

**Inventory of the methods, procedures and sources
used for the compilation of deficit and debt data and
the underlying government sector accounts
according to ESA2010**

The Slovak Republic

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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 provides factual update from the version published in 2015 and in addition to that further elaborates certain areas..

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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 The Slovak Republic.

The general government sector is composed by 3 sub-sectors: S.1311, S.1313 and S.1314. It includes:

1.1. Central government subsector (S.1311)

The subsector of central government consists the parts presented in Table 1.

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

Table1: Central government subsector (S.1311)

Unit or grouping of units - part of S.13	Description
21 - Budgetary organizations of the state	The most prominent part of central government. It contains ministries, other central institutions, etc. And is subject to presentation
6 - MH namažment (previously the National Property Fund FNM)	management of share stakes in public corporations
9 - Slovak Land Fund	management of land owned by state
11 - Public universities	
12 - AVF - Audiovisual fund	supports national creation and production of the national audio-visual art
12 - DANUB - Danubiana (small gallery)	
12 - DEUS - Dátové centrum elektronizácie samosprávy ()	
12 - DMD - DMD Holding	
12 - DMD_C - DMD Capital	
12 - EB - EximBanka	
12 - EOSA - EOSA	Central Stockpiling Agency
12 - H1311 - Public hospitals classified in S.1311	under the control of central bodies
12 - INVEAST - Invest East s.r.o.	
12 - JAVYS - JAVYS	
12 - LETZA - Letisko Žilina	
12 - MH1 - MH Invest I	
12 - MH2 - MH Invest II	
12 - NDS - The National Highway Corporation	Národná diaľničná spoločnosť a.s.
12 - OST - Other units classified in S.1311	
12 - RPRKS - Rada pre riešenie krízových situácií (National Resolution Fund)	
12 - RRZ - Council for budget responsibility	
12 - RTS - Slovak Radio And Television	public radio and TV broadcasting company
12 - SIH_NDF_I - National Development Fund I (SIH)	
12 - SIH_NDF_II - National Development Fund II (SIH)	
12 - SIH_SAM - Slovak asset Management (SIH)	
12 - SKA - Slovak Consolidation Agency	in past unit managed bad debts of banks which were later privatised, currently management of receivables from taxes and social c
12 - SNSLP - Slovak National Org. For human rights	implements and promotes a modern human rights protection system in the Slovak Republic
12 - SR - Slovenská reštrukturalizačná	
12 - TASR - Tlačová agentúra Slovenska	public-service, national and independent institution that provides information in the area of news coverage
12 - UDVA - Auditing Oversight Authority	supervision in the field of statutory audit services provision
12 - UDZS - Health Care Surveillance Authority	independent supervisor for provision of healthcare services
12 - UKPD - Office of the Commissionaire for children	
12 - UKPZP - Office of the Commissionaire for handicapped persons	
12 - UPN - The Nation's Memory Institute (Ústav pamäti národa)	disclosure of documents regarding the activity of state security authorities from 1939 to 1989
12 - ZSR - Slovak railways (owner of infrastructure)	Železnice Slovenskej republiky (owner of railway infrastructure)
12 - ZSSK - Railway Company Slovakia, A.S. (passenger transportation)	Železničná spoločnosť Slovensko (passenger transport railway company)
22 - S13 - semibudgetary organizations of budget organizations	units established for special purposes by the state budgetary organizations, for example units established for research purposes e
7 - EF - Environmental Fund	activities linked to ecology
7 - FNPKM - Fund to support culture of minorities	
7 - FNPU - Fund to support Arts	
7 - FNPV - Fund to support education	
7 - FOV - Deposit Guarantee fund	Statutory deposit guarantee fund
7 - GFI - Investment Guarantee Fund	Statutory investment guarantee fund
7 - NJF - The nuclear Fund	collection of funds for nuclear facilities displacement
7 - SFRB - The State Housing Development Fund	support of housing projects

Further details on number of units by each are in the annex 1, which contains an exhaustive list of units classified in S.1311.

1.2. State government subsector (S.1312)

The state government subsector does not exist in case of the Slovak Republic.

1.3. Local government subsector (S.1313)

The subsector of local government consists of the parts presented in Table 2.

Table 2: Local government subsector (S.1313)

Unit or grouping of units - part of S.1313	Description
81 - Budget of Municipalities	municipalities and their budgetary organisations
101 - Budget of the Higher territorial units	higher territorial units and their budgetary organisations
102 - S13 - Semibudgetary organizations of Higher territorial units	
12 - H1313 - Hospitals classified in S.1313	
82 - S13 - Semibudgetary organizations of municipalities	
83 - S13 - Other units classified in S.1313	
84 - DP - Public Transport Companies	
84 - OST - Other units classified in S.1313	

Further details on number of units by each are in the annex 1, which contains an exhaustive list of units classified in S.1313.

1.4. Social security funds subsector (S.1314)

The subsector of social security funds consists of the parts presented in the Table 3.

Table 3: Social security funds (S.1314)

Unit or grouping of units - part of S.1314	Description
3 - Social Insurance Agency	Sociálna poisťovňa
4 - S13 - Public Health insurance companies	Všeobecná zdravotná poisťovňa
4 - S13 - Private part of private health insurance companies	Public part of private Health Insurance Companies (HICs)

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

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

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

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 ESA2010 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;
- publishing of deficit and debt statistics.

Legal basis for the compilation of GFS and EDP data

In accordance with the Act No. 540/2001 Coll. on Statistics as later amended (hereinafter “the Law on Statistics”) SO SR is responsible for compilation of National Accounts data as well as for implementation of international methodology in this area (item “h” of the article 8). In accordance with the article 1 of the Act on Statistics SOSR is directly responsible for fulfilment of all tasks mentioned in international agreements which are binding for the Slovak Republic in the field of statistics including specific area of General Government Statistics - GFS).

The Act on Statistics enables SOSR to conduct statistical surveys for all relevant units (including public units) (relevant articles are 2, 12 of the Law on Statistics) and to use administrative data for statistical purposes (article 13).

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.

National accounts data for general government are transmitted to Eurostat¹ via the following tables (see the related EU legislation)² :

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

Table 6 – Financial accounts by sector (annual data)

¹ http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:174:0001:0727:EN:PDF>

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt 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) (Including the national Tax list - NTL)

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 tables³.

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	
Compilation of national accounts for General Government:						
Nonfinancial accounts	annual	X				
	quarterly	X				
Financial accounts	annual	X				
	quarterly	X				
Maastricht debt	quarterly		X			
Compilation of EDP Tables:						
EDP table 1	actual data	deficit/surplus	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		X			
	2C local government		X			
	2D social security funds		X			
EDP table 3 (actual data)	3A general government		X			
	3B central government		X			

3

http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/excessive_deficit/edp_notification_tables

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	3C state government	X			
	3D local government	X			
	3E social security funds	X			
EDP table 4		X			

NSI - Štatistický úrad Slovenskej republiky - The Statistical Office of the Slovak Republic or SOSR

MOF – Ministerstvo Financii Slovenskej Republiky – The Ministry of Finance of The Slovak Republic (MoF SR)

NCB – Národná Banka Slovenska – The National bank of Slovakia (NBS)

In The Slovak Republic there is one institution responsible in the Statistical domain. This is applicable in the field of GFS too. The responsible institution is “Štatistický úrad Slovenskej republiky” The Statistical Office of the Slovak Republic (hereinafter SOSR). SOSR is responsible for transmission of ESA 2010 transmission programme tables and EDP related tables.

In line with the national legislation SOSR is eligible to conduct surveys and ask for administrative data to be used for statistical purposes. In the GFS Field the legislation is reflected in agreements signed between SOSR and data suppliers on all relevant parts of GFS. Source data for ESA 2010 TP tables related to S.13 and EDP related tables are almost exclusively derived from administrative data sources.

MoF SR is responsible for public accounts and budgetary reporting. Reports are collected by two institutions, namely Štátna Pokladnica (the State Treasury) and DataCentrum. DataCentrum collects accounting statements from municipalities and their subsidised organizations. The State Treasury collects accounting statements from the rest of the units classified in S.13.

Data is provided to SOSR, MoF SR, NBS as well as Council for Budget Responsibility (RRZ). The source data are used for compilation of all GFS statistics in all three institutions. For April, as well as for October notification data is used simultaneously by both SOSR and MoF SR to compile GFS.

The National Bank of Slovakia along with RRZ is not involved directly in compilation of government accounts during EDP, as by institutional arrangements in Slovakia; it is in competence of the SOSR in close co-operation with MoF SR. The NSO has the final and sole responsibility for production of national accounts, including non-financial, financial accounts for the sector of General Government on annual as well as quarterly basis.

The National Bank of Slovakia and RRZ participates in common working meetings of the authorities involved in EDP with the aim of getting overview of the current situation concerning government accounts and application of ESA 2010 methodology in the general government sector. In case, there are doubts on the correct statistical treatment of some government transactions, consultations are launched on national level, where the National Bank and RRZ delivers its opinion to the issue. The NBS provides source data during EDP, which are in its competence performing supervision over the financial market and insurance.

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Najvyšší kontrolný úrad The Supreme Audit Court of the Slovak Republic (NKÚ) has not been involved directly in the EDP process yet.

2.1.1 Existence of an EDP unit/department

There is a National Accounts section at the SOSR with responsibility for compilation of National Accounts in line with ESA2010 methodology. The section is divided into Sector Accounts Department and Department of analysis and synthesis. Sector Account Department is split into Division for General Government Sector Account (unit is responsible for EDP reporting and for compilation of relevant ESA 2010 TP tables for general government – annual and quarterly data, non-financial and financial accounts, EDP tables and balance sheets etc.) . There are two other Divisions responsible for the rest of the institutional sectors, one for S.11, S.12, S.2 and the second one for S.14 and S.15.

The responsibility of MoF SR is for planned data (t) and compilation of EDP tables for year (t-1). The compilation of EDP tables for year t-1 is shared between MoF SR and SOSR. EDP issues are responsibility of the department of Implementation of statistical standards under the State Reporting Section.

2.1.2 Availability of resources for the compilation of GFS data

As of 30.11.2015 there were 7 employees involved in compilation of GFS at SOSR. The responsibilities of the team are divided in the following way. All responsibilities are shared within the team.

Source data management	1 person;
EDP and annual data compilation	3 persons;
Quarterly data compilation	3 persons;

The GFS agenda is split between employees into annual and quarterly data and non-financial and financial accounts with horizontal responsibilities (one person compiles non-financial account and second compiles financial accounts, etc.).

In the meantime unit works on division of responsibilities by grouping of units classified in general government with full responsibility for complete set of accounts. In practice the S.13 will be split into 26 different groupings of institutional units (approximately 5 groupings per employee).

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.

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

2.2.1 Legal / institutional framework

Accounting rules (generally) are developed by MoF SR. There is a specific set of rules for units classified in S.13. There is a special Act No. 431/2002 Coll. on accounting rules applicable for business accounting system, for general government units and any type of legal persons and natural persons - entrepreneurs. For government units (units classified in S.13) there is also an additional set of special reporting rules set out in the Act No. 523/2004 Coll. on budgetary rules. The act on budgetary rules sets rules for budget reporting in the process of budget preparation, budget execution, ex-post budget evaluation, preparation of the state closing account, etc. The operational rules, methodological explanations, layout of the accounting statement forms (under both acts) are issued in Measures of the MoF SR which are published in the Financial Reporter (“Finančný spravodaj”). The archive since 1997 of issues of the financial reporter is available at the following address: <http://www.mfsr.sk/Default.aspx?CatID=14>.

In general terms public accounting system is the mix of accrual accounting statements – P&L and Balance Sheets and cash based statements Fin 1-04/Fin 1-12 on Revenues and Expenditures and special statements Fin 2-04 (form of Balance sheets of selected assets and liabilities on quarterly basis), etc..

The Act on Budgetary rules set out that all units classified in S.13 by SO SR must report their accounting statements either to the State Treasury or to the DataCentrum. DataCentrum is responsible for processing of reports submitted by Municipalities (S.1313) and their subsidized organizations (with implementation of ESA 2010 all subsidized organizations are part of S.13 on the basis of qualitative aspects related to their functioning), and all other accounting statements which are submitted under the Act on accounting rules (general act covers national version of the accounting statements and offers option to use international version of accounting reporting like IFRS). The State Treasury is responsible for collection of all accounting statements submitted in line with Act on budgetary rules (S.1311, part of S.1313, and the all units in S.1314⁴).

Internal consistency of data and other checks of data are performed by the State Treasury and DataCentrum.

Statistical surveys are not used to cover the main aggregates for units classified in S.13. The surveys are a complementary source to cover special statistical needs like breakdown of transactions by CPA classification for Supply and Use table purposes and are carried out ever three years.

2.2.2 Auditing of public accounts

2.2.2.1 General government units

Final accounts of the state budgetary organizations, state semi-budgetary organizations, state funds, and other units of general government (offices etc.) do not have obligation to submit

⁴ In principle all units classified in S1314, however there is a private health insurance company refusing to fulfil the reporting obligations because it is a private company. The company provides MoF SR a special statement. All relevant information can be extracted from the reporting. Private health insurance company covers roughly 30% of the population.

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their final accounts for auditing. These units are subjects of control by Highest Auditing Authority (NKÚ – Najvyšší kontrolný úrad) and Financial Control Management Authority (Správa finančnej kontroly).

Municipalities and higher territorial units are obliged to have audited their final accounts. The subject of the audit is the final accounts and all transactions reported within the accounts, i.e. revenues and expenditures of all accounts, not just budgetary accounts. The audit of final accounts is necessary to be carried out during the year after the relevant accounting period. The audit of final accounts is set out by Act on accounting, Act on budgetary rules, from year 2004. Accounting statements which were subject of auditing are available for GFS compilers in February of the following year. From year 2013 results of audit will be obligatory published in the Register of final accounts which is available publicly on internet.

Final accounts consist also of contingent liabilities and of other information set out by legislation. Audit report consists of assurance that final accounts fulfil all requirements and accurately and truly represents information which is subject of accounting, possibly indicating discovered shortages.

In addition to that the supreme Audit office publishes its findings at its webpage.

The audit of final accounts of government units which have an obligation to submit them for auditing is performed by auditing companies chosen following a public procurement process. Audits are not obligatory published or collected.

2.2.2.2 Public units, not part of general government

All public corporations excluded from general government sector have the obligation by Act on accounting to submit annually their final account for auditing. Public corporations submit their final account for auditing to private auditing companies listed in the Business register. The complete final accounts are the subject of auditing. Audit is performed annually until the end of relevant accounting period.

Audit reports of final account for public corporations are not available for GFS compilers. These units do not have obligation to publish audit reports, but do have obligation just to put audited final accounts into Documents register within Business register.

Final accounts consist of contingent liabilities and of other information set out by legislation. Audit report consists of assurance that final accounts fulfil all requirements and accurately and truly represents information which is subject of accounting, possibly indicating discovered shortages.

Accounting statements (as well as annual reports) must be handed in and they are published by the Register účtovných závierok (MoF SR) on the designated web pages: <http://www.registeruz.sk/>

2.3. Communication

2.3.1 Communication between actors involved in EDP

2.3.1.1 Agreement on co-operation

Co-operation is organized at two levels. The first steering level functions between director generals of SO SR, MoF SR and NBS. Working level is organized by co-operation among relevant departments of institutions involved. Co-operation follows principles set out in

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memorandum of understanding which exists between SO SR and MoF SR, and SO SR and NBS. Further details on data exchange are elaborated in agreements on co-operation and data exchange signed between SO SR and State Treasury (institution directly managed by MoF SR) and SO SR and DataCentrum (institution directly managed by MoF SR) and SO SR and MoF SR and SO SR and NBS⁵.

There are no regular meetings arranged. In practice the group meets if there is a specific reason which requires meeting. Usually there is a round of meetings before EDP notification, EDP missions, or when it is necessary to prepare documents with relevance to GFS for external institutions or in case there are some changes to public accounting statements on design of which we should agree.

The split of tasks among parties involved is naturally linked to the areas for which institution is responsible.

MoF SR

- source data with regard to public units;
- preparation of the planned data
- additional information from different departments of MoF SR
 - foreign claims,
 - EU flows,
 - PPP projects,
 - guarantees,
 - capital injections (in form of increases of capital, returnable state aid)
 - debt
 - GFS reporting for IMF
 - accrual taxes and social contributions

SO SR

- classification of units,
- ESA transmission tables
- methodological co-operation on recoding of different transactions
- incorporation of other information on different areas into ESA terms

NBS

- inputs on methodological issues linked to GFS

2.3.1.2 Access to data sources based on public accounts

There is an agreement on data provision between SO SR and the State Treasury, and SO SR and DataCentrum. The main text of the agreements is valid for an indefinite period of time. The text references the annexes in which exact details on data flows are specified and updated on yearly basis. The annexes to the agreements on data inflows are linked to the internal information system (MtS-SÚD⁶) responsible for day-to-day management of incoming data. Technically partners of SO SR (data providers) prepare files with source data and via

⁵ As of 30.9.2020 the new agreement is about to be signed more formalising cooperation in the field of GFS. The agreement will be signed also with RRZ.

⁶ A new system IŠIS is implemented by SO SR.

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electronic means data flow into the SO SR database, later in case the data are changed the new updated files arrive and in the end there is final batch of files. Everything is covered by agreements from formats to frequency and split of sources into logical files.

In addition to the batch processing of data SO SR has online access to the database of the State Treasury, where relevant information could be accessed. In line with the general agreement between SO SR and MoF SR SO SR receives individual data.

Additional source data in the form of tables prepared by different departments of MoF SR are received in electronic format (sometimes the scanned hard copy of documents are used). In the internal environment of SOSR the additional source data are saved into a common storage place which is backed up on regular basis.

2.3.2 Publication of deficit and debt statistics

2.3.2.1 Publication of EDP data

EDP data are published at the same time as they are published by Eurostat. The scope of data is limited to the Table 1. The reasons for publishing only the data of the table 1 (EDP B.9, Consolidated debt, EDP D.41, P.51, GDP, Planned data) is that the information system of SO SR needs to rework the tables in really manually intensive manner, therefore only the content of table 1 is published. The data are always accompanied by a short text explaining the nature of the data and revision. The publication also always contains direct contact information on relevant persons.

2.3.2.2 Publication of underlying government ESA2010accounts

ESA TP data are regularly published in the Slovstat database of SO SR and on its web pages. <http://www.statistics.sk/pls/elisw/vbd>

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 ESA2010based 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 legislation⁷: 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

Currency and deposits (AF.2) consist of financial means deposited on the accounts of the State Treasury.

Item Debt securities (AF.3) consists of bonds depository notes issued by units classified in general government sector.

Loans (AF.4) consist of obligations resulting from bank loans, financial lease contracts, loans between government units, loans from international non-banking organizations, investment credit contracts, and other types of loans from non-financial sector, household sector and NPISH sector.

For the breakdown of debt instruments by maturity a simple rule is used. Debt instruments with maturity up to 1 year (including) are recorded as short-term and debt instruments with maturity exceeding 1 year as long-term.

Split of debt instruments into domestic and foreign is based on residence of a buyer.

3.1.1.2 Data sources used for the compilation of Maastricht debt

As data source Balance sheets of general government units, FIN 2-04 - Financial statement for selected assets and liabilities of general government units, FIN 5-04 - Financial statement on loans, issued bonds, bills and financial leasing of general government units are used. These statements are collected, processed and submitted to GFS compilers by State Treasury. Another data source for Government debt compilation are Operative statement on stocks of

⁷ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:069:0101:0101:EN:PDF>

EDP tables and data sources - State government sub-sector, EDP table 2B and 3C

deposits of State Treasury clients, statement on Government liabilities by ARDAL (Agency for managing state debt and liquidity), statement by Eurostat on EFSF liabilities.

Data collection for general government units with the exception of municipalities are operated by State Treasury. Data collection for municipalities is carried out by DataCentrum.

Balance sheets as of 31.12. are submitted by general government units, which consist of budgetary organisations, semi-budgetary organisations, state funds, municipalities and higher territorial units annually 35 days after the end of the year. Balance sheets for other general government units are submitted until 30th June of the following year.

FIN 2-04 - Financial statement for selected assets and liabilities of general government units and FIN 5-04 - Financial statement on loans, issued bonds, bills and financial leasing of general government units as of 31.12. are submitted 35 days after the end of the year. Statements as of 31.12. are not submitted by budgetary organisations, semi-budgetary organisations, state funds, municipalities and higher territorial units since they have obligation to submit balance sheets (Uč ROPO 1-01 – a standard accounting statement) at this time.

Operative statement on stocks of deposits of State Treasury clients as of 31.12. is available on the next working day of the following year. Statement on Government liabilities is submitted by ARDAL 35 days after the end of the relevant year.

Statement on EFSF liabilities is submitted every month by Eurostat.

For April EDP notification all the above mentioned data sources are used with the exception of balance sheets which are not available at that time.

For October EDP notification are data from FIN 2-04 - Financial statement for selected assets and liabilities of general government units revised by data from standard balance sheets.

3.1.1.3 Amendments to basic data sources

All general government units submit data through the statements mentioned in the point 3.1.1.1.3 under precisely specified time schedule. Data in these statements are in nominal values. Data for state budgetary organisations are based on accounting statements. Data on investment-credit contracts of higher territorial units are reported in FIN 5-04 - Financial statements on loans, issued bonds, bills and financial leasing of general government units and are checked with relevant employees of higher territorial units.

Financial leasing is reported in the balance sheet as a part of financial rent, respectively under other liabilities. The precise amount of liabilities resulting from financial leasing is reported within FIN 5-04 - Financial statement on loans, issued bonds, bills and financial leasing of general government units. Data on stock of financial assets and liabilities are based on accounting statements.

3.1.1.4 Consolidation of Maastricht debt

Loans granted by general government units to each other are the subject of consolidation. Within the EDP notification Tables debt instruments are consolidated at the level of central government, local government and general government.

The subject for consolidation is loans granted by State Treasury to ARDAL, loans granted by SFRB to municipalities, non-repaid returnable financial aid granted from State Financial Assets to municipalities, higher territorial units, semi-budgetary organisations of general government and loans granted by municipalities to other municipalities.

Consolidation of financial transactions and stocks on the balance sheet is carried out on the basis of evidence of received/granted loans between general government grouping of units.

Data for consolidation at the level of central government are consistent. Until year 2011 data on granted loans by SFRB to municipalities were based on the expert estimate on the basis of coefficient method. After this period these data are reported directly within financial statements and therefore coefficient method is used no more.

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 ESA2010.

2.2.1 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 ESA2010 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>		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	Q	T+35	T+8	(3) Current and capital revenue and expenditure and financial transactions	x	x	x
A	Q/A	T+35	T+8	(4) Balance sheets		x	x
				Financial Statements			
A	A	T+35	T+8	(5) Profit and loss accounts			
A	A	T+35	T+8	(6) Balance sheets			x
				(7) Cash flow statement			
				Other Reporting			
	A (every 3 years)		T+9	(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.

* In the table the cash data are presented as final after T+8 months. Practically the data do not change after T+35 days.

Data presented in the working balance are only for budgetary organisations of the central government. In case of the Slovak Republic the units regarded as budgetary organizations of the central government are different ministries and central offices. In addition to the most obvious units like different ministries other units like the Statistical office of the Slovak republic are also part of it.

Comprehensive description of all data sources used for compilation of S.13 data are presented in part 3.7 – general comments on data sources.

3.2.1.1 Details of the basic data sources

Data sources used for compilation of national accounts

Data for working balance are based on financial statement Fin 1-12 where cash revenues and expenditures are recorded. These data are also main source used for B.9 calculation. Data are available by individual unit and by categories of budgetary classification (economic classification of budgetary classification - EKRK). These data are grouped and processed. Processing is performed on groupings of units which are subsequently grouped into GG subsectors. For each grouping data for any individual unit from Fin 1-012 is also available (code of EKRK transaction, code of COFOG classification, budgetary code of money source and value of transaction).

Using the items of budgetary classification we can distinguish between financial and non-financial transactions. The items of budgetary classification provide sufficient details to split between different ESA 2010 transactions in broad terms. Some of the items are not clearly bridged into ESA 2010 transactions and pro rata splits are used (for limited number of codes). The split influences the value of different ESA 2010 transactions but not the level of revenues or expenditures and B.9n. The separate codes for non-financial and financial transactions exist, which enable not to include financial ones into WB.

In order to bring data in line with ESA 2010 methodology additional adjustments are needed to calculate B.9n and other ESA 2010 categories. The first main adjustment relates to accrual recording of taxes and social contributions (time-adjusted cash) and it is described in the relevant section of the document. Further source of adjustments comes from balance sheets and transactions adjustment by accrual shift calculated from assets as well as from liabilities side (from receivables and payables). The adjustment is consistently recorded for every grouping of the units in relevant subsectors and is presented for “The State” in the table T2 under the relevant category. The figures are part of payables and receivables in the table T3.

The structure of assets and liabilities is sufficiently detailed to distinguish between different ESA 2010 categories in broad terms. Some items require further investigation on their content in order to verify the appropriate classification of items. As for accrual adjustments of non-financial accounts by payables and receivables the balance sheet items provide good breakdown into ESA categories, however usually the item “other” could be in some cases relatively high and is bridged to D.75 transaction.

Statement Fin 5-04 provides the details on certain financial transactions included in line with accounting rules in item “other”. Specifically the issues covered by the statements are information on the financial leasing and investment credit loans.

As for consolidation of non-financial transactions, information on counterparts from Fin 1-12 is used. In broad terms the codes of budgetary classification are sufficiently detailed to distinguish counterpart information and information on other receiving or/and paying counterpart sector (other than S.13).

Regarding consolidation of financial transactions there is additional information and reports used. The information on holdings of F.2 by The state Treasury is used. Since the Government units are obliged to deposit their funds in the State Treasury the information is

used for consolidation calculation. For consolidation of F.4 we use information on Maastricht debt. For F.5 direct information on holdings of shares is used.

Since the units follow common accounting rules a common methodology is applied to the source data and the statements are presented as non-consolidated.

Working balance (WB)

Since the data presented in the working balance in the first line of EDP T2 are used for compilation of B.9 and national accounts for the main entity the section is not relevant for The Slovak Republic.

3.2.1.2 Statistical surveys used as a basic data source

For calculation of B.9n and B.9f and all relevant ESA transactions, information from accounting statements and budgetary statements is used. However, there is a complementary statistical survey used for splitting relevant ESA 2010 categories into CPA codes relevant for Supply and Use Tables compilation.

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 ESA2010 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.

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

In addition to the accounting and budgetary statements special information is used. The following information is used:

What	Unit	Frequency	Available	Change B.9
Information on EFSF transactions is used	The state (S.1311)	Monthly	T+35	Yes
Analytical table used for superdividends	The state, FNM	Annually	T+75	Yes
Accrual recording of taxes and interests	The state (S.1311),	Quarterly	T+35	Yes
Information on EU flows which belong to other sectors than S.13	The state (S.1311)	Quarterly	T+75	No
Information on settlement of foreign claims between SR and mainly developing countries	The state (S.1311)	Annually	T+75	Yes

All above-mentioned information is also relevant for section 3.2.1.3.2 (B.9f)

3.2.1.3.2 Supplementary data sources used for the compilation of financial accounts

In addition to the standard information mentioned in section 3.2.1.3.1 for financial accounts we use Operative Statement of State treasury (information on consolidation) and information

on stock of State Financial Assets. These data are used to check or adjust assets and liabilities when appropriate.

What	Unit	Frequency	Available	Change B.9
Operative Statement of State treasury	The state (S.1311)*	Daily	On spot	No
Stock of State Financial Assets	The state (S.1311)	Quarterly	T+75	No

* The statement is collected from the state treasury on deposits (F.2) of all other units in S.13

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 which 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.

In addition to the standard budgetary process units (the state) are allowed to use the system of extra-budgetary accounts.

On the extra-budgetary accounts are reported mainly financial means which are not in the budget, mainly deposits, grants and gifts, schools catering, business activities, social fund, pension system for police and military force. Revenues and expenditures of extra-budgetary accounts with the exception of grants and gifts are classified by budgetary classification similarly to means on budgetary accounts.

Non-financial flows recorded in EBA

Revenues and expenditure of the state units is covered by the statement Fin 1-12 which covers both budgetary as well as extra budgetary accounts. The statement is explicitly split into budgetary and extra-budgetary part (covering both extra-budgetary part as well as transactions with the State financial assets). For working balance we use budgetary part and we use the extra-budgetary part for appropriate rows in EDP table 2.

In case of SR the extra-budgetary accounts cover the following accounts:

- 1 The state financial Assets;
- 3 The account of other funds;
- 4 Account of non-core business;
- 5 Account of business activity of school
- 6 Account for social security of custom officers
- 7 Account for social security of members of police and military forces
- 8 Social fund
- 9 Extra fund established under Act No. č. 92/1991 Zb.
- 10 Account of replacement of the state emergency supplies
- 11 Account for EHP financial mechanism;
- 13 Account for Norwegian financial mechanism;

- 14 Account for Swiss financial mechanism;
 15 Balance account for state debt;

The main category of expenditures which flow between WB and balance of extra-budgetary accounts is “December salaries” of the current year.

In addition to salaries the most important transactions recorded on EBA are social security transactions for members of police and armed forces.

Financial flows recorded in EBA

EBA provide technical solution for conduct of certain government operations within the budget execution.

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).

S.1311 in addition to the budgetary organisations included in WB on table 2 consists of groupings of units presented in table 1. Please see the annex 1 for further details.

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	
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
		<i>T + days</i>	<i>T+months</i>			
				Budget Reporting		
				(1) Current revenue and expenditure		
				(2) Current and capital revenue and expenditure		
C	Q	T+35	T+8	(3) Current and capital revenue and expenditure and financial transactions	x	x
A	M	T+35	T+8	(4) Balance sheets	X	x
				Financial Statements		
A	A	T+35	T+8	(5) Profit and loss accounts		
A	A	T+35	T+8	(6) Balance sheets		
				(7) Cash flow statement		
				Other Reporting		

	A (every 3 years)		T+9	(8) Statistical surveys		
				(9) Other:		

See notes to table 2, on the used abbreviations.

* In the table the cash data are presented as final after T+8 months. Practically the data do not change after T+35 days.

3.2.2.1 Details of the basic data sources

Other units than main CG units (The State) are covered by exactly same information as budgetary units therefore please see the details mentioned under the point 3.2.1.1.

3.2.2.2 Statistical surveys used as a basic data source

For calculation of B.9n and B.9f and all relevant ESA transactions, information from accounting statements and budgetary statements is used. However, there is a complementary statistical survey used for splitting relevant ESA 2010 categories into CPA codes relevant for Supply and Use Tables compilation.

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 ESA2010 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

In addition to the accounting and budgetary statements, special information is used. The following information is used:

What	Unit	Frequency	Available	Change B.9
Analytical table used for superdividends	The state, FNM (S.1311)	Annually	T+75	Yes

3.2.2.3.2 Supplementary data sources used for the compilation of financial accounts

All above-mentioned information in section 3.2.2.3.1 is also relevant for section 3.2.2.3.2.

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 presented in WB are also part of B.9.

3.2.3.2 Legal basis of the working balance

The working balance corresponds to an item voted in Parliament in May of every year. The document is adopted by parliament in the form of an Act. Data is audited by The Supreme Audit Office of the Slovak Republic (Najvyšší kontrolný úrad SR).

The information on the State Closing Account is available at the following address:
[http://www.finance.gov.sk/Default.aspx?CatID=3557;](http://www.finance.gov.sk/Default.aspx?CatID=3557)

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 ESA2010 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

There are no units which are part of WB and should be excluded from WB.

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

Under item B.9 of other government units S.1311 the B.9 of the following units (or groupings of units) is presented on EDP table T2 (please see the Annex 1 for further details):

- 6 - MH namažment (previously the National Property Fund FNM)
- 9 - Slovak Land Fund
- 11 - Public universities
- 12_AVF - Audiovisual fund
- 12_DANUB - Danubiana (small gallery)
- 12_DEUS - Dátové centrum elektronizácie samosprávy ()
- 12_DMD - DMD Holding
- 12_DMD_C - DMD Capital
- 12_EB - EximBanka
- 12_EOSA - EOSA
- 12_H1311 - Public hospitals classified in S.1311
- 12_INVEAST - Invest East s.r.o.
- 12_JAVYS - JAVYS
- 12_LETZA - Letisko Žilina
- 12_MHI1 - MH Invest I
- 12_MHI2 - MH Invest II
- 12_NDS - The National Highway Corporation
- 12_OST - Other units classified in S.1311
- 12_RPRKS - Rada pre riešenie krízových situácií (National Resolution Fund)
- 12_RRZ - Council for budget responsibility
- 12_RTS - Slovak Radio And Television
- 12_SIH_NDF_I - National Development Fund I (SIH)
- 12_SIH_NDF_II - National Development Fund II (SIH)
- 12_SIH_SAM - Slovak asset Management (SIH)
- 12_SKA - Slovak Consolidation Agency
- 12_SNSLP - Slovak National Org. For human rights
- 12_SR - Slovenská reštrukturalizačná
- 12_TASR - Tlačová agentúra Slovenska
- 12_UDVA - Auditing Oversight Authority
- 12_UDZS - Health Care Surveillance Authority

12_UKPD - Office of the Commissionaire for children
12_UKPZP - Office of the Commissionaire for handicaped persons
12_UPN - The Nation's Memory Institute (Ústav pamäti národa)
12_ZSR - Slovak railways (owner of infrastructure)
12_ZSSK - Railway Company Slovakia, A.S. (passanger transaportation)
22_S13 - semibudgetary organizations of budget organizations
7_EF - Environmental Fund
7_FNPKM - Fund to support culture of minorities
7_FNPU - Fund to support Arts
7_FNPV - Fund to support education
7_FOV - Deposit Gurantee fund
7_GFI - Investment Guarantee Fund
7_NJF - The Bnuclear Fund
7_RF - Recycling fund
7_SFRB - The State Housing Development Fund

B.9 for every institution is on accrual basis. The possible impact of methodological imputations/reclassifications relating to these units (e.g. debt cancellations, debt assumptions, EU flows, dividends, capital injections, etc.) is reflected in their B.9. The adjustments are linked to the following reasons: Accrual recording of F.8 for every unit/grouping of units, Superdividends for FNM.

- For every unit/ grouping o units a full sequence of accounts is available.

3.2.3.4 Accounting basis of the working balance

The working balance is cash based (pure cash).

Financial means outside the budget are recorded on extra-budgetary accounts. Within FIN 1-12 budgetary and extra-budgetary revenues and expenditures are reported, i.e. every expenditure is reported within WB. Within the statement are recorded only expenditures relevant to given year, transfers of means from previous years are not part of the WB.

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

Accrual interests are described in section 6.4.1., but in general within WB there are cash revenues and expenditures related to interests. Within WB there are interests for all general government units as well as discount payments and premiums. Under other adjustments is recorded the difference between paid and accrual premium. Impact of accrual interests is recorded in the line “difference between interest (D.41) accrued and paid”.

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

In order to meet accrual requirements of ESA 2010 pure cash transactions in current and capital accounts need to be adjusted by accruals. The accrual adjustments can be split into the following groups:

Accrual for taxes and social contributions – Calculation of accrual is based on time adjusted cash calculation. The value of adjustment is taken over into non-financial account as well as into financial accounts (under F.8). The stock of receivables (potentially payables) declared in Accounting statements (and budgetary statements) is not taken into consideration.

Accrual adjustment of other transactions is calculated from stock of payables and receivables from balance sheets and in line with bridge table is reflected in the current and capital accounts in the following transactions D11PAY, D75PAY, D75REC, P11, P2, P51.

3.2.3.4.3 Other accrual adjustments in EDP T2

Another accrual adjustment within EDP T2 is related to EU flows. This adjustment is based on difference between receivables and payables in relation with EU. Source data for this adjustment is provided by MoF on quarterly basis.

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

Under "Non-financial transactions not included in the working balance" adjustment are data for extra-budgetary accounts and State Financial Assets. These data are based on Fin 1-12 statement where the specific part for this type of data is included.

3.2.3.6 *Financial transactions included in the working balance*

In case of the Slovak Republic there are no financial transactions recorded within the working balance.

3.2.3.7 *Other adjustments reported in EDP T2*

The current list of other adjustments in EDP T2 in case of the Slovak Republic is as follows:

- Bad foreign claims
- Debt forgiveness
- Transfers to/from non-government units
- Reclassification of non-financial transaction to financial transaction
- Interest, premium, discount
- EFSF
- exclusion of exchange rate differences from revenues and expenditures

Under the item "bad foreign claims" are transactions related to foreign claims that are not reflected in the working balance: debt cancellation recorded as capital transfer paid out (negative impact on B.9n), accrued interests (positive impact on B.9n), cash repayments of debt (positive impact on B.9n). SOSR applies a new methodology adopted by Eurostat in the area and accrues only interest recognized by debtor.

Under the item "Debt forgiveness" represents figures on debts which were assumed by the government during those years.

Under the item "Transfers to/from non-government units" relates to expenditure to non-profit institutions. There is a possibility to assign 2% of PIT and/or CIT to non-profit institution.

Under the item "Reclassification of non-financial transaction to financial transaction" are mainly transactions which were at first considered as injection in the own capital of relevant units (F.5), but which were subsequently reclassified into a capital transfer (D.9).

Under the item "Interest, premium, discount" is recorded accrual adjustment of the interest (agio).

Under the item "EFSF" is adjustment where the impact of EFSF on B.9 is reflected.

The title of item "exclusion of exchange rate differences from revenues and expenditures" itself clearly states the nature of the adjustment which excludes exchange rate differences from revenues and expenditures which are recorded in basic data source Fin 1-12 statement.

3.2.3.8 Net lending/net borrowing of central government

B.9 as reported in the last line in EDP T2, is derived from the same source data used when calculating the WB.

3.2.4 EDP table 3B

3.2.4.1 Transactions in financial assets and liabilities

For the transactions presented in the Table 3B the financial accounts data is used.

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

	Assets							Liabilities						
Source Data	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
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data		X	X	X					X	X	X			
Stock data	X					X	X	X					X	X
	Calculation of stocks													
Transaction data														
Stock data	X	X	X	X		X	X	X	X	X	X		X	X

The main source of data used for calculation of transactions F.2 and F.8 for the table 3 are balance sheets as mentioned in part 3.7 – general comments on data sources. For F.3, F.4 and F.5 transactions are calculated from statement on revenues and expenditures Fin 1-12. All units in S.13 are covered by above-mentioned accounting statements and are available on individual basis for every unit classified in S.13.

Supplementary information relates to earlier-mentioned accrual adjustments of taxes and social contributions, superdividends, interests, foreign claims forgiveness, financial leasing, and investments credit loans.

Taxes and social contributions. Information on transaction in F.8 is derived from detailed information on taxes and social contributions. Difference between cash data in the accounting statements and time adjusted cash value enters into receivables in the financial accounts with simultaneous entry into the non-financial accounts (in code of appropriate tax revenue).

Superdividends: There are cash receipts of dividends recorded in the revenue and expenditure statements (Fin 1-12) the cash receipts is part of F.2 on the financial account. In line with the information on the value of superdividends (please see the section on superdividends for further details). The entry for the value of superdividends reduces the receipts D.421REC and F.5 in financial account.

Foreign claims forgiveness: the information for this adjustment is extracted from data sources prepared by MF SR. In line with agreements (negotiation) between SR and debtor (development countries) the table is prepared which lists in detail the amount of debt forgiveness which is entered as paid capital transfer and in the financial account as reduction of receivables.

Financial leasing and investment credit loans: On the basis of the special budgetary statements information on financial leasing and investment credit loans are extracted from other payables and in line with ESA 2010 recorded as loans.

3.2.4.2 Other stock-flow adjustments

Data source is accounting and data are acquired from Accounting of Specific State Operations Department within MoF. The difference between paid and accrued interest is the difference between cash value of interest from financial statement FIN 1-12 of which data enters WB and accrual interest from accounting. Under the line “Issuance above/below nominal value” is reported received cash issuance agio, issuance discount, paid discount and aliquot interest return. Under the line “appreciation/depreciation of foreign-currency debt” is reported data from accounting on appreciation/depreciation.

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

At working level the discrepancy is observable at the level of groupings of units. The sector is split into a few groupings. Many of groupings are one unit groupings (like SIA or 7_NJF), 3 groupings contain less than 15 units; and rest contains more than 15 units (dozens, hundreds and one grouping even thousands - municipalities).

We work on possible discrepancies at the level of groupings by investigating and we try to find the reason for discrepancy. The source data is available for every single unit in groupings. For EDP purposes the discrepancy is always presented in the appropriate rows of EDP tables. Therefore we cannot pinpoint any specific statistical technique (mentioned above) for allocation of discrepancy.

Changes to intermediate data

The method for allocation of discrepancy is not used in the compilation process.

Complementary elements on stocks/

The method for allocation of discrepancy is not used in the compilation process.

Accruals

The method for allocation of discrepancy is not used in the compilation process.

Ex-post monitoring

The method for allocation of discrepancy is not used in the compilation process.

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

The whole section on the state government is not applicable for the Slovak Republic.

3.3.1 Data sources for State Government unit

Table 5 – Availability and use of basic source data for the state 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>		
				Budget Reporting			
				(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
A	Q	T+55	T+7	(4) Balance sheets			X
				Financial Statements			
A	A	T+150	T+7	(5) Profit and loss accounts			
A	A	T+150	T+7	(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(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.

3.3.1.1 Further specifications/comments to the table

3.3.1.2 Details of the basic data sources

Data sources used for compilation of national accounts

Working balance

3.3.1.3 Statistical surveys used as a basic data source

3.3.1.4 Supplementary data sources and analytical information

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

3.3.1.4.2 Supplementary data sources used for the compilation of financial accounts

3.3.2 Data sources for other State Government units

Table 6 – Availability and use of basic source data for other State 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>		
				Budget Reporting			
				(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
A	Q	T+55	T+7	(4) Balance sheets			X
				Financial Statements			
A	A	T+150	T+7	(5) Profit and loss accounts			
A	A	T+150	T+7	(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(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.

3.3.2.1 Details of the basic data sources

3.3.2.2 Statistical surveys used as a basic data source

3.3.2.3 Supplementary data sources and analytical information

3.3.2.4 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 which enter the WB, as reported in the first line of EDP table 2.

Non-financial flows recorded in EBA

Financial flows recorded in EBA

3.3.3 EDP table 2B

3.3.3.1 Working balance - use for the compilation of national accounts

3.3.3.2 Legal basis of the working balance

3.3.3.3 Coverage of units in the working balance

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

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

3.3.3.4 Accounting basis of the working balance

3.3.3.4.1 Accrual adjustments relating to interest D.41, as reported in EP T2

3.3.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EP T2

3.3.3.4.3 Other accrual adjustments in EDP T2

3.3.3.5 Completeness of non-financial flows covered in the working balance

3.3.3.6 Financial transactions included in the working balance

3.3.3.7 Other adjustments reported in EDP T2

3.3.3.8 Net lending/net borrowing of state government

3.3.4 EDP table 3C

3.3.4.1 Transactions in financial assets and liabilities

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

	Assets							Liabilities						
Source Data	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
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data														
Stock data														
	Calculation of stocks													
Transaction data														
Stock data														

3.3.4.2 Other stock-flow adjustments

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

3.4.1 Data sources for Local Government main unit: Budgetary organization of municipalities and higher territorial units

Table 8 – 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>		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	Q	T+35*	T+8	(3) Current and capital revenue and expenditure and financial transactions	x	x	x
A	Q/A	T+35	T+8	(4) Balance sheets		x	x
				Financial Statements			
A	A	T+35	T+8	(5) Profit and loss accounts			
A	A	T+35	T+8	(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
	A (every 3 years)		T+9	(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.

* In the table the cash data are presented as final after T+8 months. Practically the data do not change after T+35 days.

Data presented in the working balance are only for budgetary organisations of the municipalities and higher territorial units. In case of the Slovak Republic the units regarded as budgetary organizations of the municipalities are different local councils and their institutions

directly linked to the budget. The higher territorial units consist of 8 main regional budgetary organizations and their budgetary organizations.

Comprehensive description of all data sources used for compilation of S.13 data are presented in part 3.7 – general comments on data sources.

3.4.1.1 Details of the basic data sources

Since the source data are the same as for S.1311 please refer for details to the appropriate section of the inventory related to S.1311 (central bodies) (section 3.2.1.1).

3.4.1.2 Statistical surveys used as a basic data source

Since the source data are the same as for S.1311 please refer for details to the appropriate section of the inventory related to S.1311 (central bodies) (section 3.2.1.2).

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

Since the source data are the same as for S.1311 please refer for details to the appropriate section of the inventory related to S.1311 (central bodies) (section 3.2.1.3.1).

3.4.1.3.2 Supplementary data sources used for the compilation of financial accounts

Since the source data are the same as for S.1311 please refer for details to the appropriate section of the inventory related to S.1311 (central bodies) (section 3.2.1.3.2).

3.4.2 Data sources for other Local Government units

Table 9 – 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>		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	Q	T+35*	T+8	(3) Current and capital revenue and expenditure and financial transactions	x	X	x
A	Q/A	T+35	T+8	(4) Balance sheets		x	x

EDP tables and data sources - Local government sub-sector, EDP table 2C and 3D

				Financial Statements			
A	A	T+35	T+8	(5) Profit and loss accounts			
A	A	T+35	T+8	(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
	A (every 3 years)		T+9	(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.

* In the table the cash data are presented as final after T+8 months. Practically the data do not change after T+35 days.

3.4.2.1 Details of the basic data sources

3.4.2.2 Statistical surveys used as a basic data source

For calculation of B.9n and B.9f and all relevant ESA transactions information from accounting statements and budgetary statements is used. However there is a complementary statistical survey used for splitting relevant ESA 95 categories into CPA codes relevant for Supply and Use Tables compilation.

3.4.2.3 Supplementary data sources and analytical information

In addition to the accounting and budgetary statements special information is used. The following information is used:

What	Unit	Frequency	Available	Change B.9
Accrual recording of taxes and interests	Higher territorial units	Quarterly	T+35	Yes

3.4.3 EDP table 2C

3.4.3.1 Working balance - use for the compilation of national accounts

Data presented in the working balance of the EDP table 2C present the source data and input into the national accounts compilation.

3.4.3.2 Legal basis of the working balance

Please see the information mentioned under the section 3.2.3.2

3.4.3.3 Coverage of units in the working balance

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

There are no units which are part of WB and should be excluded from WB.

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

Under item B.9 of other government units S.1313 the B.9 of the following units (or groupings of units) is presented on EDP table T2C (please see the annex 1 for further details):

- Semi-budgetary organizations of municipalities,
- Semi-budgetary organizations of higher territorial units,
- Non-profit organizations of municipalities
- Hospitals established by municipalities and higher territorial units

B.9 of every institution presented in the table is on accrual basis. The possible impact of methodological imputations/reclassifications relating to these units is reflected in their B.9. The adjustments are linked to the following reasons: Accrual recording of F.8 for every unit/grouping of units.

For every unit/ grouping of units a full sequence of accounts is available.

3.4.3.4 Accounting basis of the working balance

The working balance is cash based (pure cash).

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

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

Please see the information provided in section 3.2.3.4.3 which is applicable for this part too.

3.4.3.4.3 Other accrual adjustments in EDP T2C

Other accrual adjustments related to this section are related to taxes.

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

The data presented in for local government are considered as complete.

3.4.3.6 Financial transactions included in the working balance

In case of the Slovak Republic there are no financial transactions recorded within the working balance.

3.4.3.7 Other adjustments reported in EDP T2C

The current list of other adjustments in EDP T2 in case of the Slovak Republic is as follows:

- Debt forgiveness
- Reclassification of non-financial transaction to financial transaction

EDP tables and data sources - Local government sub-sector, EDP table 2C and 3D

- Reclassification of financial transaction to non-financial transaction
- exclusion of exchange rate differences from revenues and expenditures

The item “Debt forgiveness” represents figures on cases when returnable financial aid was cancelled and capital transfer was recorded.

The item exclusion of exchange rate differences contains small amounts related to operations with foreign currencies and profits and losses related to it.

3.4.3.8 Net lending/net borrowing of local government

B.9 as reported in the last line in EDP T2 for local government is derived from the same source data used when calculating the WB.

3.4.4 EDP table 3D

3.4.4.1 Transactions in financial assets and liabilities

For the transactions presented in the Table 3B the financial accounts data is used.

Table 10. 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
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data		X	X	X					X	X	X			
Stock data	X					X	X	X					X	X
	Calculation of stocks													
Transaction data														
Stock data	X	X	X	X		X	X	X	X	X	X		X	X

The main source of data used for calculation of transactions F.2 and F.7, F.8 for the table 3 are balance sheets as mentioned in part 3.7 – general comments on data sources. For F.3, F.4 and F.5 transactions are calculated from statement on revenues and expenditures Fin 1-12. All units in S.13 are covered by the above-mentioned accounting statements and are available on individual basis for every unit classified in S.13.

Supplementary information relates to previously mentioned accrual adjustments of taxes and social contributions, superdividends, interests, foreign claims forgiveness, financial leasing, and investments credit loans.

Taxes and social contributions. Information on transaction in F.8 is derived from detailed information on taxes and social contributions. The difference between cash data in the accounting statements and time adjusted cash value enters into receivables in the financial accounts with a simultaneous entry into the non-financial accounts (in code of appropriate tax revenue).

Financial leasing and investment credit loans: On the basis of the special budgetary statements information on financial leasing and investment credit loans are extracted from other payables and in line with ESA 2010 recorded as loans.

3.4.4.2 Other stock-flow adjustments

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

3.5.1 Data sources for Social Security Funds main unit: Social Insurance Agency and healthcare insurance companies (public), public part of healthcare insurance funds managed by private healthcare insurance managers.

Table 11 – Availability and use of basic source data for social security funds

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>		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	Q	T+35*	T+8	(3) Current and capital revenue and expenditure and financial transactions	x	x	X
A	Q/A	T+35	T+8	(4) Balance sheets			X
				Financial Statements			
A	A	T+35	T+8	(5) Profit and loss accounts			
A	A	T+35	T+8	(6) Balance sheets			x
				(7) Cash flow statement			
				Other Reporting			
				(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.

* In the table the cash data are presented as final after T+8 months. Practically the data do not change after T+35 days.

Comprehensive description of all data sources used for compilation of S.13 data are presented in part 3.7 – general comments on data sources.

3.5.1.1 Details of the basic data sources

Please see 3.2.1.1.

3.5.1.2 Statistical surveys used as a basic data source

For calculation of B.9n and B.9f and all relevant ESA transactions information from accounting statements and budgetary statements is used. However there is a complementary statistical survey used for splitting relevant ESA 2010 categories into CPA codes relevant for Supply and Use Tables compilation.

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

In addition to the accounting and budgetary statements special information is used. The following information is used:

What	Unit	Frequency	Available	Change B.9
Accrual recording of taxes and interests	SIA, HIC (S.1314),	Quarterly	T+35	Yes

All above-mentioned information is also relevant for section 3.5.1.3.2.

3.5.1.3.2 Supplementary data sources used for the compilation of financial accounts

All above-mentioned information is also relevant for section 3.5.1.3.1.

3.5.2 Data sources for other Social Security units

Not relevant for the Slovak Republic.

Table 12 – 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
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				Budget Reporting			
				(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 - Social security sub-sector, EDP table 2D and 3E

A	Q	T+55	T+7	(4) Balance sheets			X
				Financial Statements			
A	A	T+150	T+7	(5) Profit and loss accounts			
A	A	T+150	T+7	(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(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

3.5.2.2 Statistical surveys used as a basic data source

3.5.2.3 Supplementary data sources and analytical information

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 which enter the WB, as reported in the first line of EDP table 2.

Non-financial flows recorded in EBA

Financial flows recorded in EBA

3.5.3 EDP table 2D

3.5.3.1 Working balance - use for national accounts compilation

Data presented in WB are also part of B.9.

3.5.3.2 Legal basis of the working balance

Please see the section 3.2.3.2 which is also valid for this section

3.5.3.3 Coverage of units in the working balance

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

There are no units which are part of WB and should be excluded from WB.

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

The private units – managers of the public fund are private companies in case of two units. In case of one private unit the company does not report data into the common system managed by the State Treasury. The company claims that there is no legal obligation to do so. The data on transaction the company is engaged in are extracted from the special report prepared by the company for the MoF SR and is available in spread sheet format. The data for the unit is prepared in the format that suits presentation in working balance heading, since there is no dispute over classification of the unit but only its reporting status. The split is done in accordance with the Eurostat methodological guidance on the similar case provided to CZ in 2009.

3.5.3.4 Accounting basis of the working balance

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

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

In order to meet accrual requirements of ESA 2010 pure cash transactions in current and capital accounts need to be adjusted by accruals. The accrual adjustments can be split into the following groups:

Accrual for taxes and social contributions – Calculation of accrual is based on time adjusted cash calculation. The value of adjustment is taken over into non-financial account as well as into financial accounts (under F.8). The stock of receivables (potentially payables) declared in Accounting statements (and budgetary statements) is not taken into consideration.

Accrual adjustment of other transactions is calculated from stock of payables and receivables from balance sheets and in line with bridge table is reflected in current and capital accounts in the following transactions D11PAY, D75PAY, D75REC, P11, P2, P51.

3.5.3.4.3 Other accrual adjustments in EDP T2D

EDP Table 2 contains a special line for the purchase of the service bought from the private manager HIC from the fund classified in S.13 (by law the private manager company can use a certain percentage – specified as maximum percentage from public health insurance receipts). The amount is recorded as expenditure with negative impact on B.9.

SIA is responsible for insurance of the companies in case of bankruptcy (for certain obligation of the bankrupted company towards its employees). SIA records capital transfer for the amount of unrecoverable part.

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

Under "Non-financial transactions not included in the working balance" adjustment are data for extra-budgetary accounts and State Financial Assets. These data are based on Fin 1-12 statement where the specific part for this type of data is included.

3.5.3.6 Financial transactions included in the working balance

In case of the Slovak Republic there are no financial transactions recorded within the working balance.

3.5.3.7 Other adjustments reported in EDP T2D

3.5.3.8 Net lending/net borrowing of social security funds

B.9 as reported in the last line in EDP T2, is derived from the same source data used when calculating the WB.

3.5.4 EDP table 3E

3.5.4.1 Transactions in financial assets and liabilities

Table 13. Data used for compilation of transactions and of stocks of financial assets and liabilities

	Assets							Liabilities						
Source Data	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
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data		X	X	X					X	X	X			X
Stock data	X						X	X						X
	Calculation of stocks													
Transaction data														
Stock data	X	X	X	X			X	X	X	X	X			X

3.5.4.2 Other stock-flow adjustments

The main source of data used for calculation of transactions F.2 and F.8 for the table 3 are balance sheets as mentioned in part 3.7 – general comments on data sources. For F.3, F.4 and F.5 transactions are calculated from statement on revenues and expenditures Fin 1-12. All units in S.13 are covered by above-mentioned accounting statements and are available on individual basis for every unit classified in S.13.

Supplementary information relates to earlier-mentioned accrual adjustments of taxes and social contributions, superdividends, interests, foreign claims forgiveness, financial leasing, and investments credit loans.

Taxes and social contributions. Information on transaction in F.8 is derived from detailed information on taxes and social contributions. Difference between cash data in the accounting statements and time adjusted cash value enters into receivables in the financial accounts with simultaneous entry into the non-financial accounts (in code of appropriate tax revenue).

Superdividends: There are cash receipts of dividends recorded in the revenue and expenditure statements (Fin 1-12) the cash receipts is part of F.2 on the financial account. In line with the information on the value of superdividends (please see the section on superdividends for further details). The entry for the value of superdividends reduces the receipts D.421REC and F.5 in financial account.

EDP tables and data sources - Social security sub-sector, EDP table 2D and 3E

Foreign claims forgiveness: the information for this adjustment is extracted from data sources prepared by MF SR. In line with agreements (negotiation) between SR and debtor (development countries) the table is prepared which lists in detail the amount of debt forgiveness which is entered as paid capital transfer and in the financial account as reduction of receivables.

Financial leasing and investment credit loans: On the basis of the special budgetary statements information on financial leasing and investment credit loans are extracted from other payables and in line with ESA 2010 recorded as loans.

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

The responsibility for classification of units is with SOSR. There is one statistical register used by different institutions (including The State Treasury and DataCentrum – further details in section 5). There is one classification of units managed by SOSR. Register is used in the process of compilation of NA and EDP, the same for Tables 2 and Tables 3.

3.6.2 Financial transactions

The source data used for compilation of WB are designed in a way that they do not include financial transactions. Therefore we do not use data reported in WB for compilation of FT on EDP T3. The main sources of information on financial transactions used for EDP T3 compilation are balance sheets (for further details see part 3.7 – general comments on data sources), and FT part reported in the financial part of Fin 1-04. In order to reconcile the accounts we use the information on F.8 to adjust cash data to accruals. The working level for EDP tables compilation is by grouping of units for both EDP T2 and EDP T3 the transactions on F.8 between EDP T2 and EDP T3 are reconciled separately for every grouping of units and due to the nature of our data sources the only transactions to reconcile is F.8.

4. Revision policy used for annual GFS

3.6.3 Adjustments for accrued interest D.41

3.6.4 Other accounts receivable/payable F.8

The F.8 transactions between EDP T2 and EDP T3 are identical between each other. The working level is for individual grouping of units and enables us to fully reconcile tables. In case the specific one-off transaction occurs (for example dividends 2009) both financial and non-financial account is affected and subsequently EDP T2 and EDP T3. There is no separate reconciliation procedure applied for F.8.

3.6.5 Other adjustments/imputations

In case of debt cancelation occurs the transaction is recorded in the following way: The value of Debt cancelation is reduced by the amount and is recorded as decrease in F4A (EDP T3 in an appropriate row of active F.4). The amount is reflected in the capital account as D9PAY (Other Adjustments – separate line).

The cases of debt assumptions are recorded in the following way. The amount of assumed debt impacts the amount of AF4L presented on EDP T1 and increases the total value of debt. Further on the value is recorded as D9PAY on the capital accounts and in the appropriate line in the other adjustment line. Both deficit as well as debt increases.

Superdividends are recorded as decrease in the amount of the increase of share capital (F.5). The corresponding value is entered as reduction of D421REC in the current accounts. Transactions have negative impact on deficit of the current year. Usually the values are not directly observable in the EDP tables since the main holdings of shares are in the unit The National Property Fund (FNM), which is presented as B.9 in the EDP Table 2. The value entered into FA an NFA is identical.

Capital injections. In case capital injection takes place into a public corporation. The amount which fails the “value for something” test is recorded as D9PAY (further details are mentioned in the capital injection section) with negative impact on B.9. The counterpart transaction is recorded in the financial account as decrease of the increase in active F.5A.

3.7. General comments on data sources

There are two principle data Sources for units classified in S.13 – Accounting statements and Budgetary reporting system. The accounting statements are submitted by units in line with the Accounting Act and in line with Act on budgetary rules budgetary reporting is available. In addition to this sources of information additional data (in tabular format are prepared).

The methodology for different formats is set out by the MoF SR by means of issues of the Measures of MoF SR published in the Financial Reporter. The reporter sets out the format and layout for different statements.

The principal sources of data used for compilation are administrative sources - budget reporting statements and accounting statements. The data for S.13 units is available for SO SR individual form. SO SR can extract information on every unit identified by means of a unique Id number (IČO).

Technically the transfer of data to SO SR is performed in line with the agreement on data exchange between SO SR and data providers the State treasury and DataCentrum (units could be referred to as “administrative data collectors”). On agreed date and in agreed format the source data are sent to SO SR by technical means (via internet interface). The data reflect the information available to the administrative data collectors as of the agreed date

Since administrative sources can change the document describes the state as of year 2012. The working balance is calculated from budgetary statements - Fin 1-12 (previously Fin 1-04). The statement is cash based. The accounting basis of all other accounting statements is accrual.

DIRECT ADMINISTRATIVE SOURCES FOR GENERAL GOVERNMENT SECTOR (budget reporting and financial statements)

CENTRAL GOVERNMENT

Budgetary and semi-budgetary organisations (including State Financial Assets and extra-budgetary accounts – covered by Fin 1-12), State funds, National property fund (Fond Národného majetku), Slovak land fund (Slovenský pozemkový fond), Public universities, Slovak consolidation agency (slovenská konsolidačná agentúra, a.s.), Slovak Radio and Television (Slovak radio and Slovak television merged into new unit, established on 1.1.2010), Radio and television company (RTVS, s.r.o.), Slovak national centre for human rights (Slovenské národné stredisko pre ľudské práva), The Healthcare surveillance authority (Úrad pre dohľad nad zdravotnou starostlivosťou), Audit surveillance authority (Úrad pre dohľad nad výkonom auditu), The news agency of the Slovak republic (tlačová agentúra Slovenskej republiky), Nation’s Memory Institute (Ústav pamäti národa), Audiovisual fund (Audiovizuálny fond), Public hospitals, National Highway Company (NDS a.s.), Eximbanka a. s., EOSA, Slovak railways (ŽSR),

Source name	Source type	Source code	Periodicity
Financial revenues and expenditure statement	Budget reporting	FIN 1-12	Monthly (t+3)
Financial revenues and	Budget reporting	FINA 1-12	Monthly (t+3)

4. Revision policy used for annual GFS

expenditure statement – Shortened version of FIN 1-12			
Financial statement for selected assets and liabilities data of general government unit	Budget reporting	FIN 2-04	Quarterly (t+3) Only for 1-3Q
Selected accounting items of unit classified in general government sector	Budget reporting	FIN 6A-04	Quarterly (t+3)
Balance sheet statement	Financial statements	UC ROPO 1-01	Annual (t+3) available for March notification
Profit and loss statement	Financial statements	UC ROPO 2-01	Annual (t+3) Available for March notification
Balance sheet statement	Financial statements	UC FNM 1-01 UC NUJ 1-01 UC POD 1-01	Annual (t+6) Available for September notification
Profit and loss statement	Financial statements	UC FNM 2-01 UC NUJ 2-01 UC POD 2-01	Annual (t+6) Available for September notification

LOCAL GOVERNMENT

Budgetary, semi-budgetary organizations and non-profit organizations of municipalities and higher territorial units

Source name	Source type	Source code	Periodicity
Financial revenues and expenditure statement	Budget reporting	FIN 1-12	Monthly (t+3)
Financial statement for selected assets and liabilities data of general government unit	Budget reporting	FIN 2-04	Quarterly (t+3)
Selected accounting items of unit classified in general government sector	Budget reporting	FIN 6A-04	Quarterly (t+3)
Balance sheet statement	Financial statements	UC ROPO 1-01	Annual (t+3) Available for March notification
Profit and loss statement	Financial statements	UC ROPO 2-01	Annual (t+3) Available for March notification
Balance sheet statement	Financial statements	UC NUJ 1-01	Annual (t+6) Available for September notification

4. Revision policy used for annual GFS

Profit and loss statement	Financial statements	UC NUJ 2-01	Annual (t+6) Available for September notification
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SOCIAL SECURITY FUNDS

Social insurance agency (hereinafter SIA) and Health-care insurance companies (hereinafter HIC)

Source name	Source type	Source code	Periodicity
Financial revenues and expenditure statement	Budget reporting	FIN 1-12	Quarterly (t+3)
Financial statement for selected assets and liabilities data of general government unit	Budget reporting	FIN 2-04 (only for SIA)	Quarterly (t+3) Available for March notification
Interim balance sheet	Budget reporting	UC POI 3-04 (only for HIC)	Quarterly (t+3) Available for March notification
Interim profit and loss statement	Budget reporting	UC POI 4-04 (only for HIC)	Quarterly (t+3) Available for March notification
Balance sheet statement	Financial statements	UC SP 1-01 UC POI 3-01	Annual (t+6) Available for September notification
Profit and loss statement	Financial statements	UC SP 2-01 UC POI 4-01	Annual (t+6) Available for September notification

OTHER ADMINISTRATIVE SOURCES

Source name	Source type	Source code	Periodicity
Statement on sector breakdown of increase/decrease of financial assets and liabilities	Budget reporting	FIN 3-04	Quarterly (t+3)
Statement on sector breakdown of financial assets and liabilities	Budget reporting	FIN 4-01	Annual (t+3)
Financial statement on loans, issued obligations, notes and financial leasing	Budget reporting	FIN 5-04	Quarterly (t+3)
Overview of bank accounts balances and payables of municipalities and	Budget reporting	FIN 6-04	Quarterly (t+3)

4. Revision policy used for annual GFS

higher territorial units and their budgetary organizations			

COMPLEMENTARY DATA SOURCES

Source name	Source type	Organisation	Periodicity
Accrual taxes and social contributions	Other complementary sources	MoF SR	Quarterly
Information about privatisation revenues	Other complementary sources	MoF SR	Annual
Information about guarantees	Other complementary sources	MoF SR	Annual
Capital transfers and injections, dividends	Other complementary sources	MoF SR	Annual
EU flows	Other complementary sources	MoF SR	Annual
Accrual interest flows	Other complementary sources	MoF SR	Annual
Maastricht debt of the GG	Other complementary sources	MoF SR	Quarterly
General government closing account	Other complementary sources	MoF SR	Annual
Military expenditures questionnaire	Other complementary sources	MoD SR	Annual

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.

4. Revision policy used for annual GFS

3.8.1 Trade credits and advances

As data source for AF.81L calculation are used balance sheets where stocks related to trade credits are included (e.g. payables towards suppliers of goods and services). Since the same data source and compilation process is used also for "net incurrence of other liabilities" line in EDP T3, the consistency is ensured.

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

The Slovak government does not take loans on behalf of any public enterprise and therefore there are no entries which might be recorded within this line in EDP Table 4.

4. Revision policy used for annual GFS

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

There is a revision policy implemented by SOSR related to ESA 2010 accounts and subsequently to EDP statistics⁸. EDP statistics is referenced in the specific point devoted to EDP. In the case of GFS statistics we implement the newest information on S.13 and implement it in both national accounts as well as in EDP. The main source of data used for April notification is the statement on cash revenues and expenditures which is available for all units in S.13. The statement does not change after it is submitted to SOSR. Of course mistakes might occur which could be later corrected by the submitting party, however, it does not happen very often. Another very important source of information is data on accruals – taxes and other items calculated from balance sheets. The updated information on balance sheet receivables and payables are subject to revision between spring and autumn EDP notifications. Balance sheets are final for Autumn EDP notification. In line with the new revision policy (https://slovak.statistics.sk/wps/wcm/connect/969bcbc5-7a41-4702-af6a-cf0f35cf95c8/Politika_revizii_2020.pdf?MOD=AJPERES&CVID=m.MuwbM&CVID=m.MuwbM) SOSR in 2020 changed to the revision of national accounts to March (previously it was done in September). This change brings the latest information on previous year to end users in full context of NA.

4.1.1 Relating to deficit and non-financial accounts

There is no specific revision policy for deficit and non-financial accounts of sector S.13. For more information please see section 4.1. However, the revision policy change implemented in 2020 was aimed to bring the latest information on S.13 in whole context of NA.

4.1.2 Relating to debt and financial accounts

There is no specific revision policy for debt and financial accounts of sector S.13. For more information please see section 4.1.

4.2. Reasons for other than ordinary revisions

The first notified figures on S.13 are for April EDP notification are subsequently updated on the basis of new data sources in October. Usually the data sources (budgetary reporting) do not change. The final reported figures are already audited. In exceptional cases there might be

⁸ Revision policy is available at the following link https://slovak.statistics.sk/wps/wcm/connect/969bcbc5-7a41-4702-af6a-cf0f35cf95c8/Politika_revizii_2020.pdf?MOD=AJPERES&CVID=m.MuwbM&CVID=m.MuwbM

4.Revision policy used for annual GFS

a correction due to discovered errors in data (in recent years there has been one case of this nature for data reported in SKK instead of in EUR, after the error was discovered it was immediately corrected). In addition to that, there are data on accrual taxes and social contributions which might be subject to change due to the changes in data. However the figures after final settlement do not change since the estimation methods are based on time-adjusted cash.

If the revision is due to change in methodology (usually either consulted or recommended by Eurostat) this revision is done as soon as possible within regular revision.

4.3. Timetable for finalising and revising the accounts

Steps of S.13 compilation (valid for all subsectors):

In April EDP notification in year Y - all relevant sources of data are available including taxes and social contributions, receivables and payables (based on Fin 2-04 statement); Years T-4, T-3 are considered to be final. Years T-2 and T-1 are half finalized.

October EDP notification in year Y - most data sources remains the same but there is a significant update of accrual taxes and social contributions; and receivables and payables;

April EDP notification in year Y +1 – All information should be final except data on accrual taxes (PIT/CIT)

B. Methodological issues

5. Sector delimitation – practical aspects

5.1. Sector classification of units

General government is defined by ESA2010 §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 (ESA2010 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)"

In accordance with the act No. 540/2001 Coll. on the state statistics adopted by the Parliament of the Slovak Republic the Statistical Office of the Slovak Republic (hereinafter SOSR) is obliged to maintain Register of Organisations where every legal entity and natural person – entrepreneur has to register. Obligation to register is stipulated in the legal Acts.

Every registered unit has a unique identification number called IČO (Identifikačné Číslo Organizácie). This number serves as a common ID of an entity in contact with SOSR and also with other institutions. SOSR is able to collect any information from administrative sources on any unit using this number.

The information from the Register of Organisations is publicly available. Publicly available information can be accessed by general public at the following link: http://slovak.statistics.sk/wps/portal/ext/Databases/register_organizacii!/ut/p/b1/jY_BDoIwEEQ_qYMtgsfFSKkxhBaL2IvhYAwqYKLx-8XGq-jeJnlvJsscq5nrm2d7ah7t0DfXd3bzA2mty7yqIKtZCsUDicJaII1GYD8C-HIE7-tlxUkSEOLCrKC2tJFmLQKI8ONPAH_tLyVIIsqBOJchFGXWLDtnIP7L3zHnkakGD0y8WGRDd2TI_cJunbU1zuIF4sncNQ!!/dl4/d5/L2dJQSEvUUt3QS80SmtFL1o2X1ZMUDhCQjFBMDgxVjcwSUZTUTRRVU0xR1E1/

Register of Organisations is a backbone used to design surveys conducted by SOSR and for subsequent imputations and grossing-ups. In case of General Government Sector almost all data (except from data on commodity splits of some national accounts categories) are from administrative sources and no imputation or grossing ups are needed. The data on units classified in S.13 are supplied by the State Treasury and DataCentrum. The obligation to join

Sector delimitation – practical aspects - Existence and classification of specific units

the budgetary process and fill in all budgetary data is directly linked to the Register of Organizations of SOSR and is stipulated in relevant budgetary Acts⁹.

In accordance with the established practice of a budget creation, data collection, and GFS data compilation, units classified in different subsectors of S.13 are split into smaller groups – parts or groupings of units.

Every unit which enters Register of Organisations and is given an ID number is deemed to fulfil also requirements of the paragraph 2.12 of the ESA 2010 and is considered as an institutional unit from the national accounts perspective. In accordance with the national legislation a unit is entitled to own goods or assets, and is accountable for any economic decisions, can incur liabilities and must submit accounting statements (full set of accounts). In some cases, because of the nature of the General Government units, this is challenged and we investigate in detail the nature of the unit (for example NDS, a.s., or Slovenská Inkašná s.r.o.).

At the time of establishment the unit must declare its legal form and its kind of ownership. On the basis of the declared ownership the unit is classified as public or private. In some cases there is no clear distinction between public and private and further investigation is needed of a single unit or group of units.

SOSR has direct access to the individual accounting statements data and therefore we are able to calculate coverage of costs by revenues for application of the so called 50% rule. We investigate the application of the 50% rule annually from 2012 (before 2012 was done at three-year interval). Where applicable we investigate every public unit (unit by unit) and decide on its sector classification. We do not investigate budgetary organisations and organisations directly linked to the state budget such as State funds, etc. (see the table for details).

After implementation of ESA 2010 and introduction of qualitative aspects into classification of units SOSR decided that semi-budgetary units (established by state budgetary organisations as well as established by municipalities and higher territorial units) should be classified to general government sector, because some qualitative aspects of units and their functioning directly stipulated by the legal Acts qualify units for classification in the government sector. The most important part is that units operate in a narrow scope of activities directly set by establishing unit. Property owned by the units cannot be freely disposed by semi-budgetary organisations. In addition to that semi-budgetary units need direct approval of establishing unit to enter into loan contracts with banks. The influence of the establishing unit is also extended over personnel of semi-budgetary units. In many cases semi-budgetary units serve predominantly their establishing units and contracts on supply of services are not under fully commercial conditions. Therefore SOSR decided that semi-budgetary units will be part of the general government sector.

When a new unit is established combination of legal form, kind of ownership and activity determine the sector classification of the unit. In cases when the classification is straightforward National Accounts Departments of the Macroeconomics Statistics Section of SOSR gives its decision on initial sector classification of a new unit in question. The sector classification of every unit is changed only at direct request of the National Accounts Department of the Macroeconomics Statistics section of SOSR. The assessment of the sector classification of units is done at the end of the calendar year with effect as of beginning of new year.

⁹ Act No. 524/2004 Col. And Act No 584/2004 Col. (Preverit)

Sector delimitation – practical aspects - Existence and classification of specific units

As of 1.1.2020 SOSR started to apply a new methodology related to application of 50% rule. Every time the reclassification happens the unit is reclassified from the moment is ceased to fulfil the criteria for classification in particular sector. That means SOSR introduces a back revision for such units also for $t-3 - t$.

5.1.1 Criteria used for sector classification of new units

In case a new unit is established the process starts at the regional branch of SOSR at the Register of Organisations department. Newly created units in order to receive ID number (ICO) have to fill in survey form ORG¹⁰. On the basis of the information provided the unit is classified as public or private and classified into particular institutional sector. It is the combination of legal form of the unit, ownership of the new unit and declared activities. In case of complex units separate consultation of the Macroeconomic section - National accounts department is requested in order to classify the unit into institutional sector.

5.1.2 Updating of the register

Sector classification of units is examined every year from 2012, before it was done at three-year intervals (2008 and 2011).

The test is not applicable for units where classification into GG is straightforward (units directly linked to the state budget). In past the sector classification was regularly examined in case of semi-budgetary organisations, non-profit institutions and other units. With implementation of ESA 2010 and introduction of qualitative criteria for sector classification of units because of the reasons mentioned in chapter 5.1 semi-budgetary units will be considered as units for which sector classification is straight forward and will be automatically classified into S.13.

For other units SOSR uses the same data sources as for compilation of National Accounts data that is accounting and budgetary statements are used. The statements depending on the type are available quarterly and annually.

In case a unit changes the sector classification because it no longer fulfils criteria for its current classification the unit is reclassified, and this reclassification takes effect as of 1st January of the next year.

In specific cases (for example change in sector classification the Slovak Television, the Slovak Radio or Slovenská Inkašná, s.r.o. or National Highway company) change of sector classification is applicable for the whole time series.

For the units (generally) the legal form and ownership information is cross checked with the data from the other registers and subsequently updated.

5.1.3 Consistency between different data sources concerning classification of units

Sector classification of units is consistent between all three concepts (money and banking statistics, public accounts, and national accounts), since they all use the information from the same register. However there might appear a timing difference, therefore the classification is checked between national accounts and public accounts (data sources from the State Treasury and DataCentrum used by Ministry of Finance of the Slovak Republic), unit by unit and differences are fully explained. Consistency between National Accounts and public accounts is checked every year before April EDP notification.

¹⁰ Survey forms can be found at SOSR web pages

Sector delimitation – practical aspects - Existence and classification of specific units

5.2. Existence and classification of specific units

Non-profit institutions

Public non-profit institutions are part of S.13 in case their costs are not covered by sales.

Quasi-corporations

Quasi-corporations there are no quasi corporations in S.13 in the case of the Slovak Republic.

Universities, schools

Public universities are classified in S.13. Other public schools established by municipalities and higher territorial units are classified in S.13 as well.

Infrastructure companies

Infrastructure companies are classified in the sector of non-financial corporations on the basis of application of 50% test. Depreciation is used for calculation of 50% test. From our data sources used for compilation of the national accounts (statistical surveys) we cannot clearly identify subsidies on products and production for each company. We use additional information from annual reports, and counter-part information. All non-financial assets used by companies are booked at their balance sheets.

With introduction of ESA 2010 SOSR reclassified National Highway Company into S.13 on the basis of qualitative criteria applicable for sector classification of units.

Public TV and radio

Public radio and television broadcasting company is classified in S.1311.

Public hospitals

Hospitals public are classified in S.13 in line with ESA 2010 and other methodological provisions of MGDD.

SPE/SPV

SPE or SPV are special units which usually serve government as shell for special and/or very specific purpose. In case of National accounts of SR there is one unit established in the past which could be regarded as SPV - Slovenská Konsolidačná, a. s. The unit was established under common legislation for joint stock companies and was used to transfer bad assets from at that time public banks in order to increase their value before their privatisation. In line with national accounts methodology Slovenská Konsolidačná, a. s. is classified in S.13.

In 2015 Slovak government established special unit Slovenská reštrukturalizačná s.r.o.. This unit was established for purposes of implementation of steps related to small creditors of bankrupt construction company Vahostav a.s. The unit is classified in S.13 from its establishment.

Specific public units involved in financial activities

Public units involved in financial transactions are Eximbanka and SZRB. Eximbanka provides export-import loans and guarantees. In line with ESA 2010 and other methodological provisions of MGDD Eximbanka is part of general government sector.

SZRB is focused mainly on issuing guarantees and loans and other financial services to small and medium size enterprises, agricultural companies and municipalities. SZRB operates with standard banking license and is classified in S.12.

Sector delimitation – practical aspects - Existence and classification of specific units

Slovak investment holding a. s. is a company responsible for implementation of returnable financial instruments in the context of EU flows. The unit represents methodological challenges from the sector classification point of view. The unit is classified in S.12 because of the sole involvement of EU flows which should not influence S.13.

Other specific units

Other specific units – in accordance with the recommendation of Eurostat private health insurance companies are classified in S.12 and transactions and stocks linked to the public health insurance system are rerouted to general government sector. Issue of private health insurance companies is completely in line with the advice of Eurostat given in similar case to the Czech Republic ESTAT/C-3/MHF/LA/VK/dm D(2008) 30172.

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 ESA2010 §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

Council Regulation 2516/2000 amended the Regulation on European system of national and regional accounts in the Community (ESA) 95 as concerns taxes and social contributions and clarified the rules concerning both the time of recording and the amounts to be recorded.

Time-adjusted cash method, from its definition, is based on detailed cash data. This methodology reflects available and credible data from relevant institution within the General Government (The Tax Directorate of the Slovak Republic, Social Insurance Agency, Ministry of Health on behalf Health Insurance Companies, Ministry of Finance and State Treasury).

The Slovak Republic applies this method to following taxes: PIT, CIT, VAT, Excise duties, Road Tax, Social contributions paid to Social Insurance Agency, Health Insurance Companies. For the remaining taxes it is assumed that cash revenues equal accrued tax revenues. The proportion of tax revenue currently recorded on cash basis assumed as accrual in the national accounts is very low, falling down from 10% of total tax revenue in 1995 to 6% in 2012. This proportion contains a lot of relatively small taxes, often with low structured and highly fragmented data (revenues of municipalities). It is very difficult to simply describe the relevant legislation and gather the necessary data and information for the accrual recording of this part of tax revenues.

Structure of tax revenue according to the accrual recording (in % of tax revenues, GG)				
	1995	2000	2005	2012
A. TOTAL TAXES (B+C), in EUR millions	7 801.0	10 645.6	15 510.2	20 251.0
B. Taxes and social contributions on accrual basis	90%	88%	94%	94%
Personal Income Tax (in % of B)	10%	11%	9%	10%
Corporate Income tax (in % of B)	17%	9%	9%	9%
Value Added Tax (in % of B)	23%	23%	27%	23%
Excise Duties (in % of B)	10%	10%	12%	10%
Social and Health Security Contributions (in % of B)	41%	47%	43%	47%
Road Tax (in % of B)				1%
C. Other taxes on cash basis	10%	12%	6%	6%

Source: Statistical Office, Ministry of Finance

Key features:

1. Tax revenues on accrual basis:

- a) Personal Income Tax (dependent activity and business activity), Corporate Income Tax, Value Added Tax, Excise duties and Road tax as of 2008.
- b) Social Contributions paid to Social Insurance Agency (including contributions paid to National Labour Office until the end of 2003) and contributions paid to Health Insurance Companies

2. Tax revenue on cash basis assumed as accrual (cash=accrual):

- a) Other tax revenues are recorded on cash basis assumed as accrual

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 ESA2010 §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 we use as data source statement FIN 1-04 supplemented by information on cash and accrual data by individual tax from IFP (Institute for Financial Policy of MoF). These data sources are used on quarterly basis and the same data is used also for the compilation of EDP tables. For taxes we use the method of time adjusted cash.

Personal Income tax – dependent activity

Personal Income Tax from dependent activity is a direct tax paid by employees from their incomes (wages, salaries, premiums ...).

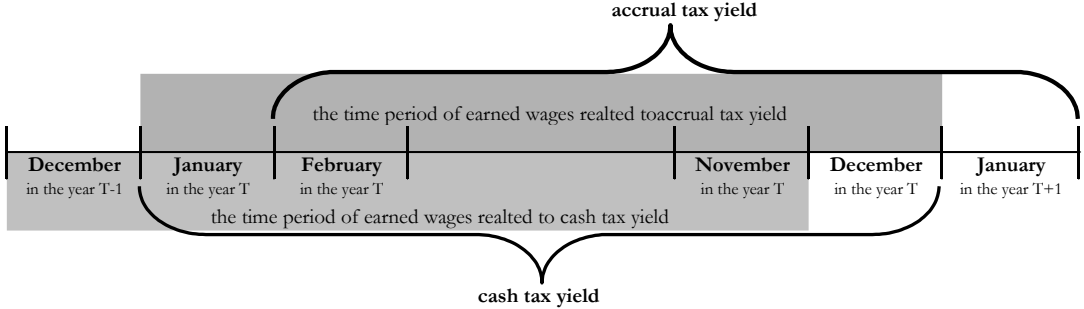
Wages are paid out retrospectively for one period (usually one month). Taxes are therefore paid retrospectively, too. For example, the employee pays taxes in January from income related to December. According to the law, any income from dependent activity gained up to January 31, shall be included in the tax base for a tax period of calendar year (January – December).

The employee has to ask the employer to perform the annual clearing. If the employee fails to apply for the annual clearing, he/she shall be bound to file a tax return. In the case of filling the tax return, the rules are the same as for PIT from self-employed. Contrarily, the annual clearing has to be made until the end of the March after the tax period. The overpayment shall be paid to the employee by the employer after completing the annual clearing, but not later than the date of paying the wages related to April in the year, in which the annual clearing of tax advances is performed. Underpayment shall be deducted by the employer from the taxable wage of the relevant employee by the last day of the tax period, in which the annual clearing is performed.

Time of recording – Taxes and social contributions

Cash receipts from PIT - dependent activity in one calendar year (t) (from January until December) include the taxes paid from wages related to the period from December in the year (t-1) until November in the year (t).

Due to of the character of PIT - dependent activity, the accrual tax revenue should be calculated as sum of cash receipts from February until January in the next year. In this case, the accrual PIT from dependent activity will be related to wage earned in one calendar year.



The formula for calculation of accrual PIT - dependent activity is:

$$Accrual (t) = \text{cash receipts from February } (t) \text{ to January } (t+1)$$

Cash receipts of PIT – dependent activity (EUR mil.)	
Time period	Cash yield
February (t)	
March (t)	
April (t)	
May (t)	
June (t)	
July (t)	
August (t)	
September (t)	
October (t)	
November (t)	
December (t)	
January (t+1)	
ACCRUAL TAX (t) =	Σ

A disadvantage of this time adjustment is that the effect of annual tax clearing is not taken into account. The annual clearing impacts the value of accrual tax in the next year.

The annual clearing is done until the end of March. All effects (overpayments and underpayments) resulted from annual clearing affect the cash and accrual value of PIT in the next year, not in the year, which these effects are related to. Unfortunately current data issues (different methods of tax clearing, tax returns and absence of a unique identifier of taxpayers)

Time of recording – Taxes and social contributions

does not allow Tax Directorate to effectively determine and differentiate the effect of tax clearing from cash data.

Personal Income Tax – Business activity (self-employment)

Personal income tax from self-employment is a tax paid by advance payments. The advances are being paid by persons involved in the craft or small business. The amount of advances as well as the payment frequency (monthly, quarterly, yearly) depend on the last known tax liability. In case of a difference between the sum of advance payments paid by the tax payer within/during the year and the tax liability declared in the tax return, the overpayment or underpayment occurs. This has to be settled up within 40 days after the tax return has been filled. In case that individuals have another income from self-employment and dependent activity (capital gains and others), these individuals do not have to pay advances, but do have to pay the tax from this supplementary income directly when filling the tax return. The personal income tax from self-employment is the sum of tax liabilities from all the above mentioned types of taxpayers.

The tax revenue on cash basis is the sum of advances in the period starting January and ending in December; the tax settlement, the penalties and the fines in the common year. It is important to distinguish between the advances in the first three months, which are paid from the tax liability two years ago and the advances since April until December, which are being paid from the last known tax liability filled in the tax return. The tax settlement (over/under payment) is being reimbursed starting March until July. The Tax Directorate of the Slovak Republic differentiates all the above mentioned types of payments, which makes it possible to aggregate the tax on accrual basis from the payments, which are related to the same year.

$$\begin{aligned} \text{Accrual } (t) &= \text{Advances } \{ \text{from January } (t) \text{ to December } (t) \} \\ &+ \text{Settlement } \{ \text{from January } (t+1) \text{ to December } (t+1) \} \\ &+ \text{others}^{11} \{ \text{from January } (t) \text{ to December } (t) \} \end{aligned}$$

Cash receipts from PIT - self-employment (EUR mil.)				
	advances	tax settlement	others *	SUM
	1	2	3	4=1+2+3
January (t)				
February (t)				
March (t)				
April (t)				
May (t)				
June (t)				
July (t)				
August (t)				
September (t)				
October (t)				
November (t)				
December (t)				
January (t+1)				
February (t+1)				
March (t+1)				

¹¹ Amendments and other payments

Time of recording – Taxes and social contributions

April (t+1)			
May (t+1)			
June (t+1)			
July (t+1)			
August (t+1)			
September (t+1)			
October (t+1)			
November (t+1)			
December (t+1)			
ACCRUAL TAX (t)			Σ

* amendments, receipts from the previous years

Complete data for tax settlement corresponding to the year t are available at the beginning of the year $t+2$. For the purpose of accrual PIT from self-employment in year t , the MoF predicts the value of tax settlement for the whole year $t+1$. Due to this fact, for having a correct amount of accrual PIT it is necessary to revise tax revenue again in April $_{t+2}$. In case, that more taxpayers will file the tax return this time compared to the previous year and/or their tax liability differs markedly from the previous one a considerable inaccuracy may occur.

Corporate Income Tax

The corporate income tax works the same as the PIT for self-employed, it is being paid in advance payments. The amount of advances, as well as the payment frequency (monthly, quarterly, yearly), depends on the last known tax liability. In case of a difference between the sum of advance payments paid by the tax payer within/during the year and the tax liability declared in the tax return, the overpayment or underpayment occurs. This has to be settled up within 40 days after the tax return has been filed.

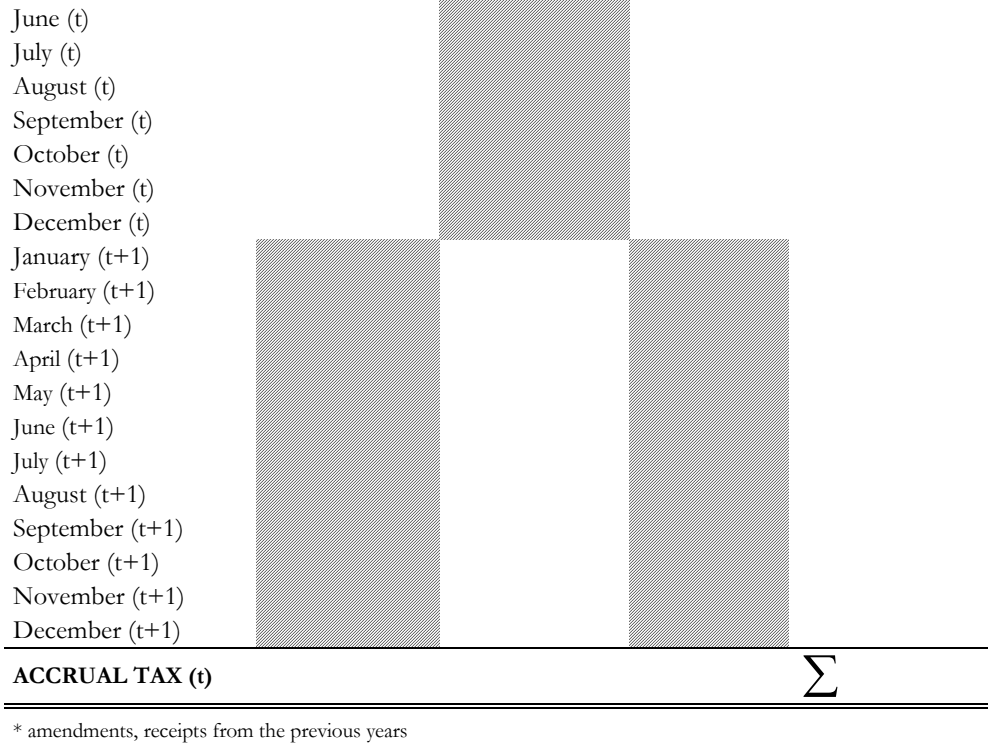
The tax revenue on cash basis is the sum of advances in the period starting January and ending in December; the tax settlement, the penalties and the fines in the common year. It is important to distinguish between the advances in the first three months, which are paid from the tax liability two years ago and the advances since April till December, which are being paid from the last known tax liability filed in the tax return. The tax settlement (over/under payment) is being reimbursed starting March till July. The Tax Directorate of the Slovak Republic differentiates all the above mentioned types of payments, which makes it possible to aggregate the tax on accrual basis from the payments, which are related to the same year.

$$\begin{aligned}
 \text{Accrual } (t) &= \text{Advances } \{\text{from January } (t) \text{ to December } (t)\} \\
 &+ \text{Settlement } \{\text{from January } (t+1) \text{ to December } (t+1)\} \\
 &+ \text{others}^{12} \{\text{from January } (t) \text{ to December } (t)\}
 \end{aligned}$$

Cash receipts from CIT (EUR mil.)			
	advances	tax settlement	others *
	1	2	3
	4=1+2+3		
January (t)			
February (t)			
March (t)			
April (t)			
May (t)			

¹² Amendments and other payments

Time of recording – Taxes and social contributions



Complete data for tax settlement corresponding to the year *t* are available at the beginning of the year *t+2*. For the purpose of accrual CIT in year *t*, the MoF predicts the value of tax settlement for the whole year *t+1*. Due to this, for having the correct amount of accrual CIT it is necessary to revise tax revenue again in April_{t+2}. In case, that more taxpayers will file the tax return at this time compare to the previous year and/or their tax liability differs markedly from the previous one a considerable inaccuracy may occur.

As of October 2012, a special levy was introduced for companies that have more than 50% of their revenues coming from regulated economic activity. This levy is recorded within CIT and also accrued in the same way like CIT.

Value Added Tax

VAT is an indirect tax charged on each sale of goods and services across all stages of their production and distribution. It applies to all goods and services other than those exempt from VAT. Although this tax is paid to the budget by the tax payer, it affects the final consumer. To record VAT revenues on accrual basis the time – adjusted cash receipts method has been used.

Within 25 days after the end of each tax period a tax payer must file a tax return and, by the same date, pay the tax liability, if any. (*A company must file its VAT return for the month of September by 25 October and, also by 25 October, pay the tax liability incurred in September, if any.*) If a tax payer becomes entitled to the excess tax deduction, i.e. deduction of the amount by which the input VAT exceeds the output VAT for the same tax period, the tax payer will deduct the excess tax from its tax liability in the subsequent tax period. If a tax payer cannot deduct the full amount of the excess tax from its tax liability in the subsequent tax period, the tax office shall refund to the tax payer the remainder or the non-deducted part of the excess tax within 30 days of filing the tax return for the tax period following the tax period in which the excess tax occurred. (*A company files a tax return for January in*

Time of recording – Taxes and social contributions

February in which it claims an excess tax. In the subsequent tax return for February, filed in March, the company will deduct the excess tax from the tax liability incurred. If the company remains entitled to a refund even after the deduction, the tax office shall refund the outstanding amount by the end of April).

To those tax payers which file quarterly tax returns the excess tax is refunded with a five-month delay. (The tax return for Q1 is filed in April. Tax payers may deduct the excess tax from their tax liability in the subsequent tax period. The tax return for the subsequent tax period is filed in July. If the full excess tax cannot be deducted from the tax liability, the Tax Directorate will refund the outstanding amount within 30 days of the tax return filed for the subsequent period. In other words, the excess tax for the quarter ending March is refunded in August.)

$$\begin{aligned} \text{Accrual (t)} &= \text{TAX COLLECTION BY TAX OFFICES \{from February (t) to January (t+1)\}} \\ &\quad - \text{EXCESS VAT REFUND CLAIMED \{from April (t) to March (t+1)\}} \\ &\quad + \text{TAX COLLECTION BY CUSTOMS \{from January (t) to December (t)\}} \end{aligned}$$

Cash VAT (EUR mil.)				
	Tax collection by tax offices	Excessive deduction (tax offices)	Tax collection by customs	Subtotal
	1	2	3	4=1+2+3
January (t)				
February (t)				
March (t)				
April (t)				
May (t)				
June (t)				
July (t)				
August (t)				
September (t)				
October (t)				
November (t)				
December (t)				
January (t+1)				
February (t+1)				
March (t+1)				
ACCRUAL VAT (t)				Σ

There are four main reasons why the above-described methodology of time-adjusted cash receipts in the case of VAT does not necessarily reflect economic reality accurately:

- Legislative amendment adopted in 2009 curtailed the time limit (from 60 to 30 days, in simplified terms) for excess tax refund to those tax payers which meet the criteria stipulated by law (“anti-crisis measure”). In the past, 27% of excess tax claims (on average) were refunded within the shortened time limit; from June 2011 onward, the average percentage stands at 14% of the total volume of refunds;
- The actual excess tax refund to those tax payers which file quarterly VAT returns takes place five months later;
- The routine inspections performed by the Tax Directorate of the Slovak Republic in situations where an excess tax is claimed extends the time within which the refunds are paid;

Time of recording – Taxes and social contributions

- IT difficulties within the Tax Directorate of the Slovak Republic at the turn of 2011/2012 which undermined the ability of the Tax Directorate of the Slovak Republic to pay the excess tax refunds within the statutory time limits and further aggravated the problems described above.

In 2012 the Ministry of Finance suggested a new approach that would solve these difficulties. The solution is to make the time-adjusted cash receipts methodology more precise. Instead of applying a default three-month lag to ET refunds, the refund payments must be attributed, as precisely as possible, to the periods to which they economically relate. To this end, it would be essential for the Tax Directorate of the Slovak Republic to be able to provide detailed information and identify precisely the periods to which ET refunds paid in a given month actually relate.

Eurostat pointed out that the new method should guarantee the control and transparency of the refunds decomposition as well as the timeliness of good estimates for the quarterly reporting and the April notifications. Eurostat therefore would like to ensure a proper control of the reliability of the new method, which would imply first the monthly publication by tax authorities of the time series of tax refunds, in their two versions, cash, plus the adjusted monthly amounts. This publication should be accompanied by a clear document explaining the exact method used to derive the adjusted time series from the cash time series.

Also, this system should be audited by an external audit within the range of a period of two years.

Eurostat agrees with the Slovak proposal under the conditions expressed above. Eurostat also proposes contributing to the evaluation of the method after a test period of two years and then compare it with the availability of time adjusted cash data with an appropriate time lag.

Excise duties

Excise duties are indirect taxes, which are subject only for selected goods. There are currently excise taxes on mineral oils, alcohol, wine, beer, tobacco products, electricity, coal and natural gas in the Slovak Republic. Excise duties are paid by producer or distributors; however tax burden is imposed on final consumers.

The rules of paying taxes are the same for all kinds of excises. A taxpayer, operating within the territory of the European Union (EU), is obliged to file a tax return within 25 day after tax period (tax period is usually one month). The taxpayer is also obliged to pay the due tax within the same time limit. Introduction of tax warehouses eliminated the amount of tax reimbursement that's why it is not necessary to break down cash collection further. The effect of tax reimbursement is negligible compared to the excessive deduction in VAT. If goods are imported from the territory which is not a territory of the EU (third countries), an importer is obliged to pay excise duty immediately.

$$\text{Accrual } (t) = \text{Tax collection from tax return } \{ \text{from February } (t) \text{ to January } (t+1) \} \\ + \text{Tax collection on imports } \{ \text{from January } (t) \text{ to December } (t) \}$$

Cash receipts from Excise duties (EUR mil.)

Time of recording – Taxes and social contributions

	Cash collection (tax returns)	Cash collection (import from third countries)	SUM
	1	2	3 = 1+2
January (t)			
February (t)			
March (t)			
April (t)			
May (t)			
June (t)			
July (t)			
August (t)			
September (t)			
October (t)			
November (t)			
December (t)			
January (t+1)			
ACCRUAL EXCISES (t)			Σ

Road tax

As of 2008 road tax is being paid by advance payments. The amount of advances as well as the payment frequency (monthly, quarterly) depends on estimated tax liability in the current year. If tax liability occurs during the year (at any time after 01.01.), advances are not applied to taxpayer and has to be settled up in tax settlement within the end of January of the following year.

In case of a difference between the sum of advance payments paid by the tax payer within/during the year and the tax liability declared in the tax return, underpayment has to be settled up within the end of January of the following year, the overpayment has to be reimbursed within 40 days after the tax return has been filed (deadline for filing tax return is 31.1.).

In some cases, however, the settlement effectively occurs in the next 2 - 3 months after March, therefore, to increase the accuracy of the total accrued revenue we included other months of tax settlements into a time adjustment.

$$\begin{aligned}
 \text{Accrual (t)} = & \text{Advances \{from January (t) to December (t)\}} \\
 & + \text{Settlement \{from August (t) to July (t+1)\}} \\
 & + \text{others}^{13} \text{ \{from January (t) to December (t)\}}
 \end{aligned}$$

Cash receipts from Road Tax (EUR mil.)			
	advances	tax settlement	others *
	1	2	3
	SUM		
	4=1+2+3		
January (t)			
February (t)			

¹³ Amendments and other payments

Time of recording – Taxes and social contributions

March (t)			
April (t)			
May (t)			
June (t)			
July (t)			
August (t)			
September (t)			
October (t)			
November (t)			
December (t)			
January (t+1)			
February (t+1)			
March (t+1)			
April (t+1)			
May (t+1)			
June (t+1)			
July (t+1)			
ACCRUAL TAX (t)			Σ

* amendments, receipts from the previous years

6.1.2 Social contributions

The time of recording of social contributions is defined in ESA2010 §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.

The very same sources and method as for taxes is also used for social contributions and therefore we use as data source statement FIN 1-04 supplemented by information on cash and accrual data by individual social contribution from IFP (Institute for Financial Policy of MoF). These data sources are used on quarterly basis and the same data is used also for the EDP tables' compilation. As for the method we use the method of time adjusted cash.

There are 5 types of income in the social security system. The rules for accrual recording are the same for Social Insurance Agency, Health Insurance Companies and National Labour Office¹⁴. The rules are very similar to PIT from dependent activity because social contributions are paid from wages.

Accrualisation technique of social contributions – time-adjusted cash	
Social Insurance Agency (SIA) / Health Insurance Companies (HIC)/National Labour Office (NLO)	
Types of income :	Technique of time-adjustment :
1. Social Contributions from economically active persons	accrual income (m) = cash receipts (m+1)
2. Outstanding social contributions	accrual income (m) = cash receipts (m)
3. Contributions on behalf of certain groups	accrual income (m) = cash receipts (m)
4. Internal transfer within SIA	accrual income (m) = cash receipts (m)
5. Penalties	accrual income (m) = cash receipts (m)

¹⁴ National Labour Office was abolished as of 1.1.2004.

note : (m) - month

A. Social Contributions from economically active persons:

Social contributions are paid by employees, employers and self-employed. Cash receipts of social contributions need to be time-adjusted so that the cash is attributed when the activity took place to generate the liability. The time difference between the activity and cash receipt of contributions is one month. Annual social contributions on accrual basis in year (t) are equal to the sum of cash receipts from February (t) to January (t+1). This category includes also voluntary insured persons.

In January 2005, the Slovak Republic introduced a privately-managed fully-funded pension pillar. Given proportion of contributions is transferred from Social Insurance Agency to the private insurance companies and thus is not considered as a tax. Social Insurance Agency has a 60-day period to forward contributions to the privately managed funds.

Accrual (t) (up to 2011) = (cash receipts minus forwarded contributions to the II. pillar) from February (t) to January (t+1)

In case of a significant change in the rate of contributions a considerable inaccuracy may occur in accrual revenues due to the existence of period for forwarding contributions. A change in the rate of contribution in one month will occur in forwarded contributions two months later. Due to a legislative change effective from September 2012 which reduced the contributions to the second pillar (from 9% to 4% of assessment base) and the existing period for forwarding contributions (Social Insurance Agency has a 60-day period to forward contributions to the privately managed funds) we modified time adjusted cash for social contributions.

Accrual (t) (as of 2012) = cash receipts from February (t) to January (t+1) minus forwarded contributions from March (t) to February (t+1)

B. Health Contributions from economically active persons:

Health contributions are paid by employees, employers and self-employed. Cash receipts of health contributions need to be time-adjusted in line with social contributions. The time difference between the activity and cash receipt of contributions is one month. Annual health contributions on accrual basis in year (t) are equal to the sum of cash receipts from February (t) to January (t+1).

In contrast with social contributions health insurance contributions as of 2006 are considered as an advances and annual clearing of this advances is taking place. Current time-adjusted cash method does not correspond to the appropriate accrual yield (as it does not include annual clearing effect). The impact of annual clearing can be considered as negligible (amounts to approximately 1% of health contributions from economically active persons).

Accrual (t) = cash receipts from February (t) to January (t+1)

C. Outstanding social contributions:

Outstanding social contributions receipts are receipts of contributions due in previous years (i.e. are not related to current year) or thus considered as an outstanding contributions due to the current law. As Ministry of Finance does not have information regarding the period to which the outstanding contributions relates to, we do not make the time-adjustment of these receipts.

$$Accrual (t) = cash receipts from January (t) to December (t)$$

D. Contributions on behalf of certain groups:

When government pays social and health contributions on behalf of legally defined groups of population (unemployed, dependent children etc.), there is no time difference between accrual incomes and cash receipts, because government pays in the same period as the liability arises. Thus there is no need for time-adjustment of receipts stemming from the contributions paid by state to social security funds.

$$Accrual (t) = cash receipts from January (t) to December (t)$$

E. Internal transfer (only SIA):

Social Insurance Agency pays old-age insurance on behalf of disabled persons what is de facto an internal transfer within SIA. Similarly as in the case of government paying on behalf of certain groups, there is no time difference between accrual incomes and cash receipts.

$$Accrual (t) = cash receipts from January (t) to December (t)$$

Social contributions – time-adjusted cash							
	Social Contributions	SC - II. pillar	SC - I. pillar	Outstanding social contributions	Government (paid from state budget)	Internal transfer (within SIA)	SUM
	1	2	3 = 1 - 2	4	5	6	7 = 3+4+5+6
January (t)							
February (t)							
March (t)							
April (t)							
May (t)							
June (t)							
July (t)							
August (t)							
September (t)							
October (t)							
November (t)							
December (t)							
January (t+1)							
February (t+1)							
Social contributions (t)	Σ	Σ	$\Sigma(1)-(2)$				Σ

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. Eurostat, after the consultation with Member States, released a decision in February 2005. The ESA2010 Manual on government deficit and debt Chapter II. 6 “*Grants from the EU budget*” provide further details concerning the recording of these flows.

6.2.1 General questions

Data source for EU flows is statement Fin 1-12 where budgetary classification allows distinguishing EU flows by individual operational programme (also to distinguish co-financing from government budget). These data are collected on all government levels on a cash basis (time of recording when the expenditure is made). Budgetary classification also allows distinguishing final beneficiary (e.g. government, non-government). The transactions by codes of budgetary classification are transformed by bridge table into ESA 2010 categories. Further information provided by MoF allows distinguishing advances/reimbursements. Within working balance are included only EU flows where the final beneficiary is the government units. Adjustments for receivables/payables are made within EDP Table 2 in related lines. This is done for all EU funds at once. If the advances are received these are transferred to National Fund which is not a part of general government and therefore we do not consider these financial means as an asset of government. Third resource is included in the working balance.

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.

Slovak Republic receives financial means from Schengen facility and these are treated the same way as EU flows. For more information please see section 6.2.1.

6.2.3 Jeremie/Jessica

The European Commission and the European Investment Bank Group and other International Financial Institutions on financial engineering in cohesion policy, the European Commission drew up new initiatives for improving access to finance of European corporations. These initiatives require the involvement of EU governments (as in the case for other cohesion and structural policy instruments). EU Member States implement the JEREMIE and JESSICA initiatives by establishing a Holding Fund funded through their Structural Fund receipts from the European Commission and national contributions. The Holding Fund (HF) can be managed either by the EIF or by other financial institutions, according to the EU Structural Funds legislation applicable. In this context, the "Managing Authorities" can award management either directly to the EIF or any national institution which benefits from public

procurement exemption under national law through a grant agreement, or indirectly by way of tender to a financial institution through a service contract. Holding Funds can be set up either as “*ring-fenced blocks of finance*” or as bank accounts managed by the Holding Fund manager on behalf of and in the name of the Managing Authority, or as an independent legal entity (Special Purpose Vehicle – SPV).

The Jeremie programme was implemented in cooperation with EIF (European Investment Fund). The framework agreement was signed in 2008. In 2009 an SPV called Slovenský záručný a rozvojový fond (SZRF, <http://www.szrf.sk/sk/titulna-stranka>) was established through which the EIF makes contracts with financial intermediaries. Shareholders are EIF and SZRB (share on own capital as of 31.12.2012 was 100,171 mill. EUR for EIF and 0,005 mill. EUR for SZRB). The unit is classified in RoW sector. Transfers from government to SZRF are regarded as grants. Actual funding for Jeremie initiative (information from website below) was 85 mill. EUR from ERDF and 15 mill. EUR as national co-financing.

For detailed information on cooperation of EIF with SR (including Jeremie initiative) please see: <https://www.finance.gov.sk/Default.aspx?CatID=7444>

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.

Units regarded as MRA (e.g. Agricultural Payment Agency) are budgetary organisations classified in sector S.13. Accounts related to interventions and changes in inventories are excluded from general government.

6.3. Military expenditure

The ESA2010 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

The Ministry of defence of SR is covered by standard budgetary and accounting reporting system. The ministry is included in the working balance and subsequent information in the EDP tables 2 and 3. The information on payables is extracted in the standard way from reports when compiling the accounts. In addition to that there is an annual questionnaire sent to the MoD SR to confirm that there are no payables (including trade credits) which should be included in the accounts. The questionnaire asks about specific contracts on delivery of the military equipment. From the questionnaire is clear that the MoD SR uses standard contracts on public procurement to contract deliveries.

6.3.2 Borderline cases

We are not aware of such borderline cases related to the classification of military goods.

6.3.3 Recording in national accounts

The military expenditures data are part of the working balance in the EDP Table 2A and EDP Table 3A and 3B just as any other unit part of the “State” presented in the working balance on table T2. Data are on accrual basis and this can be checked with results of the supplementary questionnaire.

6.4. Interest

This part aims at describing accrual adjustment for interest.

ESA2010 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*"

ESA2010 MGDD part II, chapter II.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)	Accrual	Cash	M	M	Accrual	Accrual		
Debt Securities (AF.3)	Accrual	Cash	M	M	Accrual	Accrual		
Loans (AF.4)	Accrual	Cash	M	M	Accrual	Accrual		
Other accounts receivable (AF.8)	Accrual	Cash	M	M	Accrual	Accrual		

Cash/accrual, M (not applicable) or L (not available)

Data on interest are available on cash and on accrual basis. Data source for cash data is financial statement FIN 1-12.

Calculation of accrual interest is based on accounting data sources.

Accrual interest data are undertaken from accounting on interest liabilities. Impact of accrual interest recording on deficit is calculated as change of stock of interest liabilities.

Data is available by individual instruments as well as e.g. data for municipalities. Accrued interest is recorded within the each relevant instrument to which the given interest relates to.

Working balance in EDP Table 2 includes cash interest received and paid in the relevant year.

Cash interest revenues cover:

- received interest on loans that were provided by State Financial Assets accounts
- received interest on deposits of state budgetary organisations in the State Treasury
- received interest on deposits of ARDAL (Debt Management Agency) in commercial banks
- premium from issuance of state bonds
- coupon sold (received from issuance of state bonds)

Cash interest expenditures cover:

- interest paid on loans and issued state bonds
- discount paid on state bonds and bills
- interest paid on loans provided by the State Treasury to ARDAL
- fees related to debt service

Time of recording -Interest

Data on interest revenues and expenditures come from quarterly statement “Fin 1-04 Statement on budget execution of general government unit”. The statement provides data on cash revenues and expenditures according to the budget classification that is applicable for all general government units.

Accrual interest expenditures and discounts are provided by ARDAL in Excel table. Data on cash and accrual premium are provided by MoF SR department which is responsible for the recording in public accounts.

Value of accrued interest is the same for EDP Tables 2A and 3B.

Data source for accrued interest calculation is accounting data. Impact of accrued interest is visible in the EDP table under the line “difference between interest accrued/paid”.

6.4.2 Interest Revenue

Data source for received accrued interests is accounting. Accrual adjustment is recorded within EDP notification tables under separate line.

6.4.3 Consolidation

Interest to be consolidated includes flows of interest payment between the local government and state funds and interest paid by the State budget (ARDAL) to the State Treasury.

Data source for consolidation is statement FIN 1-12 and information on paid interests from State Treasury. Consolidation is carried out on all subsectors and do not have an impact on B.9.

6.4.4 Recording of discounts and premiums on government securities

Flows related to premiums and discounts enter cash WB. There is information available on accrued premiums and discounts. On the EDP table 2 is recorded the impact of difference between accrued and cash interests. Other government bodies do not report debt above/below par. Premium and discounts are spread over the life of an instrument and premium is treated in national accounts as revenue. Repayment of discount is identifiable from the repayment of debt.

6.5. Time of recording of other transactions

For the time of recording of transactions within S.13 we use cash data and subsequently make accrual adjustments. These accrual adjustments are consistent with F.7 recorded in financial accounts. We had small cases where expenditures or revenues were not recorded within our data source, but these data were subsequently discovered and recorded. Since this occurrence the data source statements were changed to cover such case (cases were related to exceeded limit of the budget). We assume that all payables of the government are correctly recorded. From 2013 balance sheets has been changed to distinguish more precisely payables on short-term and long-term.

The accrual adjustments are made specifically for current transfers, gross capital formation, dividends, social benefits, intermediate-consumption, production, compensation of employees and also for financial transactions.

The main part of accrual adjustment is based on information from balance sheets and information provided by IFP of MoF on accrual taxes and social contributions. For financial transactions there are provided additional information by MoF e.g. on accrual interests, agio, aliquot interest return etc.

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 ESA2010), 2013 edition¹⁵.

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 VII.4 on Government guarantees of the ESA2010 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 in the Slovak Republic could be granted under Act No. 386/2002 only by MoF in accordance with the Act on State Budget. Guarantees are recorded only in the government accounts on off-balance sheets.

Data on guarantees is publicly available in the State closing account where stocks of guarantees with the related interests are reported for individual guarantee. Guarantees are granted only on bank loans to corporations. Guarantees on assets could not be granted.

In general currently no guarantees are granted. Last guarantee was granted to SZRB in 2004. This guarantee is not risky, SZRB pays regularly the loan instalments.

Recording in national accounts

Data on guarantees are available by individual guarantee. The Guarantees Database is managed by a Specific State Operations Management Department of MoF. Non-risky guarantees are not recorded in the national accounts. A debt Assumption at inception is assumed in the case of Hospital Debt. Case of interest payment at inception has not occurred.

7.1.1.2 *Treatment of guarantees called*

¹⁵ http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-GQ-13-006/EN/KS-GQ-13-006-EN.PDF

Recording in public accounts

In public accounts guarantee calls are recorded at the time of guarantee call performance as cash expenditure and at the same time receivable against relevant corporation is recorded. Recoverability is regularly assessed in public accounts and since 2012 provisions are recorded. In public accounts debt assumption is recorded at the same time as a guarantee is called and this debt is paid immediately.

Recording in national accounts

Guarantees which are regarded as risky are included into Maastricht Debt. The starting point for the quantification of assumed debt was detailed analysis of state guarantees granted in the past and which was carried out by MoF in 2003. The data source for this analysis was the evidence of state guarantees and guarantee calls performance by individual year which is managed by Specific state operations management department of MoF. The analysis was based on experiences of the employees of this department. On the basis of assessment of existing development of every individual guarantee it was possible to classify every guarantee by the level of risk. This level was based on existing guarantee call performance and assessed non-recoverability of granted means.

Then it was possible to divide guarantees into a group of zero risk and into other groups of other guarantees (mostly with 100% risk). The latter group is the basis for quantification of debt assumption.

Assumed debt for an individual year is calculated as the sum of granted state guarantees in the value of percentage of risk, i.e. for 100% risk there is the whole amount of the guarantee recorded in the assume debt, for different percentage of the risk only the proportionate part is recorded.

In the case of performed guarantee calls the cash expenditure is recorded in the national accounts.

7.1.1.3 Treatment of repayments related to guarantees called

Recording in public accounts

Instalments of original debtor are recorded in public accounts as financial transaction.

Recording in national accounts

Instalments of original debtor are recorded in national accounts as received capital transfer.

7.1.1.4 Treatment of write-offs by government in public accounts of government assets that arose from calls, if any

Claims on assets side were written-off in 2010 as one-off measure for all granted guarantees. Debt cancelation was carried out for non-financial corporations and receivables from guarantees on the asset side were written-off in the whole amount of 61,928 mill. EUR with a negative impact on deficit.

Specific government transactions - Guarantees, debt assumptions

7.1.1.5 Data sources

There is individual data available on stocks and flows by flow and by beneficiary. Interests from guarantees are recorded on budgetary accounts, principal on extra-budgetary account. Guarantees on the level of local guarantees are not granted.

7.1.2 Guarantees on assets

Guarantees on assets are not granted.

7.1.2.1 New guarantees provided

Recording in public accounts

Recording in national accounts

7.1.2.2 Treatment of guarantees called

Recording in public accounts

Recording in national accounts

7.1.2.3 Treatment of repayments related to guarantees called

Recording in public accounts

Recording in national accounts

7.1.2.4 Treatment of write-offs

7.1.2.5 Data sources

7.1.3. Standardized Guarantees

1. Please identify the existing schemes of standardised guarantees.
2. Describe what are the data sources for stocks and transactions (guarantee calls, repayments) relating to the standardised guarantees.
3. Please explain on which basis the provisions on calls (F.66) are estimated (are provisions made by guarantee providing units in their accounts are used).

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

Specific government transactions - Capital injections in public corporations

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 ESA2010 and further clarified in the Chapter III.2 on Capital injections and Chapter VII.2 on Debt assumption and cancellation of the ESA2010 Manual on government deficit and debt.

7.2.1 New lending

If any new lending is carried out it is granted as returnable financial aid to public corporations via extra-budgetary accounts (SFA - State Financial Assets). Data on every lending (stocks and transactions) is available. Data on stocks are based on balance sheets and data on transaction on statement FIN 1-12.

Loans are also granted by SFRB, Environmental Fund and in the smaller scale also by Social Insurance Company. In these cases aggregated data on stocks, transactions and corrections is available. Recoverability of granted loans from SFA is regularly checked by MoF (Specific State operations department of MoF for every granted loan).

Some of the granted loans are under ESA 2010 reclassified from financial transaction into capital transfer. There is cooperation of SOSR and MoF regarding decision on the reclassification if there is the assumption that the loan is non-returnable or the debtor is unable to pay back.

Integrated data on stocks and flows of loans is available for all general government units. There was no case when the government receivables were recorded in the accounting of public corporations.

7.2.2 Debt cancellations

In public accounts the debt is cancelled by Slovak Government decision on the basis of documentation regarding non-recoverability of receivables prepared by MoF. In the accounting the receivable is written-off in the whole amount including interests and correction related to claim is recorded.

Data on debt cancellations is available from MoF in accounting documentation on detailed list of stocks and flows, transactions and other changes by individual claim. The difference between change in stocks and transactions is explained in the balance for individual government claim. Government claims are recorded as F.4, partly as F.8 in some cases. When debt cancellation occurs, the F.4 on assets side is decreased, possibly F.8, as well as interests and paid capital transfer is recorded in case of F.4. Debt cancellation under ESA 2010 is recorded even when no official decision exists, but there is an assumption that the asset is non-recoverable. Debt cancellation is recorded with the accrued interests at the time when there is the positive information on receivable non-recoverability. Provisions on claims from public bookkeeping are also reflected in the national accounts.

7.2.3 Repayments of claims

Instalments of receivables are recorded as financial transaction. Instalments of receivables which are already written-off are recorded as received capital transfers. Repayments in kind are recorded as expenditures on acquisition of non-financial assets or intermediate consumption. Data on stocks and flows is available from the accounting by individual claim.

7.2.4 Debt write-offs

The same data sources and accounting as for debt cancellations are applicable. Data is available for all government units. Debt cancellation is recorded even when no official decision exists, but there is an assumption that the asset is non-recoverable.

7.2.5 Sale of claims

There was no case of sale of claims at the level of state. Tax offices and Social insurance agency transfer the non-recoverable claims to Slovenská konsolidačná. In the past the price of the transferred claim was always 1 euro, only minimal value in thousands of Euros was eventually recoverable. In 2012 Slovenská konsolidačná valued transferred claims by their estimated real value and paid cash to original claimants.

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 ESA2010 paragraphs 20.197-20.203 and clarified in the Chapter III.2 on Capital injections of the ESA2010 Manual on government deficit and debt. These chapters devote 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 III.2.3.2.2.

The statement Fin 1-04 contains part on financial transactions where acquisition of new shares can be explicitly identified. Our source data enable us to see the unit which reported the value – expenditure related to acquisition of shares. The counter check is information in change if the item in the balance sheet (report Fin 2-04 (quarterly) and Uc Ropo, or Uc Pod (annual)). Increase of stock can be identified.

The source from MF SR consisting of list of capital injections is available annually before April EDP notification and is subsequently updated if necessary before October Notification. The list of acquired shares by central government bodies contains information on every unit which shares were acquired. In case capital is injected into public corporation the part of the capital injection in the full amount in case the corporation does not reach sufficient rate of return. For local government we can identify party (S.13 unit) which acquires the stock. In case the amount is significant we investigate further.

7.4. Dividends

The accounting rules are set out in ESA2010 paragraphs 20.205-20.207. It is recalled, that the ESA2010 Manual on Government Deficit and Debt chapter III.5 indicates that large and exceptional payments out of reserves which significantly reduce the own funds of the corporation should be treated as superdividends, 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 ESA2010, 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 ESA2010 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 source for dividends is statement FIN 1-04. In line with the budgetary rules the dividend is current receipt on the item 211003 of the budgetary classification, the item is recorded under the ESA 2010 code D421REC. The budgetary classification is universal for every unit in S.13 and therefore it covers the whole sector and it is possible to identify the main receivers of dividends in S.13.

The budgetary classification is not sufficiently detailed to list receipts by company which paid out the dividends therefore additional details are needed. The two main units (grouping of units) receiving dividends are identified – the state budgetary organisations and the National Property Fund. For both, additional data are provided by MF SR on annual basis including super-dividend test. The data is available before spring EDP notification and later on the data could be updated.

The detailed table is available with the list of units paying the dividends. To determine the superdividends we use the information on profit/loss after tax for current period from accounting statements. The profit is adjusted by possible influence of sale of assets and by accumulation or dissolving of reserves. Comparing the adjusted profit with actual dividends paid the super-dividend is determined (in case the dividend paid out is higher than profit for the current period). Super-dividend is difference between dividends paid out and adjusted profit. Every unit in S.13 is covered by Revenue and expenditure statement therefore we can identify possible large receipts of dividends also municipalities. We do not carry out super-dividend tests for S.1313 units on a regular basis, but in the eventual case that substantial amounts of dividends to S.1313 units is identified, the super-dividend test will be performed on an ad-hoc basis.

7.5. Privatization

The accounting rules are set out in ESA2010 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 V.2 indicates that such indirect privatization proceeds are not government revenue. MGDD chapters V.3 and chapters V.4, respectively, provide the guidance on the treatment of privatisation proceeds from public corporations and restitution and use of vouchers for privatisation.

Specifically, chapter V.3.1 of the ESA2010 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.

Specific government transactions - Dividends - Privatization-

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 be considered as taking place on behalf of the government?

Institution which is mostly involved in privatisation of the state property is called Fond Národného Majetku (FNM, National Property Fund). This unit is classified within General Government Sector (namely sub-sector S.1311). The related privatisation income is not recorded within the working balance of the EDP table 2A, but is included under the line “Net lending (+)/ net borrowing (-) of other central government bodies” on the same table. Separation of privatisation and sale of shares at state/local government level is possible. Transaction in F.5 due to privatisation is recorded on an accrual basis.

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 ESA2010 paragraphs 20.276-20.282 and clarified in the Chapter VI.4 of the ESA2010 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 ESA2010.

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” (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.

There is two PPP projects for construction and operation of R1 highway, and construction of Bratislava bypass, in the Slovak Republic. PPP projects follow the measures set out in the Act on procurement. The Act defines concession as a contract on delivery of construction services and subsequent delivery of services. Right to use a construction for specified time is used as compensation for construction services.

For operational leasing, the lessee acquires the right to use the asset for a specified time period. In the case of financial leasing, there is no delivery of construction services neither operation services. In the case of PPP, the private partner has a long term contract which covers both construction and subsequent operation and maintenance of the asset for a unitary payment. In the case conditions specified in the agreement are not met, the public partner applies sanctions.

In the case of SR, there is one PPP advisory institution for parties interested in PPPs. Association for support and promotion of PPP. The institution is not part of S.13. The association provides legal services.

In case of SR theoretically PPPs can found be at regional as well as central government level. As of 15th November 2013 SO SR has information on one PPP project – construction and

maintenance of R1 speedway. The information on PPP is directly received from the Ministry of Transport of SR and from the Ministry of Finance of SR. Assessment of the PPP is prepared by the ministry in question and by SOSR.

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.*

ESA2010 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

Up to now the general government has been using long-term cross currency interest rate swaps.

7.7.2 Data sources

Data source on swaps for the central government is statement FIN 1-12 and balance sheets. Some additional information is provided by MoF and also by National Bank of Slovakia. Interest flows related to swaps are recorded on an accrual basis and derivative related flows are recorded just on one side (asset respectively liability side).

7.7.3 Recording

In 2012 and 2013 ARDAL (Agency for management and liquidation of debt) entered into long-term cross currency interest rate swaps to avoid interest and exchange rate risk resulting from foreign currency issuances in CZK, USD, CHF and JPY (all swapped to EUR). In 2012, a total of eight swaps were concluded, in the total face value of EUR 2.01 bn. In 2013, a total of six swaps were concluded, in the total face value of EUR 0.73 bn. The Recording of streams of interest payments from swaps are on an accrual basis. Terms and conditions of these swap contracts match up with the terms and conditions of the respective government bonds issuances as for value dates, maturities, amounts and currencies. All swaps were executed at market prices and there have been no swap cancellations.

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.

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.

There is one unit established in 2005 responsible for management and building highway infrastructure – National Highway Corporation (NDS). The unit is classified in S.13. There is a vignettes system in the Slovak republic. Vignettes are linked to use period and to the specific type of road. In line with Eurostat decision we classify proceeds from the vignettes system as sale of service (P.1). In addition to the vignettes system applicable for cars under 3,5 t there is a toll system for vehicles heavier than 3,5 t. The payment is linked to kilometres made, type of the vehicle and load it can carry. This payment is considered as sale of service (P.1). The NDS was classified into S.13 on the basis of qualitative assessment of the unit.

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 ESA2010 MGDD part VI, chapter VI.5 is dealing with the statistical recording of the emission trading allowances.

SOSR investigated possible sources of data (especially Ministry of Environment of SR) and proposed the implementation of the system of emission permits trade. The system is fully treated in line with the requirements set up in the MGDD.

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 VI, chapter VI.2 is dealing with sale and lease back operations

There have not been any sale and lease back operations over the period 2000-till now.

7.11. Securitisation

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. Also 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.

ESA2010 paragraphs 20.260-20.271 establish securitisation operations accounting rules. The MGDD part V, chapter V.5 and the Eurostat decision of 25 June 2007, "[Securitisation operations undertaken by general government](#)" are dealing with securitisation operations.

There have not been any securitisation operations over the period 2000-till now.

7.12. UMTS licenses

The sale of UMTS licenses used to be recorded as the sale of a non-financial asset (the license) at the time the license is allocated. Thus, sale proceeds had a positive effect on B.9 in the year when the license is allocated.

In 2019 the way of recording changed and the sale of UMTS I now seen as a rent for the use of a non-financial asset, recorded over the life time of the license and the impact on government B.9 is spread over the duration of the license.

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 can not 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.

In recent years there were no transactions between S.13 and NBS.

7.14. Lump sum pension payments

ESA2010 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 ESA2010 MGDD and debt Part III.6 Impact on government accounts of transfer of pension obligations.

After the introduction of the second pillar in the Slovak Republic there were three possibilities given to the employees within this scheme to re-evaluate their decision on entering the scheme and if employees considered that they were no more interested to stay within this pension scheme they left the second pillar and transferred their contributions into first pillar scheme. This re-opening of the second pillar occurred in years 2008, 2009, 2012 and 2013. Related transferred contributions are recorded as financial transactions without positive impact on B.9 of S.13.

7.15. Pension schemes

Slovak pension system consists of the:

- **Universal pension system** - covers most of Slovak population (regular employees, self-employed, etc.)
- **Pension system of armed forces** - covers police officers, soldiers, intelligence service, etc.
- **Supplementary pension system** – no restriction on participation, fully voluntary

Overview of the Slovak pension system	
Universal pension system	Pension system of armed forces
I pillar PAYG, mandatory, defined-benefit (point system – earning related), public (S.13)	Armed forces scheme PAYG, mandatory, defined-benefit, closed, public (S.13)
II pillar fully-funded, defined-contribution, private (S.12)	
Supplementary pension system	
III pillar fully-funded, voluntary, defined-contribution, private (S.12)	

Obligatory pension schemes classified in general government sector consist of:

Obligatory social security scheme

Payments of social contributions and pensions are realised by Social Insurance Agency according to the law No. 461/2003 Coll. in which participation is obligatory.

Financing of the scheme: contributions are paid by employers on behalf of their employees, employees, self-employed persons, voluntary contributors, from the state budget on behalf of persons defined by the law, National Labour Office (until 2003) and Social Insurance Agency.

The whole system of the first pillar including payments of social contributions and pension benefits is administered by the Social Insurance Agency which is an institutional unit classified in General Government sector (S.13, subsector S1314).

Special pension security scheme (army and police)

By the current act No. 443/2005 Coll. are contributions paid on special accounts of competent Ministries, which activity is to manage the police, Slovak Intelligence Service, National Security Authority (NBU), members of prison guards, members of railway police, customs officers and members of armed forces. Employees and employers on behalf of their employees are contributing to the specific social security extrabudgetary account. Special type of benefit is paid under this scheme which is called “pension for service”. Currently this scheme is classified in the General Government sector (S.13) namely in the Central Government subsector (S.1311).

Social benefits and social assistance scheme

Since 1994 wife's pensions, social pensions, increase of pension in case of disability and increase of pension in case of sole source of income are state benefits returned by government, financed from the state budget.

Recording of the second pillar

In 2005 funded pensions schemes (2nd pillar) were created, which are recorded in line with Eurostat's guidelines (outside general government sector).

The pension management companies themselves are classified in the Financial Corporations sector (S.12) namely in the Financial Auxiliaries subsector (S.124; according to ESA2010 in S.126)). The pension funds which represent the common property of participants to the scheme having no legal autonomy themselves are classified separately in the Financial Corporations sector under the subsector Insurance Corporations and Pension Funds (S.125; according to ESA2010 in S.129).

One-off openings of the second pillar

Between September 2012 and January 2013, the second pillar was “**opened**” for the third time. During this period participants were given a possibility to return back to solely first pillar with full pension rights (the condition was to transfer all savings into the first pillar). Also, people who did not participate in the second pillar were given a chance to enter it. Table below shows the number of people who entered and exited the second pillar during its past openings. The one-off effects of opening of the system were recorded under transaction D.9REC in the S.1314 accounts.

Entry and exit into and out of the second pillar

1 st opening (2008)			2 nd opening (2008/2009)			3 rd opening (2012/2013)		
Inflow	Outflow	Difference	Inflow	Outflow	Difference	Inflow	Outflow	Difference
22 804	106 437	-83 633	14 637	65 975	-51 338	16 347	89 576	-73 229

Source: Social Insurance Agency