if the breadwinner 's death occurred before the conditions for obtaining old age pension.

**The second (II) pillar** is characterized by private administration, defined contributions, individual accounts and is compulsory for people aged less than 35 and optional for those aged between 35-45 years old.

17 September 2007 marked the start of the period of membership of private pension funds (Pillar II) as a model tested and recommended by the World Bank.

To join a private pension fund must meet the following conditions:

- to be employed and pay social insurance contributions in the public pension system (CAS);

- to choose a pension fund in accordance with the law;

- to sign the accession at fund individual choice.

An act of accession is a document which indicated the intention to join a private pension fund and at the pension scheme of the private pension fund.

Since 2011 in the public pension system a new category was added: employees of the military, police, secret services and self-employment. They became contributors to second Pillar.

The participation in the second pillar is mandatory and the contribution is collected from the individual contribution (social insurance contribution).

The calculation basis, withholding and payment of contribution to the pension fund are the same as those established for the social insurance contribution.

At the start of the collection, respectively, in 2008, the amount of the contribution was 2% of the base. Within 8 years after collection, the contribution rate shall be increased to 6%, with an increase of 0.5 percentage points per year since 1<sup>st</sup> of January of each year. For 2013, the rate of contribution from the private pension funds is 4% (art. 18 par. (2) of Law no.6/2013 on State Social Insurance Budget 2013).

From 10.5% share of social insurance contribution paid by each employee, 4% from gross wages and salaries was transferred to privately administered pension fund chosen by the eligible person who is a participant (for private pension) and the other part (6.5%) remain in the public pension system (for pension called generic "state pension").

At the moment in Romania are 8 privately administered pension funds:

- Mandatory private pension fund ALICO;

- Mandatory private pension fund ARIPI;

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- Mandatory private pension fund AZT VIITORUL TAU;
- Mandatory private pension fund BCR;
- Mandatory private pension fund BRD;
- Mandatory private pension fund EUREKO;
- Mandatory private pension fund NN;
- Mandatory private pension fund VITAL.

*The third (III) pillar is characterized by private administration, defined contributions, voluntary participation and individual accounts.*

### **Classification of pension schemes**

- Social security schemes;
- Classification of social insurance pension schemes;
- Social security schemes defined as in ESA 2010 para. 4.89 a);
- Definition of social security schemes;
- Social security schemes are compulsory for all employees. However, the scheme is open for voluntary participation of other groups of population;
- Classification of institutional units supporting pension schemes; borderline cases.
- S.1314 social security funds.

## **7.16. Rearranged transactions**

*Yes, the activity of Exim bank performed on behalf of the State is rerouted in the Government accounts. Data sources for the activities performed by Exim Bank under mandate in the name and on behalf of the State are: income and expenses recognized in the financial statements of Exim bank, and allocated for the purpose of “management accounting” to the business line “Mandate activity”; financial assets, income and expenses, recognized in the financial reporting of the Government (S13)*

## **7.17. Decommissioning costs**

*In Romania, there are two active nuclear reactors at the Cernavoda plant. Cernavoda NPP Unit 1 was commissioned in 1996 and Unit 2 in 2007. These two plants are managed by Societatea Nationala Nuclearelectrica (Nuclearelectrica National Company) – SNN. The principles and obligations of the EC Directive 2011/70 / EURATOM and the Joint Convention on the safe management of spent fuel and radioactive waste are transposed into Romanian legislation (Law 378/2013, Law 105/1999, Order of the National Commission for the Control of Nuclear Activities).*

*According to government decisions, all generators of radioactive waste and spent nuclear fuel have the obligation to: (i) bear the costs of collection, handling, transport, treatment, conditioning and temporary storage or final disposal of the waste generated; (ii) pay the legal contribution to setting up financial resources for the final management and disposal of radioactive waste and spent nuclear fuel.*

*In case the funds available in the Radioactive Waste Management Fund and Decommissioning Fund are insufficient for implementing the National Program, the remaining obligations will be covered by the Romanian State, through the Agency for Nuclear and Radioactive Waste / Agentia Nucleara și pentru Deseuri Radioactive (ANDR).*

*Law 378/2013 establishes the responsibilities of organizations involved in the safe management of spent nuclear fuel and radioactive waste and the implementation of the National Program.*

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*The Ministry of the Environment is the central governmental authority for environmental protection and has specific responsibilities for environmental authorization and control of nuclear installations, including installations for the management of spent nuclear fuel and radioactive waste.*

*The Ministry of Economy is the responsible central authority that ensures the implementation of the National Program (through the Agency for Nuclear and Radioactive Waste / Agenția Nucleară și pentru Deșeurile Radioactive - ANDR) and approves the Annual Action Plan.*

*The Ministry of Energy is the responsible central authority that ensures the implementation of the actions of the Nuclearelectrica National Company (Societatea Națională Nuclearelectrică - SNN) and the Autonomous Administration of Nuclear Energy Technologies /Regia Autonomă Tehnologii pentru Energia Nucleară – RATEN and provides the funds for safe and final management of spent nuclear fuel and radioactive waste generated by the Autonomous Administration of Nuclear Energy Technologies/Regia Autonomă Tehnologii pentru Energia Nucleară.*

*The Ministry of Research and Innovation is the responsible central authority with implementing the actions of the National Institute of Research and Development for Physics and Nuclear Engineering Horia Hulubei/ Institutul Național de Cercetare-Dezvoltare pentru Fizică și Inginerie Nucleară Horia Hulubei-IFIN-HH from the National Program and is responsible for providing funds for safe and final management of spent fuel and radioactive waste generated by IFIN-HH.*

*The National Commission for Nuclear Activities Control/ Comisia Națională pentru Controlul Activităților Nucleare - CNCAN is the regulatory authority for nuclear safety and security, responsible for regulating, authorizing and controlling all nuclear activities.*

*The Nuclear and Radioactive Waste Agency/Agenția Nucleară și pentru Deșeurile Radioactive is the national authority established by law responsible for the final storage of spent nuclear fuel and radioactive waste, the coordination of spent fuel and radioactive waste management activities and the management of financial resources for the decommissioning of nuclear and radiological installations.*

*The Nuclear Law (111/1996) requires the authorization holder to have adequate material and financial arrangements for the collection, transport, processing and storage of radioactive discharges generated during operation and to pay the contribution to the financial funds for the decommissioning of the nuclear installations and the final storage of spent nuclear fuel and radioactive waste.*

*For the nuclear power plants, a system of financial contributions was established by the Government, by Government Decision no. 1080/2007 on how to establish and manage the financial resources necessary for the safe management of radioactive waste and the decommissioning of nuclear and radiological installations. It provides annual financial contributions paid by CNE Cernavoda operator/Centrala Nuclearo-Electrică Cernavodă as follows:*

- annual contributions having as destination the constitution of the financial resources necessary for the decommissioning of each nuclear power plant;*
- direct annual contributions having as destination the constitution of the financial resources necessary for the final disposal of radioactive waste produced by the operation and decommissioning of each nuclear power plant.*

*Both funds are managed by the Nuclear and Radioactive Waste Agency /Agenția Nucleară și pentru Deșeurile Radioactive and are conservatively invested in low-risk instruments (State Treasury accounts) with low earnings.*

*The Nuclear and Radioactive Waste Management Agency/Agenția Nucleară și pentru Deșeurile Radioactive manages the Fund for the safe management of radioactive waste generated by the*

## Specific government transactions

*operation and decommissioning of Units 1 and 2 of the CNE Cernavodă/ Centrala Nuclearo-Electrică Cernavodă and the Decommissioning Fund for these Units.*

*The source of financing of this fund is the contributions made under the provisions of Government Decision no. 1080/2007:*

*- Direct annual contributions in quantum of 1.40 Euro/MWh, having as destination the constitution of the financial resources necessary for the safe management of the radioactive waste generated by the operation and decommissioning of each nuclear power plant (the final disposal of the resulting radioactive waste).*

*- Annual contributions in quantum of 0.6 Euro/MWh, having as destination the constitution of the financial resources necessary for the decommissioning of each nuclear power plant.*

*These contributions are in Treasury deposit account and the amount was 935.6 million lei at the end of 2017, on behalf of Nuclear and Radioactive Waste Agency. This account is off balance sheet and not recorded in the non-financial accounts.*

*The construction for the storage of radioactive waste will be financed from this amount.*

### **7.18. Income contingent loans**

*Not the case*

### **7.19. Concessions**

*So far, Romania has not signed any concession contract.*

### **7.20. Energy Performance Contracts**

On 19 September 2017, Eurostat published the Guidance note on the recording of energy performance contracts in government accounts and on 8 May 2018, Eurostat published, in cooperation with the EIB), the Guide on statistical treatment on EPC.

*So far, Romania has not signed any energy performance contracts (EPC).*