



EUROPEAN COMMISSION  
EUROSTAT

Directorate D: Government finance statistics (GFS)

Luxembourg,

## **FINAL FINDINGS**

### **EDP Dialogue Visit to Sweden**

**15-16 June 2022**

## EXECUTIVE SUMMARY

Eurostat undertook a standard EDP dialogue visit to Sweden on 15-16 June 2022.

The main objectives of this EDP dialogue visit were: (1) to review the existing institutional responsibilities for compiling GFS and EDP statistics, focusing on the improvements achieved in relation to data sources; (2) to discuss aspects related to revision policy and the next benchmark revision in May 2024 (3) to clarify technical issues relating to the EDP data provided in the context of the 2022 April EDP notification, (4) to analyse aspects related to the delimitation of general government sector as well as on the sector classification of some specific units, (5) to discuss the recording of taxes and interest accrued and (6) to clarify the recording of specific government transactions such as capital injections into public corporations, dividends and super-dividends as well as the classification of Private-PublicPartnerships (PPPs), concessions and EPC contracts (energy performance contracts), emission permits and financial leases.

Eurostat reviewed the institutional responsibilities with respect to the reporting of data under government finance statistics and EDP. Eurostat briefly discussed with the Swedish statistical authorities the division of responsibilities for the compilation of EDP statistics and government accounts and the developments since the latest EDP dialogue visit, which took place in November 2019. As far as the split of responsibilities is concerned, there have been no major changes compared to the previous EDP visits. In Sweden, several institutions are involved in the compilation of the EDP data. The main compilers are Statistics Sweden (SCB), the Swedish National Financial Management Authority (ESV), the Ministry of Finance (MOF) as well as the Swedish National Debt Office (SNDO).

Nevertheless, Statistics Sweden is fully responsible for the co-ordination of European statistics in accordance with Regulation (EC) No 223/2009 on European Statistics. SCB informed Eurostat that there were no significant changes in the institutional arrangements and in the quality management framework, audit and internal control arrangements since the 2019 EDP dialogue visit. The memorandum of understanding between the main data compilers was updated on 28 October 2021 due to modifications in institutional arrangements and additional responsibilities related to new COVID-19 related tables. The updated memorandum specifies the responsibilities for the supplementary table for reporting measures taken in the context of the COVID-19 pandemic as well as for the table for reporting of expenditure and other costs of general government financed by the Recovery and Resilience Facility (RRF). Eurostat concluded during the discussions that there were no problematic areas identified within the quality management framework, audit and internal control arrangements or cooperation with the upstream data suppliers. With regard to Council Directive 2011/85/EU, Eurostat took note that its requirements are fully implemented in Sweden.

Regarding the part on data sources and revision policy, Statistics Sweden (SCB) informed Eurostat that there were no significant changes in data sources since the previous EDP dialogue visit in November 2019. Nevertheless, there have been improvements of the data flows between the internal SNDO-systems, for example in relation to the use of a business system instead of a currently used bookkeeping system.

Furthermore, Eurostat thanked the Swedish statistical authorities for the comprehensive feedback provided on the status of the implementation of the action points resulting from the 2019 EDP dialogue visit. All the action points were implemented by the Swedish statistical authorities, except one, which remained still open due to ongoing discussion at European level. The still open action point was related to the sector classification of Kommuninvest AB.

There were very few technical issues to be clarified in relation to the April 2022 EDP notification. Eurostat thanked the Swedish statistical authorities for completing the supplementary table for reporting government measures taken in the context of COVID-19

pandemic and the table for reporting of expenditure and other costs of the general government financed by the RRF. The discussion focused on the figures provided in the two tables. Eurostat also shortly clarified some government expenditure undertaken in the COVID-19 context, notably on the recording of the government capital injection into Scandinavian Airlines (SAS).

Concerning the delimitation of the general government sector, Eurostat mainly discussed the changes in sector classification since the 2019 EDP dialogue visit, as well as the sector classification of specific units such as Kommuninvest AB and some railway companies. With regard to the market/ non-market test, the main discussions focused on the deduction of subsidies on production and investment grants when calculating the market/ non-market test. Further discussions were related to some public units classified in the non-financial corporations sector, notably to some individual entities with results close to the 50% threshold for the market/ non-market test. The classification of Kommuninvest AB remained open. Eurostat proposed that, due to the fact that KommuneKredit in Denmark has similarities in its functioning and activities with Kommuninvest AB in Sweden, to organize a tripartite meeting between Eurostat and the Danish and Swedish Authorities in order to discuss the sector classification of these entities. In addition, it was agreed that SCB would provide a new assessment of the sector classification of Kommuninvest AB taking into account new developments such as an exemption from the payment of the risk tax and a compensation for the amounts already paid.

On the implementation of the accrual principle, Eurostat clarified the accrual recording of taxes, insisting on aspects such as the recording of tax deferrals and the possible losses incurred in the tax collection due to COVID-19. In addition, the status quo of the implementation of the "One-Stop Shop" (OSS) scheme and the recording of compensation paid by government for creating new natural reserve areas were also reviewed. The discussions on the recording of interest and of financial derivatives focused on the figures provided by the Swedish statistical authorities prior to the mission.

With regard to the recording of specific government transactions, the discussions concentrated on topics such as the recording of guarantees, government claims as well as capital injections into public corporations. Eurostat further clarified with the Swedish statistical authorities other topics such as dividends paid by public corporations to government and the superdividend test. An overview on the progress related to the systematic collection of data on Public Private Partnerships (PPPs) and Concessions was further discussed under this agenda point. The implementation of the guidance on the recording of mobile phone licences, exploration rights and other licences, the recording of emission permits as well as of energy performance contracts, financial lease on military equipment were other technical topics that were analysed during the discussions.

Eurostat appreciated the information provided by the Swedish statistical authorities prior and during the EDP standard dialogue visit. Eurostat thanked the Swedish statistical authorities for their cooperation during the EDP meeting and considered that the discussions were very transparent and constructive.

## **Final findings Introduction**

In accordance with Council Regulation (EC) No 479/2009 of 25 May 2009 (the EDP Regulation) on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, Eurostat carried out an EDP dialogue visit to Sweden on 15-16 June 2022.

The delegation of Eurostat was headed by Mr Luca Ascoli, Director of Government Finance Statistics (GFS). Eurostat was also represented by Ms Gita Bergere, Ms Camelia Jüttner and Ms Jadranka Vuglar. A representative of DG ECFIN also participated in the meeting as observer. The Swedish statistical authorities were represented by Statistics Sweden (SCB), the Swedish National Financial Management Authority (ESV), the Swedish National Debt Office (SNDO), the Ministry of Finance (MOF) and the Sweden's Central Bank (NCB).

The previous Eurostat EDP dialogue visit to Sweden took place on 11-12 November 2019.

Eurostat carried out this EDP dialogue visit in order to review institutional responsibilities in the field of government finance statistics (GFS), including EDP reporting, and to discuss the improvements achieved in relation to data sources and revision policy. In addition, Eurostat also reviewed the implementation of the ESA2010 methodology, notably the sector delineation, the practical implementation of the market-non-market test as well as the sector classification of some specific units such as Kommuninvest AB and railways companies. The recording of taxes and of interest as well as the recording of specific government transactions such as capital injections, dividends and super-dividends were further discussed.

With regard to procedural arrangements, the *Main conclusions and action points* would be sent within days to Sweden for review. Then, within weeks, the *Provisional findings* would be sent to Sweden for review. After this, in accordance with Article 13 of the EDP Regulation, *Final Findings* will be sent to Swedish statistical authorities and to the Economic and Financial Committee (EFC) and published on the website of Eurostat.

Eurostat appreciated the relevant background information provided by the Swedish statistical authorities prior to the EDP dialogue visit. Eurostat also thanked the Swedish statistical authorities for their cooperation during the EDP dialogue visit and considered that the discussions were very transparent and constructive.

### **1. STATISTICAL CAPACITIES ISSUES**

#### **1.1. Review of institutional responsibilities in the framework of the compilation and reporting of EDP and government finance statistics**

##### *1.1.1. Institutional responsibilities*

###### *Introduction*

In Sweden, several institutions are involved in the compilation of the EDP data. The main compilers are Statistics Sweden (SCB), the Swedish National Financial Management Authority (ESV), the Ministry of Finance (MOF) as well as the Swedish National Debt Office (SNDO). Within Statistics Sweden, two different units, one located in Solna and one located in Örebro, are involved in the compilation of the EDP and GFS tables. The Financial and Sector Accounts (FSR) unit is located in Solna since August 2020 and is responsible for the financial accounts for all the institutional sectors as well as for EDP tables related to the financial accounts and compilation of Maastricht debt.

The Public Finances unit is located in Örebro and is responsible for the non-financial accounts for general government, as well as for EDP tables related to nonfinancial accounts. The coordination responsibility for the EDP work in Sweden is under the responsibility of the FSR unit. The EDP coordinator at Statistics Sweden is responsible for both ensuring the internal

consistency of the EDP tables and the transmission of EDP tables in accordance with EDP Regulation.

### *Discussion*

SCB informed Eurostat prior to the mission that, in general, the responsibilities between the different Statistical Authorities remained unchanged compared to the last dialogue visit in November 2019. Nevertheless, since 2020, the financial and sector accounts department moved from Stockholm to Solna, but this implied only changes in infrastructure (offices) and did not affect the structure and organisation of the work. However, the Swedish National Debt Office (SNDO) has, from the year 2019, introduced a new EDP-coordinator. He has been responsible to formalize and improve the flows of data between the SNDO and the Swedish National Financial Management Authority (ESV) in the so-called IREN-project. Eurostat asked during the discussion more details on the IREN-project. The Swedish statistical authorities explained that the objective of the project is to implement a complete electronic transmission of data from the Swedish National Debt Office (SNDO) to the Swedish National Financial Management Authority (ESV). The project started in 2017 with the purpose of improving data transmissions while reducing the amount of manual work and of ensuring a complete electronic transmission of data from the SNDO to the ESV. In addition, the project allows also moving from a business to an accounting system<sup>1</sup>. ESV is leading the project in close cooperation with SNDO. The initial deadline of the project has been set to December 2017, nevertheless the deadline was postponed several times, so that the project is currently still ongoing and should be finalised only in December 2022. The main reasons for the delay in implementation were resource constraints. Furthermore, Eurostat asked about the main gains and achievements of this project. It was explained that the data quality improved and there is more information available on some instruments and their counterparts such as for premiums and discounts or inflation bonds. In addition, the project also allows the reconciliation of the primary data from the SNDO.

Eurostat acknowledged that a new working group on taxes was created since the last dialogue visit in 2019. SCB explained that the group includes participants of the main data compilers, notably SCB, ESV, SNDO and the Ministry of Finance. The objective of the group is to discuss tax related issues and evaluate the quality of tax figures as well as to assess the extent of revisions related to taxes. Eurostat asked more details on the items already discussed and on the regularity of these meetings. SCB explained that the working group meets twice per year and the main discussions focus on data consistency between the sources available at different institutions as well as on aspects related to data collection.

Regarding the staff, SCB informed Eurostat that the number of full-time equivalents involved in GFS and EDP work decreased during the last years due to high staff turnover. Currently, there were around fifteen full time equivalents involved in GFS/EDP but a part of resources is devoted to the development of a new IT system for national accounts. The project to develop a new IT system in order to automatize the data collection for the Swedish national accounts is still on-going, as the project has been postponed several times and delayed because of resource constraints and complexity of the task.

SCB also explained that, since September 2021, Statistics Sweden were reorganized to better fit the increasing demand of digitalization in the statistical process. One of the most noticeable changes was the introduction of another organizational level. In the former organization, national accounts were organized as a department with four units, which mostly included national accounts staff. In the new organization, the national accounts are organized in three sections within the Units for Balance of Payments, Financial Markets and National Accounts and the department of Economic Statistics and Analysis. This reorganization did not have any

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<sup>1</sup> The business system is mostly used for gathering information on debt and debt instruments while the accounting system is a larger system including extensive information.

major effect on the work within national accounts and EDP. The major reorganization changes mostly affected the data collection and various support functions. From 1 July 2022, there are also some organizational changes planned within ESV. Notably, the Central Government Accounts Division within ESV will change organizational affiliation and become part of the Analysis and Forecast Department. Eurostat asked whether ESV is collecting data for the whole general government sector or only for the central and local government subsectors. SCB explained that the data collected refers only to the central government sector. Data for local government is collected by SCB.

Furthermore, Eurostat asked whether the de-centralization of statistical activities policy already started in 2019 is still continuing. Statistics Sweden explained that, indeed, this is still the case and that the Statistical Authorities have increased their presence in Örebro. Most of the supporting functions, such as IT services, as well as the Director General's office, were currently located in Örebro.

With regard to the institutional arrangements, SCB informed Eurostat prior to the mission that the cooperation between all involved authorities is very important within the framework of EDP. There are two agreements defining cooperation among the Swedish institutions. One of these agreements is of a more general nature and is defining the EDP reporting responsibilities following the requirements of Council Regulation (EC) No 479/2009. It is signed between Statistics Sweden (SCB), the Swedish Financial Supervisory Authority (Finansinspektionen), the Legal, Financial and Administrative Services Agency (Kammarkollegiet), the Swedish National Debt Office (SNDO, Riksgälden) and the Swedish National Financial Management Authority (ESV, Ekonomistyrningsverket). This written agreement between authorities was updated on 28 October 2021 due to modifications in institutional arrangements and additional responsibilities related to new COVID-19 related tables. The updated memorandum specifies the responsibilities for the supplementary table for reporting measures taken in the context of the COVID-19 pandemic as well as for the table for the reporting of expenditure and other costs of general government financed by the Recovery and Resilience Facility (RRF). It was explained that the Swedish Statistical Office is the main responsible for both tables, though ESV completes the data. It was agreed that SCB would provide to Eurostat an updated version of the agreement.

There is no memorandum of understanding with the Court of Audit (NAO). Nevertheless, the Swedish statistical authorities explained that, despite the fact that there is no formal arrangement in place, there is a good co-operation between the Swedish statistical authorities and the Court of Audit. In case of problematic accounting issues, the NAO is alerting the ESV before the annual report of the Court is published under the so-called "alarm mechanism". In such a case, the government needs to answer to the observations reflected by the Auditors in the report and provide explanation to these observations in front of the Parliament. However, the Swedish statistical authorities explained that, for four years, there have not been any alarm mechanism. ESV further explained that they are always consulted by the NAO. Despite the fact that the conclusions of the report would not change, ESV could provide its comments and remarks to the NAO on the report. Eurostat mentioned that the 2021 Annual Audit report is not raising any major issue in relation to the government accounts. Some aspects such as the sharp increases in expenditure ceilings in 2021 and 2022 proposed by the Government in the 2021 and the Budget Bill<sup>2</sup> due to the COVID-19 were considered in the NAO report not in line with the current fiscal policy framework. The Court of Audit recommended that the Government proposed in front of the <sup>3</sup>Swedish Parliament (Riksdag) new levels of expenditure ceilings that are more in line with those specified in the fiscal framework. During the meeting, the Ministry

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<sup>2</sup> The Budget Bill contains the Government's proposals for the central government budget for the following year. The Government submits the Budget Bill to the Riksdag in autumn. In connection with this, a debate is held with the financial policy representatives of the parties in the Riksdag.

<sup>3</sup> Audit report, page 7.

of Finance recalled that, in 2019, a new fiscal policy framework was implemented in Sweden. The fiscal framework stipulates that the surplus target is 1/3 percent of GDP (down from 1 percent). The surplus target is accompanied by a “debt anchor”, which stipulates that Maastricht debt should not deviate from 35 percent of GDP by more than 5 percentage points. The Ministry of Finance explained that, despite the fear of the Court of Audit, the expenditure ceilings in 2021 and 2022 were not over the thresholds stipulated in the fiscal policy framework and that Sweden was able to fulfil its targets also in relation to the public debt threshold. Furthermore, Eurostat asked what would happen if the thresholds included in the fiscal policy were not respected. The Ministry of Finance explained that the Government would need to inform the Parliament but there would not be political or other consequences.

Eurostat mentioned also that the report raised an issue related to the calculation of future revenues from taxes<sup>3</sup>, notably that the Government’s calculations of certain future tax revenues risk is overestimated, due to the fact that central government revenues from energy and carbon taxes will tend in the future to decline in relation to GDP as a result of active environmental and climate policies, both nationally and at EU level. Within the current tax regulations, this will lead to reduced revenues from energy and carbon taxes. Therefore, the NAO considered that the Government’s forecast tax revenues from these areas was not appropriate. The Ministry of Finance replied during the meeting, that the forecast for the above-mentioned taxes was modified taking into account the aspects raised in the report by NAO.

### *Findings and conclusions*

The Swedish statistical authorities agreed to provide to Eurostat after the meeting the latest version of the general memorandum of understanding defining the EDP reporting responsibilities including the modifications in institutional arrangements for the COVID-19 related data as well as for the table for reporting of expenditure and costs financed by the RRF<sup>4</sup>.

#### *1.1.2. Quality management framework, audit and internal control arrangements; cooperation with the upstream data suppliers.*

##### *Introduction*

There were no major problematic issues with regard to the quality management framework, audit and internal control arrangements or cooperation with the upstream data suppliers.

Since the last dialogue visit in 2019, Statistics Sweden has decided not to stay certified according to ISO 20252. While ISO 20252 focused on market, opinion and social research, Statistics Sweden found it more valuable to focus resources on the entire statistical system. A detailed description of the quality work at Statistics Sweden is available on their website<sup>5</sup>.

##### *Discussion*

Eurostat noted that the website offers a very good overview on the quality work undertaken by Statistics Sweden. On the website is mentioned that, in cooperation with international experts, Statistics Sweden has developed a system called ASPIRE (A System for Product Improvement, Review and Evaluation) to evaluate the accuracy in statistics. External reviewers perform evaluations for a selection of Statistics Sweden’s most important statistical products. Based on these evaluations the reviewers give recommendations to improve the accuracy in the statistics. On the website is also available the last ASPIRE report from 2020. SCB explained that the main purpose of ASPIRE system is to improve the quality in statistics and to make statistics “fit for purpose”. Nevertheless, this system refers mostly to internal quality aspects in the National Accounts data, e.g., GDP.

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<sup>4</sup> The updated Memorandum was provided to Eurostat after the meeting on 16 of June.

<sup>5</sup> [Quality work \(scb.se\)](https://www.scb.se/Quality-work)

Eurostat also noted from the information included in the website that Statistics Sweden conducts regular internal quality audits that provide a basis for improvements in its operations. SCB explained that, indeed, improving the quality of their statistics is a key priority. For the domain of national accounts, including EDP, a specific tool on SharePoint platform is used. This helps to plan and better organize the compilation activities. For each activity or task in the area of EDP and national accounts, the system includes information such as process documentation, activity deadlines and the responsible persons.

Regarding the *audit aspects*, it was confirmed that nothing had changed compared to the 2019 EDP dialogue visit. The Swedish National Audit Office audits the central government bodies. The financial audit is performed on an annual basis. Municipalities, county councils/regions and associations of municipalities and county councils are subject to annual financial audit from external private firms. The Pension funds are annually audited by the auditor assigned by the Government Office of Sweden. The systems of internal control and internal audit are established in all central government agencies and ESV has overall responsibility for the development, management and coordination of the government internal audit.

#### *Findings and conclusions*

Eurostat took note that there were no problematic issues related to quality management framework, audit and internal control arrangements or cooperation with the upstream data suppliers.

#### *1.1.3. Compliance with Council Directive 2011/85/EU*

The implementation and the compliance with Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States was further discussed under this agenda point.

Eurostat mentioned during the discussions that an assessment of the compliance with the directive requirements is performed each year by Eurostat. Council Directive 2011/85/EU requires the publication of the following data:

a) cash-based fiscal data or the equivalent figure from public accounting if cash-based data are not available, at monthly basis for central government, state government and social security sub-sectors and at a quarterly basis for the local government sub-sector, before the end of the following quarter;

(b) a detailed reconciliation table showing the methodology of transition between cash-based data or the equivalent figures from public accounting if cash-based data are not available and data based on the ESA 2010 standard.

Eurostat mentioned during the discussions that the fiscal data, as well as the reconciliation table, fulfil the requirements of Council Directive 2011/85/EU. Eurostat highlighted that the data published nationally are consistent with the data published annually in Eurostat database. SCB publishes also data on the participation of government in the capital of corporations. With regard to the data on non-performing loans, Eurostat asked SCB whether they knew who the beneficiaries of these loans were. SCB explained that they analysed the data and the majority of these non-performing loans granted by government were student loans.

#### *Findings and conclusions*

Eurostat took note that the requirements of Council Directive 2011/85/EU were fully implemented in Sweden.

## **1.2. Data sources. Revision policy**

### *1.2.1. Availability and use of data sources for central, local government and social security funds*



## *Introduction*

Prior to the meeting, Statistics Sweden (SCB) informed Eurostat that there had not been significant changes in data sources since the previous EDP dialogue visit in November 2019. Nevertheless, in the meantime, there is more integrated collaboration and improvements in the data exchanges between the statistical authorities. ESV provides the non-financial accounts with complete data for the B.9 calculations. Since 2017, the Swedish National Financial Management Authority (ESV) has also delivered all financial accounts data for the B9f calculations. Nevertheless, SCB continue to remain the responsible authority for the financial and non-financial accounts, providing final reconciliation between non-financial and financial accounts.

## *Discussion*

Eurostat mentioned that, prior to the meeting, the Swedish statistical authorities informed Eurostat that there had been improvements of the data flows between the internal SNDO-systems, for example in relation to the use of a business system instead of a currently used bookkeeping system. SNDO explained that the improvements were mainly due to the implementation of two projects. One started in 2017, with the purpose of improving data transmissions and ensuring a complete electronic data transmission from SNDO to ESV. Another larger project that also started in 2017, concerns the improvement of calculations of the central government working balance (the first row of EDP table 2A). This project is conducted by SNDO and will end in December 2022. The project's objective is to better use the primary sources of the flows instead of only using bookkeeping data. This project will primarily improve the net-result of the monthly flows having less impact on the annual data. Eurostat recalled that, during the 2019 EDP dialogue visit, it was explained that the use of integrated central government data source for both non-financial and financial accounts has resulted in a decrease of discrepancies between the B.9 and B.9f. During the meeting ESV confirmed that the use of Hermes, an integrated data program using around 300-400 S-codes,<sup>6</sup> allows to obtain quite detailed information on the transactions which at the end has also a positive impact on reducing statistical discrepancies.

In this context, Eurostat thanked the Swedish statistical authorities for the work undertaken in the last years to monitor the status of statistical discrepancies. Since 2019, the Swedish statistical authorities has been updating Eurostat in the context of each EDP notification on the progress done. Eurostat pointed out that, as discussed already during the 2019 EDP mission, in some years (2015-2018) statistical discrepancies were negative, except for local government. The Swedish statistical authorities explained at that time that timing differences in the recording could potentially contribute to the discrepancy. The negative statistical discrepancies are an indication that B.9f is higher than B.9. Nevertheless, since 2019, the Swedish statistical authorities has informed Eurostat that there had been a number of methodological discussions, involving all compiling institutions, SCB, ESV and the SNDO, trying to pinpoint the causes of the continuous negative statistical discrepancies. The conclusion was that issues such as consolidation referring to other central government bodies (OCGB) receiving appropriations or other transfers from other main central government units, need to be improved in the reporting from ESV and SCB, both in non-financial as well in financial accounts. However, this aspect cannot be easily improved; therefore, this part is still under discussion. In the past, the Swedish statistical authorities focused its attention to calculate and present the total central government sector without any demand for a breakdown by subsector. Therefore, there has been little focus on a gross recording of flows, which was necessary when including OCGB in the central

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<sup>6</sup> The statistical information on government expenditure and revenue is collected in Sweden by about 240 central government agencies through statistical reporting codes (S-codes) which provide information to the central government accounting system, which is part of the government's information system Hermes. The S-codes include all necessary and relevant information for the national accounts for central government and are in line with ESA 2010 requirements.

government population and when performing the split in EDP table 2A. As a result, the Swedish statistical authorities intended to propose a theoretical solution for non-financial and financial accounts, which will imply more gross recording of flows within central government accounts and detailed data delivery per subsector.

With regard to the April 2022 EDP notification, the Swedish statistical authorities informed Eurostat that the work to reduce discrepancies between B9 and B9f is an ongoing process at ESV. ESV confirmed during the discussion that special attention is given to the integration between non-financial and financial accounts. In addition, starting with July 2022, an organisational change at ESV could potentially have a positive impact on the work on statistical discrepancies. The unit that currently works with revenue forecasts will be merged with the unit that works with the outcomes and the central government expenditure side of the national account's calculations. Starting with July 2022, the two units will be part of the same department. This will increase the possibility of collaboration and enhance consensus and faster quality development.

Eurostat also mentioned that, for the April 2022 EDP notification, the Swedish statistical authorities provided a table, including the comparison between B9 and B9f for the years 2017-2021, in million SEK. Nevertheless, the figures included in the table were not the same as the figures on statistical discrepancies included in EDP table 3. After discussions, it was noted that indeed, the table provided by the Swedish statistical authorities referred only to central government and included only the statistical discrepancies referring to the "*difference between capital and financial accounts*" excluding "*other statistical discrepancies*". Eurostat asked also about the high amount included under "*other statistical discrepancies*" for local government for the period 2018-2021. SCB explained that this could be due to the valuation of bonds. The valuation of loans and bonds is split between market and nominal value and the difference between the valuations is reflected under this line. SCB explained that, in the quarterly data sources, the value of bonds and loans is reported at nominal value. In the annual data sources, there is no split between loans and bonds. This split is available only in the quarterly data. Therefore, when SCB reconciles the annual data with the more detailed quarterly information on bonds and loans, there are some differences between the two data sources. These discrepancies were included under "*other statistical discrepancies*". SCB explained also that the negative discrepancy in 2020 is due to the re-evaluation of assets.

Eurostat thanked the Swedish statistical authorities for the work undertaken with regard to reducing statistical discrepancies. It encouraged continuing the investigations on the reasons for the negative statistical discrepancy at the level of central government.

Eurostat recalled that another issue discussed during the 2019 EDP mission was the advantages related to the collection of quarterly data for other local governmental bodies (OLGB) via the KOREBA survey. It was pointed out that the main advantage related to the collection of such data is that this enables a better reconciliation between the non-financial and financial accounts for OLGB. In addition, the questionnaire captures also information on capital injections at local government level. The questionnaire includes qualitative questions referring to asset shares (FA.5). Each unit recording a closing balance value of asset shares, implying a change compared to the value of the previous year, receives additional questions in order to assess whether the acquisition of shares has the nature of a capital injection or of a capital transfer<sup>7</sup>. Statistics Sweden considered that these questions allow detecting whether the capital injection has the nature of an equity transaction. SCB informed Eurostat that, since 2019, SCB has been routinely investigating all those units acquiring new shares and expecting a rate of return. Nevertheless, from their investigations it seems that none of the injections undertaken at local

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<sup>7</sup> All OLGB units recording a change in the value of the asset shares (FA.5) receive two additional qualitative questions. The first question is "*Have you received new shares?*" and, if the answer is "*Yes*", the unit receives the additional question "*Do you expect market return on the new shares?*" (to be answered with a Yes or No).

government level where the corporation answered that they expect rate of return have been considered as a capital transfer.

Furthermore, Eurostat asked whether for the April EDP notification, data on capital injections to be recorded as capital transfer and on extraordinary dividends for local government could be captured via the above-mentioned questionnaire. SCB explained that, for the April EDP notification, they use samples survey and not actual data, because the data for April EDP notification do not cover the last two months in relation to dividends and super-dividends. Based on the samples, SCB extrapolate the results to all units. Eurostat asked whether the estimation based on samples is used only for local government or also for central government. SCB explained that, for the April EDP notification, they use estimates for the local government on dividends and super-dividends while for central government they have actual data. Nevertheless, it was agreed that SCB would explain in a detailed note the status of the data availability (estimation or actual data) in relation to the extraordinary dividends and capital injection to be recorded as capital transfers in the context of April EDP notifications.

### *Findings and conclusions*

#### Action point 2<sup>8</sup>:

The Swedish statistical authorities will check and explain the status of the data availability (estimation or actual data) in relation to the extraordinary dividends and capital injection to be recorded as capital transfers in the context of the April EDP notifications, for central and local government as well as for the social securities data, as recorded in EDP related questionnaire table 10.1.A ‘Capital injections in public corporations, distributions and privatisations’.  
*Deadline: December 2022*

### *1.2.2. Revision policy. Benchmark revision.*

#### *Introduction*

Prior to the meeting, Statistics Sweden (SCB) informed Eurostat that there had been no changes with regard to the revision policy since the 2019 EDP dialogue visit.

In September 2019, SCB performed a large benchmark revision. In this context, SCB provided to Eurostat an extensive table, explaining the impact of the revisions for all government subsectors for the period 1993-2016. At that time, the main revisions referred to the reclassification inside general government of Arlandabanan (the railway between Stockholm and Arlanda Airport) and the investment made in that year, the reclassification inside central government of public entities as well as the implementation of renewable energy scheme, rerouting through central government.

#### *Discussion*

SCB informed Eurostat, prior to the meeting, that the next benchmark revision is planned for May 2024. Eurostat asked whether SCB is already aware of some major aspects planned to be revised in 2024. Statistics Sweden explained that some revisions are expected to be implemented in relation to action point 9 deriving from the 2019 EDP dialogue visit. The action point was related to the recording of the military equipment provided to Hungary and the Czech Republic under financial leasing. The implementation of this action point as well as the concrete accounting consequences of the prolongation of the leasing contract was discussed several times with Eurostat. The Swedish government signed financial lease agreements with Hungary and the Czech Republic between 2005 and 2015. The lease agreements refer to leasing of military aircrafts and material supplies but also to some services such as maintenance of the

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<sup>8</sup> The numbering of the action points reflects the original numbering as included in the original document “*Main conclusions and action points*” provided to the Swedish statistical authorities on 22 of June 2022.

aircrafts, education, training of pilots and ground staff. In 2019, Eurostat noticed that the recording of this operation in the Swedish accounts was not consistent with the recording by the other two Member States, which recorded the operation as financial lease. SCB explained that the revenues received from Hungary and the Czech Republic were only partially recorded as revenue in the Swedish accounts as data on the leasing contract were not available due to confidentiality reasons. SCB proposed to Eurostat two approaches in order to estimate the amounts related to the financial lease with the Czech Republic and Hungary. Eurostat considered that instead of estimating the amounts, SCB could use as starting point the figures as recorded in Hungary and in the Czech Republic as both countries had available detailed data on the amounts involved as well as on the amortization and interest costs.

During the meeting, SCB explained that they analysed the data but they noticed some problematic aspects and inconsistencies in the Czech and Hungarian recording, such as the valuation of the stock or price changes. Nevertheless, SCB agreed to use the data on cash payments, nevertheless with some adjustments and some further harmonisations. Eurostat stressed that it will be probable impossible to achieve a full consistency between the figures recorded in the Swedish and the Hungarian and Czech accounts, nevertheless, the most important step is to correctly reflect the operation in the Swedish accounts, notably as a financial lease. Therefore, as a starting point, SCB should exclude the revenue received previously by Hungary and the Czech Republic and as a second step, SCB should adjust the figures and implement them in the next benchmark revision in 2024.

SCB also recalled that in Sweden the time series for non-financial accounts are usually revised in August while the financial accounts in September every year for the GFS and EDP data.

#### *Findings and conclusions*

##### Action point 3:

The Swedish statistical authorities will modify the accounting treatment of the lease operation in relation to the military equipment provided to Hungary and to the Czech Republic. Currently, this lease is treated as an operating lease while it should be treated as a financial lease. As a first step, for the October 2022 EDP notification, the amounts received previously by Hungary and the Czech Republic will not be treated anymore as revenue. Further adjustments will be undertaken in the framework of the next benchmark revision planned for May 2024. *Deadline: October notification 2022 (for the 1<sup>st</sup> step)*

#### *1.2.3. EDP Inventory*

Eurostat mentioned that the last version of the EDP Inventory was provided in 2017. SCB explained that in 2019, they slightly updated the EDP Inventory on their website. It was agreed that SCB will provide to Eurostat the latest version in order to update also the Inventory on Eurostat website. In addition, the Swedish statistical authorities will modify the current version of the EDP Inventory in order to include the changes resulting from the updated version of the MGDD, which will be published at the end of 2022.

#### *Findings and conclusions*

##### Action point 1:

The Swedish statistical authorities will update the 2017 version of the EDP Inventory at latest in June 2023 in order to incorporate in the new version any changes resulting from the updated version of the MGDD, which will be published at the end of 2022. *Deadline: June 2023*

## **2. FOLLOW-UP OF THE NOVEMBER 2019 EDP DIALOGUE VISIT**

Eurostat thanked the Swedish statistical authorities for the comprehensive feedback provided on the implementation of the action points resulting from the 2019 EDP dialogue visit. Twenty-five action points were agreed during the 2019 EDP dialogue visit.

All action points were implemented by the Swedish statistical authorities, except one, which remained open due to ongoing discussions at European level. The action point still open related to the sector classification of Kommuninvest AB. Eurostat proposed that the discussions on Kommuninvest AB would take place under agenda point 5.1.4.

Methodological issues, delimitation of general government.

## **3. FOLLOW-UP OF THE APRIL 2022 EDP REPORTING – ANALYSIS OF EDP TABLES**

The discussions focused on a few outstanding issues from the April 2022 EDP notification.

Eurostat pointed out that there were only few technical details to be discussed in relation to the data provided in the EDP tables. Most of the open issues were related to the completion of the supplementary table for the reporting of the measures taken due to the COVID-19 pandemic and on the table for reporting of expenditure and other costs of general government financed by the Recovery and Resilience Facility (RRF). However, Eurostat asked about the recording of the European Commission's new instrument to "Support to mitigate Unemployment Risks in an Emergency", the so-called SURE instrument. The Swedish statistical authorities confirmed that Sweden do not benefit from this new instrument, therefore nothing is recorded in the EDP tables and in EDP related questionnaire 6 on EU flows.

In relation to EU flows, DG ECFIN mentioned that, for the period from 2021 to 2027, the European Commission would allocate additional grants to Member States having identified regions expected to be negatively impacted by the green transition. The grants would be allocated via the Just Transition Mechanism for a transition towards climate neutrality.

The Just Transition Fund intend to support the economic diversification and reconversion of the territories concerned through investments in small and medium-sized enterprises; creation of new innovative firms; research and innovation; environmental rehabilitation; clean and green energy; transformation of existing carbon-intensive installations.

Eurostat asked the Swedish statistical authorities whether they had already some details about the amounts to be received by Sweden through this Fund and on their future recording. The Swedish statistical authorities explained that, currently, there were not aware about any amount received but they will check and inform Eurostat.

In addition, DG ECFIN mentioned that, in May 2022, the European Commission presented also the REPowerEU Plan, a plan aiming at answering to the global energy market disruption caused by Russia's invasion of Ukraine. The measures in the REPowerEU Plan would, through energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy, replace fossil fuels in homes, industry and power generation.

The Swedish statistical authorities explained that they would check for the October 2022 notification whether some funding was received by Sweden via the two funds and will inform Eurostat on their outcome.

*Findings and conclusions*

Action point 7:

Swedish statistical authorities will check if any amounts were received by Sweden from the European Commission in the context of the Just Transition Fund and the program REPowerEU

and, in case relevant, will inform Eurostat, on how this was recorded. *Deadline: October 2022 EDP notification*

## **4. RECORDING OF GOVERNMENT MEASURES UNDERTAKEN IN THE CONTEXT OF COVID-19**

### **4.1. COVID -19 measures**

SCB explained in the note provided prior to the meeting that, currently, there are approximately 100 different COVID-19 related aid measures, with a direct or an indirect impact on the government accounts. As for a few measures it is difficult to assess the exact impact, an updated analysis is carried out on a regular basis by SCB.

Despite the fact that it is not possible to report an exact figure on government expenditure for COVID-19 related support measures for corporations and households etc., SCB and ESV have together estimated the negative impact on the public finances to be around 171 billion SEK for 2020 and 123 billion SEK for 2021.

SCB explained that the impact of COVID-19 measures was relatively small in the early beginning of the pandemic in 2020Q1 but increased in 2020Q2 due to lower revenues from taxes as well as due to a substantial increase in expenditure, mainly related to subsidies on production. The main part of the increase in subsidies was related to furlough schemes and government support for short-term layoffs. At the same time, reduced employers' social security contributions had a significant impact on taxes. In 2020Q3, the government support to corporations and households decreased compared to 2020Q2, but central government support to local government was instead high. Due to a second wave of an increased spreading of the virus, several already existing government aid programs were extended, and some new programs were introduced during 2020Q4. In addition, significant additional amounts were paid from central government to municipalities and regions. As a result of a continued spread of the virus during the first part of year 2021, several government support schemes were extended. Central government support to municipalities and regions was high; this included also expenses for professional reorientation and sick leave financial support. The impact of all these measures is reflected in detail in the annex of the Supplementary table for reporting measures taken in the context of the COVID-19 pandemic, table 8.1 and 8.2. Eurostat enquired on the institutions responsible for completing the tables. It was explained that SCB is responsible for the tables, nevertheless, the data are provided by ESV. With regard to the figures included in annex 8 Eurostat asked whether, for the amounts of guarantees included in part 3 of the table on contingent guarantees, there are estimations of possible losses recorded. SCB explained that the amount of guarantees recorded in the annex is aggregated and includes several types of different guarantees, including some for airlines and some for export credit agency or for State Credit guarantees. As these guarantees are not standardised guarantees, no losses are recorded. The losses will be recorded only when the guarantees will be called. Eurostat mentioned that the convergence program report<sup>9</sup> notes that the Swedish National Debt Office is tasked with performing a concerted analysis each year of the risk of large losses in the central government guarantee and lending portfolio along with the Swedish Export Credits Guarantee Board, the Swedish Board for Study Support, Sida (Swedish International Development Cooperation Agency), the Swedish National Board of Housing, Building and Planning and the other agencies concerned. SCB explained that it is possible that the risk of different guarantees is assessed, nevertheless, they are currently applying the rules for on-off guarantees also for the COVID-19 related guarantees.

With regard to the amounts included in part 2 of the table under line F.89A (relation 26), other accounts receivables related to taxes and social contributions, Eurostat mentioned that it was

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<sup>9</sup> [Swedens-convergence-programme-2022.pdf \(government.se\)](#); page 57

clarified during the October 2021 EDP notification that the amounts recorded here are recorded on a net basis and include also the amounts estimated not to be paid. As most of the countries include in the table in part 2 the gross amount, while the amounts estimated not to be paid are recorded as negative revenue in part 1 of the table, Eurostat would recommend to Sweden to apply this recording in order to have a homogenous recording among the Member States.

### *Findings and conclusions*

#### Action point 4:

With regard to the amounts included in part 2 of the COVID-19 table (annex 8) under the line F.89A (relation 26) as other accounts receivables related to taxes and social contributions, the Swedish statistical authorities agreed to record in this line the gross amount while the amounts estimated not to be paid, deriving from tax deferred taxes, will be recorded on a net basis as negative revenue in part 1 of the table. *Deadline: October 2022 EDP notification*

## **4.2. Table for reporting of expenditure and other costs financed by the Recovery and Resilience Facility (RRF)**

The discussion focused on the figures provided in the RRF table for the April 2022 EDP notification. As the Swedish statistical authorities completed this table for the first time, Eurostat proposed to clarify some aspects related to the data sources and data availability. SCB explained that it completes the table based on the data provided by ESV. Furthermore, ESV explained that they receive the data from some of 220 central governmental agencies. As the data collected by the agencies includes more than 500 S-codes, this allows ESV to have very detailed information on the exact nature of the revenues and expenditures. The very detailed information encrypted in the S-codes allows ESV to select all the expenditure and revenue related to RRF expenditure and costs. Eurostat welcomed the fact that data is so well captured through the data system. Eurostat pointed out that, in order to have reliable data for this table, it is essential that there is a systematic flow of information, as the figures included in the table are susceptible to revisions. Because the costs for the projects to be financed via the Recovery and Resilience Facility are estimated, the figures should be revised as soon as the actual amount to be reimbursed by the EU is known. In addition, the reimbursement depends also on several parameters such as the fulfilment of some specific conditions and milestones.

Eurostat mentioned that the Swedish Ministry of Finance already proposed some amendments in the Recovery and Resilience Plan which was officially approved by the European Commission in November 2021. ESV mentioned that they are aware about the changes in the cost estimation and they already implemented the new figures included in the amendment.

While discussing the figures included in the RRF table, Eurostat considered that there are some technical changes to be implemented in part 1.4 of the table. For example, for the year 2021, in line 13, by “net acquisition of currency and deposits” the same amount should be included as in line 14 as ‘amounts of receivables’, only with negative sign. This change would imply that, in line 18 of the table, there would be no change in the general government debt. Eurostat proposed also some technical changes in the same part of the table for the year 2022.

The Swedish statistical authorities explained that the planned figures for 2022 would be certainly revised for the October 2022 EDP notification due to new updates. With regard to the amount of -934 million SEK included in 2022 in line 8 as “adjustments in other accounts receivables”, it was explained that this amount reflects the difference between the amounts of receivables estimated and included in the projections and the amounts that were published. This amount is susceptible to be revised. SCB proposed that the technical details on the changes to be undertaken could be further clarified by Eurostat in writing before the October 2022 EDP notification. Eurostat agreed to send an e-mail including all technical details related to the compilation to the Swedish statistical authorities.

## *Findings and conclusions*

### Action point 5:

Swedish statistical authorities will amend the RRF table according to the technical discussions, which took place in the meeting and to the identified existing compilation errors. *Deadline: October 2022 EDP notification*

### **4.3. Capital injection into Scandinavian Airlines**

Eurostat proposed to briefly discuss the recording of some expenditure measures, notably those undertaken by the Swedish government in the context of the recapitalisation of Scandinavian Airlines (SAS).

The SAS recapitalization plan was completed in October 2020. In total, the recapitalization increased the liquidity of the company by 12 billion SEK, decreasing the liabilities by 2,25 billion SEK and strengthening equity by 14,25 billion SEK.

The capital injection as well as the acquisition of hybrid instruments into SAS had been recorded as government expenditure in the Swedish national accounts during 2020. Both were recorded as capital transfer (D.99).

In this context, Eurostat asked SCB whether other government capital injections into the SAS were expected for the future. SCB explained that, indeed, a new recapitalisation plan was announced at the beginning of June 2022. As SAS recorded additional losses, there was a need for increasing its capital. In this context, there were some new developments. In addition, in the beginning of 2022, the Swedish government provided an extra loan of 1 billion SEK to the company, while the Danish government an additional loan of 1,6 billion SEK. Eurostat asked how and when exactly this loan was recorded in the Swedish accounts. SCB explained that the loan was recorded in the first quarter of 2022 as a government expenditure (capital transfer) and not as a loan (financial instrument). SCB considered that, due to the current financial distress of SAS, there are sufficient arguments to assume that this loan would probably not be repaid. Therefore, for precautionary reasons, SCB considered that it would be better to record it from the beginning as an expenditure with impact on the deficit figures. In addition, SCB explained that the SAS FORWARD, a comprehensive business transformation plan, which was presented in June, mentioned also a conversion of 20 billion SEK of debt in equity and a new capital of 9,5 billion SEK. According to the public news, it seems that the Swedish government agreed with the debt conversion but has not agreed with the capital increase.

According to the information included in the FORWARD plan, SAS continues to struggle with a cost structure that is not competitive, despite recent positive developments. The company is also affected by the inflation caused by increased fuel prices and a more expensive dollar. SAS intends to implement a saving program and to reduce annual costs by 7,5 billion SEK by 2026. The success of the plan depends on SAS being able to attract potential new capital from the capital markets and new investors.

In this context, it was agreed that SCB would closely monitor the possible future government interventions into SAS and inform Eurostat on their implications.

## *Findings and conclusions*

### Action point 6:

Swedish statistical authorities will closely monitor any future government support to SAS and report to Eurostat on the possible accounting implications. *Deadline: when information is available*



## **5. METHODOLOGICAL ISSUES AND RECORDING OF SPECIFIC GOVERNMENT TRANSACTIONS**

### **5.1. Delimitation of general government sector**

#### *5.1.1. Practical implementation of the market/non-market test*

##### *Introduction*

Under this agenda point, Eurostat proposed to focus the discussions on the data sources used by SCB for the implementation of the market/non-market test as well as on how the depreciation is reflected in the calculations of the market test.

##### *Discussion*

Prior to the meeting, SCB provided to Eurostat a standardised accounting template. The standardised accounting statements (SRU) are used in Sweden to collect accounting information from companies. This template is used not only by SCB, but also by other institutions. The accounting statements include all the data relevant for the calculation of the market test so that SCB does not use other data sources. SCB informed Eurostat that the accounting statements are collected by the Swedish Tax Agency. The information included in these statements are submitted by enterprises in an appendix to the income tax declaration. Statistics Sweden gets deliveries from the Swedish Tax Agency twice a year, in August and in December. Both deliveries refer to the previous year (t-1). As the accounting statements are available only in Swedish, Eurostat asked whether the template includes a separate line on subsidies or investment grants. SCB explained that subsidies and investments are not captured separately in the statement but are included under the line “net sales” (Nettoomsättning) or under “other operating income” (Övriga rörelseintäkter). Eurostat asked which kind of income was included under the line “other operating income” and whether this line could potentially contain also subsidies on production. SCB explained that they did not analyse what kind of income is exactly included here, but it could be that in some cases, subsidies on production were also included here. Eurostat pointed out that it is important to know the amounts recorded as subsidies on production as these amounts should be deducted from the sales when calculating the 50% criterion. Consequently, Eurostat proposed to SCB to analyse the data for the five biggest companies active in transportation activities, as these units normally benefit from subsidies on production. SCB agreed that, in case that the outcome of the analysis would show that “other operating income” includes also subsidies on production, these amounts would be deducted from the sales when calculating the 50% criterion. Furthermore, Eurostat asked whether the same accounting template is used for collecting data for the corporations at central and at local government level. SCB explained that the same template is used for companies at central and local government. Nevertheless, there are two different templates depending on which type of companies they refer to, whether they refer to limited corporations, non-profit or associations, foundations etc. Eurostat asked also whether the template could be modified, if needed, in order to ask for separate information, for example, on subsidies or grants. SCB explained that this is not possible as the accounting statement is used by several institutions and the Tax authorities would not easily agree to modify it.

Furthermore, Eurostat recalled that, during the 2019 EDP dialogue visit, an action point (AP. 11) was agreed on whether, in the calculation of the consumption of fixed capital, the amounts of depreciation, used as a proxy for consumption of fixed capital, should not be multiplied by an ad-hoc coefficient, as it is the case in other Member States.

As a follow-up of this action point, Statistics Sweden informed Eurostat that they had carried out an analysis to see how the market test is impacted when the depreciation is multiplied by an ad-hoc coefficient. According to their analysis, the depreciation from business accounts is approximately half of the consumption of fixed capital. In addition, SCB explained that the depreciation depends also on a specific economic activity (NACE category). For example, within NACE division 68, depreciation is approximately half of the consumption of fixed

capital while within NACE division 35, the depreciation is approximately 20 percent lower than the consumption of fixed capital. Taking into account the aspects mentioned above, SCB explained that they decided to apply an ad-hoc coefficient and to multiply the depreciation by two. Eurostat asked whether this ad-hoc coefficient has been already applied to all the entities included in the questionnaire on government-controlled entities, also to those classified at local government level. SCB confirmed that currently the coefficient 2 has been used for all the units. Nevertheless, they considered that, for some units under a specific NACE category the coefficient 2 is too high and therefore SCB would adapt in the future the coefficient to the specific NACE division.

#### *Findings and conclusions*

##### Action point 8:

The Swedish statistical authorities will identify the amounts recorded as government subsidies and grants in the standardized accounting template in the line “other operating income” or “net sales” for the five biggest transportation companies and will inform Eurostat on the outcome of their analysis. *Deadline: February 2023*

##### Action point 9:

After identifying the amount of investments and grants in the accounting template, the Swedish statistical authorities will analyse whether the subsidies recorded have the nature of subsidies on products or of subsidies on production and will perform the market test for the five biggest transportation companies and for those units being near to the 50% threshold. *Deadline: February 2023*

##### Action point 11:

Swedish statistical authorities will apply ad-hoc coefficients depending on the economic activity of the respective unit in order to derive the amounts of consumption of fixed capital from the figures on depreciation. *Deadline: December 2022*

#### *5.1.2. Changes in sector classification since the 2019 EDP dialogue visit*

##### *Introduction*

In the last years, SCB accomplished a lot of work regarding government sector delimitation. Prior to the mission, SCB provided Eurostat with a list including the changes in the sector classification. Since 2019, there were 34 units re-classified inside general government, 2 units into central government and 32 into local government.

##### *Discussion*

Eurostat asked about the impact of the reclassification of the above-mentioned units. SCB explained that the units reclassified inside general government were quite small, so the impact on government accounts was marginal. Eurostat asked whether the reclassification of the units was due to qualitative or quantitative reasons, notably for the three units previously classified in S.12 such as *Mellersta Norrlands Pensionsstiftelse*, *Kramfors Kommuns Pensionsstiftelse* and *Uppsala Lans Pensionsstiftelse*. Eurostat mentioned that, according to the ESA 2010, the market test should not be performed for the units included S.1211. SCB explained that they are performing the market test for all public corporations even if they are in S.12 sector. Nevertheless, the three units were reclassified due to qualitative reasons. With regard to action point 6 from the 2019 EDP dialogue visit, Eurostat mentioned that, in the framework of this action point, eight units classified outside the general government were analysed due to the fact that the board was mostly, or exclusively, composed by government officials. As a follow-up of this action point, Statistics Sweden provided an extensive analysis of the eight units

concerned and concluded that only two units should be reclassified inside the general government due to the fact that they are not institutional units.

### *5.1.3. Government controlled entities classified outside the general government (public corporations)*

#### *Introduction*

The data provided in the *Questionnaire on government-controlled entities classified outside the general government sector* was discussed under this point. An updated version of the questionnaire was provided to Eurostat prior to the meeting, including data for the reference year 2020.

#### *Discussion*

Eurostat mentioned that, according to the metadata included in the questionnaire, two different sources have been used to complete the table. One source was the annual survey on structural business statistics<sup>10</sup>. Another source was the data from the standardized accounting statements. The reason why the two data sources are used complementarily is because the data from the Structural Business Statistics survey are reviewed and completed by Statistics Sweden and are available earlier than the data coming from the standardized accounting statements. Eurostat pointed out that there are many units (around 40 entities) included in the questionnaire with zero employees. For some entities, it could be that the units were too small and therefore it is not easy to find out the exact number of employees. Nevertheless, some entities were quite big (such as *Lokaltrafik* or *AB Sveriges Säkerställda Obligationer*) and there are still 0 employees indicated in the questionnaire. It was agreed that SCB would take a look at the units included in the questionnaire on government-controlled entities with 0 employees in order to assess whether these are active or dormant institutional units.

Furthermore, Eurostat mentioned that there are also several units having the market test for three consecutive years below the 50% threshold. Eurostat proposed to provide SCB with the list of the identified units so that they could analyse whether there are units that are susceptible for reclassification.

With regard to the units having NACE codes of divisions 84 and 85, Eurostat recalled that, during the EDP dialogue visit in 2019, it was agreed that the Swedish statistical authorities would check in the questionnaire of government-controlled entities, whether some units should not be classified inside the government. As a follow-up of this action point, SCB informed Eurostat that they looked at all units within NACE divisions 84 and 85. As a result, some units were reclassified and some remain under observation. For the units within NACE division 85, SCB considered that all these units have correct NACE codes. These units are mostly engaged in commissioned education (*Uppdragsutbildning*). SCB explained that these units, mostly foundations, provide educational services to government or to other units, for which they are paid. However, SCB explained that these units are monitored under the regular classification work. Eurostat pointed out that it was noticed in the 2020 version of the questionnaire that there were still four units under NACE divisions 84. SCB explained that, out of the four units, two would be reclassified inside the general government as a result of their latest analysis.

As explained in the metadata of the questionnaire, over 100 units are included in the questionnaire with the NACE code 0. SCB explained that, in the business register, these units did not receive the appropriate code allocation because there was not sufficient information available about their economic activity. Due to lack of information, the business register

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<sup>10</sup> The survey provides basic data on development and structure according to industries and regions. All registered enterprises, excluding financial enterprises, are part of the survey.

assigned to these units by default the NACE code 0. Nevertheless, this should change when information on the economic activity of these units would be available.

Finally, Eurostat thanked the Swedish Authorities for providing not only non-consolidated data, but also consolidated data for the liabilities of public corporations. Eurostat pointed out that in Sweden there is an overestimation on the total amount of liabilities due to nonconsolidation. The total amount of liabilities at intragroup consolidated level is lower than the unconsolidated amount of liabilities. Nevertheless, the differences tend to lower over the last three years, notably in 2018, 2019 and 2020. Eurostat asked whether there was any explanation for this development. SCB explained that they had not noticed any specific reason for this tendency so far, but they would monitor for the future this development.

### *Findings and conclusions*

#### *Action point 12:*

Swedish statistical authorities will analyse the units included in the questionnaire on government-controlled entities with 0 employees in order to assess whether these are active (non-dormant) institutional units. *Deadline: February 2023*

#### *Action point 13:*

Swedish statistical authorities will reclassify inside general government two of the four units having the NACE code 84 and which currently were included in the questionnaire on government-controlled entities. *Deadline: December 2022*

### *5.1.4. Discussion on specific cases: Railways companies and Kommuninvest AB*

#### *Railways companies*

##### *Introduction*

Prior to the meeting, SCB provided a note including the calculation of the market test for all the existing public Swedish Railways companies, including also those involved in the freight transportation for the period 2018-2020. There are currently 13 companies involved in transportation activities in Sweden.

##### *Discussion*

Eurostat thanked SCB for the detailed information provided in relation to the market calculation for all the companies involved in transportation activities. SCB explained that, since the 2019 EDP dialogue visit, the market test is applied differently for the railways companies as in the previous years. Previously, SCB used, for the calculation of the market test, the depreciation of assets as reflected in the business accounts. This amount was used as a proxy for the consumption of fixed capital. As a result of action point 11 of the 2019 EDP dialogue visit, an ad-hoc coefficient is currently applied in the calculation of the consumption of fixed capital. SCB multiplies the depreciation by two and includes this amount in the calculations of the market test.

Furthermore, Eurostat raised the issue of subsidies, notably subsidies on production. As discussed during the 2019 EDP dialogue visit, in Sweden there is no separate information in the accounts of the railways companies on the subsidies received by these companies, neither on the type of subsidies nor on EU grants. Therefore, all payments are considered subsidies on products and are included as revenue (sales) in the market test. As a result, in 2019, in the framework of action point 12, it was agreed that the Swedish statistical authorities would examine whether the amounts of subsidies paid by government to the public railway operators could be identified per company. In a detailed follow-up of this action point, SCB explained

that whether subsidies to transporters (railway companies) should be recorded as subsidies on products (D.31), or as other subsidies on production (D.39) or as a combination of both, depends on the specific contractual agreements and these specific agreements are very complex in Sweden. SCB pointed out during the meeting that they analysed the contracts for local and central government and it is not straightforward to classify them based on the distinction between passenger- or train-km.

In Sweden, the transporters receive payments based on two different models. In some cases, the compensation is based solely on traffic, so paid on the amounts of kilometers undertaken by the train. In other cases, compensation is partially based on traffic and partially on tickets.

SCB explained that the contracts analysed are extensive and do not refer explicitly to whether the payments refer to train-km or passenger-km solely. After discussions with the Swedish Transport Administration, it seems that the different subsidies represent a package of services. SCB mentioned that, due to the complexity of the contract and to the fact that the company is paid for performing an extensive transport activity (output of the service, the travel for passengers), the payments were recorded as subsidies on products (D.31) in the Swedish national accounts and therefore considered as sales in the market test. For local government, the total amounts paid to the main transport corporations is available in most of the cases, however, there is no information available on the split into busses, railway etc.

With regard to the treatment of the public service obligations (PSO), Eurostat recalled that there were several discussions at European level in order to determine how the PSO should be reflected in the market test. Nevertheless, for the moment, the discussions are still ongoing, so there is no final decision.

Further discussions focused on the calculations of the market test provided by SCB to Eurostat by individual company. Eurostat pointed out that, according to the detailed calculation provided by the Swedish statistical authorities, all the transport companies have market results above the 50%, except for SJ Service Academy, where for 2018 and 2019 there is 0 for the market results. Eurostat asked whether these results are due to the fact that the unit is very small or whether the unit is dormant or in bankruptcy. SCB explained that this company is mainly involved in the traffic planning and maintenance between Malmo and Copenhagen. The company fulfilled the market test in 2020 (80%) nevertheless for the year 2018 and 2019 they marked 0 as they could not find the financial statements of the entity. Nevertheless, SCB agreed to investigate and, if necessary, reassess its classification.

### *Findings and conclusions*

#### *Action point 10:*

The Swedish statistical authorities will re-assess the classification of SJ Service Academy taking into account qualitative and quantitative criteria. In addition, it will be also investigated whether the unit is an active unit in the area of railways public transportation. *Deadline: February 2023*

### *Kommuninvest AB*

#### *Introduction and general information on Kommuninvest AB*

The sector classification of Kommuninvest AB (KI) was discussed on several occasions on a bilateral basis but also at European level. At European level, the topic of government-controlled financial entities lending to local government was discussed during the June and December

2018 EDPS WG, as there are some units with similar characteristics as Kommuninvest AB in Europe, for instance, in Denmark, Finland and the Netherlands.

The Kommuninvest group consists of two separate entities, notably Kommuninvest AB (KI) and Kommuninvest Cooperative Society (Society). Kommuninvest AB is a limited liability company classified in the financial sector (S.122) which provides credit and financial advice services to local government and to public corporations controlled by local government. Kommuninvest Cooperative Society is entirely owned and controlled by its members, municipalities and county councils/regions and it is classified inside the local government. The members in the Kommuninvest Cooperative Society are Swedish municipalities and county councils and the number of members has steadily increased over the years. In 2017, 90 % of Swedish municipalities were members in the Society while at the end of 2020, 97% of Swedish municipalities (280 of 290) and 67% of county councils (14 of 21) were members. Kommuninvest AB is mainly responsible for coordinating the financing of the Swedish municipalities and county councils, which are members in Kommuninvest Cooperative Society. They provide lending and financial services only to their members and to public corporations controlled by local government. Kommuninvest AB is licenced as a credit institution and, as such, allowed to take deposits or other repayable funds from the public and to grant credits for its own account.

The annual general assembly of Kommuninvest Cooperative Society is the highest decision making body within the Kommuninvest group. The annual general assembly decides on the board of the Society.

The board of Kommuninvest AB is elected by the Society and consists of independent individuals with expertise in the field of management and financing. In order to avoid conflict of interest, the members of the board shall not be active in any local government board. The Swedish Financial Supervisory Authority (*Finansinspektionen*) judges the suitability of the board members.

The managing directors are appointed by the board. The Society's board establishes the directives for Kommuninvest AB. The directives provide the legal framework for the activities for which Kommuninvest AB's board should be responsible.

Kommuninvest AB is under the supervision of the Swedish Financial Supervisory Authority (*Finansinspektionen*) and is included on the MFI list<sup>11</sup>.

Members of the Society sign a general guarantee to cover all of Kommuninvest AB's obligations. The association operates as a non-profit institution and its activities are financed through the membership fees and by profits (dividends) from the association's owned corporations.

### *Discussion*

Eurostat mentioned that, over the last years, several aspects related to the classification of Kommuninvest AB were clarified with the Swedish statistical authorities. During the 2015 EDP dialogue visit, the discussion focused on the activities of Kommuninvest AB, notably on the constraints on assets and liabilities side, on the decision process in the lending activities as well as on local government involvement in Kommuninvest's AB activities.

During the 2017 EDP dialogue visit, the sector classification was further discussed, notably in relation to the composition of the board, the risk analysis model used by Kommuninvest AB in order to establish the loan threshold for each local government entity and the conditions under which a loan could be refused or not. In addition, several aspects related to the autonomy of decision in the context of setting quantitative and qualitative criteria for the loans provided to its members were further analysed.

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<sup>11</sup> The MFI list contains the Monetary Financial Institutions and is managed by the European Central Bank.

During the 2019 EDP dialogue visit, the classification of KI remained open as discussions on the classification of financial institutions lending to local government were still ongoing at European level. Eurostat explained that, while there are similarities among these institutions, there are also significant differences, which do not allow achieving a straightforward consensus in their classification. Nevertheless, out of all these institutions, KommuneKredit from Denmark and Kommuninvest from Sweden show more similarities in their structure compared to such units in the other countries.

Eurostat mentioned that, prior to the meeting, SCB informed Eurostat about recent developments concerning the activity of Kommuninvest AB. Eurostat pointed out that, one of these developments, notably the fact that KI might be exempted from paying the new risk tax introduced beginning of 2022, raised its attention and it would be worth to be further discussed.

Eurostat mentioned that, according to the latest KI annual report<sup>12</sup>, in September 2020, the Swedish government presented a proposal for a so-called risk tax for banks and other credit institutes. The risk tax is supposed to be paid by all the financial institutions in Sweden. Nevertheless, KI considered that it should be exempted to pay this tax because its liabilities are guaranteed by its members, which are regions and municipalities. As a result, KI is not exposed financially to the same risk as other normal financial institutions. This argument was further “used” by the Swedish Parliament (*Riksdag*) which proposed that, at the latest by beginning of October, it should be voted in the Parliament whether Kommuninvest AB should be exempt for paying the risk tax from 1 January 2023.

In addition, the Parliament will also decide whether the government should compensate the local government sector for the expenses already entailed by the temporary taxation of Kommuninvest in 2022, additionally to the future tax exemption. Eurostat mentioned that the fact that KI requested to be exempt from a tax, which is supposed to be paid by all the financial institutions, is a clear sign that the unit is not a financial institution as all the others. SCB explained to Eurostat that KI does not aim at profit making as other financial corporations. As the risk tax is a tax on profit, it is understandable that KI should not pay an additional tax on profit as they function as a non-profit association, so there is no profit to be taxed. Eurostat stressed that, for a financial institution it is quite peculiar and unusual not to strive to make profit and this shows that the unit is not a financial institution in the strict sense. However, Eurostat pointed out that even more peculiar is the fact that the government has proposed to compensate the local governments for the extra financial burden incurred in 2022. It could be understandable that KI would be compensated but the fact that the financial compensation should be paid back to the regions and not to KI itself, is a clear sign that KI is considered as being the direct representative of the local government. SCB explained that, currently, it is unclear whether the government will propose an exemption for a part or for the entire Kommuninvest AB lending to local government and whether lending to local government corporations will be included in the tax exemption. SCB further stressed that it is also unclear whether the compensation will be paid to local governments or to KI itself. All these concrete aspects would be decided by the Parliament at the latest before the end of September 2022. Eurostat pointed out that the decision on the tax exemption as well as on who will receive the financial compensation, represents key arguments to be taken into account in the future assessment of KI.

Furthermore, Eurostat pointed out that, in the annual report<sup>13</sup>, there is a separate part on the new role of KI as social actor. According to the report, KI should be more involved in financing of socially relevant projects. This new social dimension would give to the local government sector the opportunity to use KI loans to finance socially oriented investments, in a way that promotes better the governance, impact measurement and build social sustainability. Eurostat stressed

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<sup>12</sup> Kommuninvest Annual Report 2021, [KIAB\\_ÅR2021\\_ENG.pdf](#) ([kommuninvest.se](#)); page 6 |

<sup>13</sup> Kommuninvest Annual Report 2021, [KIAB\\_ÅR2021\\_ENG.pdf](#) ([kommuninvest.se](#)); page 22

that it could look like KI would shape itself more increasingly as a social actor, which fulfil social purposes, rather than as a financial actor.

Eurostat pointed out that, during the 2019 EDP dialogue visit, it was discussed the fact the EU Capital Requirement Regulation (CRR) allows lower capital requirements for so called public development credit institution (PDCI). SCB explained that KI considers itself as a public development credit institution and as such hopes that it will be possible to meet the lower capital requirements. Currently, Kommuninvest AB tries to comply with the PDCI rules and it seems that the institution supervising the financial markets (*Finansinspektionen*) has not made any objections in this respect.

SCB explained that Kommuninvest AB has also started to estimate expected credit losses in order to reduce and identify main risks in lending and to avoid credit losses. As a result, in 2018, the estimated losses were 21,9 billion SEK (6 % of total lending), and these have decreased to 4,8 billion SEK in 2021 (around 1%). Eurostat further asked what would happen in case Kommuninvest AB would record significant losses. According to its status, the unit benefits from an explicit guarantee by the local government on all existing liabilities and therefore, in case of losses, these should be entirely covered by its members, the local regions and municipalities. Eurostat pointed out that this aspect is also relevant as it shows that the financial risk is fully covered by the local government.

Eurostat pointed out that the classification of KommuneKredit, a Danish financial institution lending to local government was also discussed with the Danish statistical authorities during the December 2021 EDP dialogue visit. As KommuneKredit has similarities in its functioning and activities with Kommuninvest AB in Sweden, Eurostat proposed to organize a tripartite meeting between Eurostat and the Danish and Swedish statistical authorities in order to reassess the sector classification of these units. Nevertheless, Eurostat stressed that the meeting should take place only after the Swedish Parliament's decision on the tax exemption of Kommuninvest AB and on the beneficiaries of the tax compensation. As these decisions are expected to be taken by the beginning of October, the tripartite meeting could be organized at the earliest by the end of October 2022. Based on the outcome of these discussions and taken into account the problematic aspects mentioned above, such as the tax exemption and the reimbursement of the compensations, SCB should reassess the sector classification of KI by the end of February 2023.

### *Findings and conclusions*

#### Action point 14:

The Swedish statistical authorities will reassess the classification of Kommuninvest AB taking into account the following aspects raised in its 2021 Annual report:

- Kommuninvest AB is not striving for any profit.
- Kommuninvest AB considers that it should be exempt from the payment of the risk tax (which is to be paid by all the financial institutions in Sweden) and therefore should be compensated for the amounts already paid, due to the fact that the unit does not consider itself at risk. Moreover, in case the compensation would be paid back this should be directly paid to local government and not to Kommuninvest AB itself.
- It appears that Kommuninvest AB benefits from an explicit guarantee by local government on all existing liabilities.

Considering all the above arguments as well as other factors, this could be an indication that Kommuninvest AB would have the nature of a public captive financial institution. *Deadline: February 2023*



### Action point 15:

The Swedish statistical authorities will report to Eurostat the outcome of the decision, which will be taken by the Swedish Parliament in relation to the compensation to Kommuninvest AB for the already paid risk tax. *Deadline: October 2022*

## **5.2. Implementation of accrual principle**

### *5.2.1. Taxes and social contributions*

#### *Introduction*

In Sweden, the assessment method is used for calculating the tax revenues. Assessed amounts of taxes are neither adjusted by a coefficient nor recorded as capital transfers corresponding to taxes unlikely to be collected. The tax calculations are based on the taxes actually collected.

ESV is the main institution involved in performing the annual accrual tax adjustments as well as the quarterly tax adjustments for the central government.

#### *Discussion*

Eurostat thanked the Swedish statistical authorities for the table provided prior to the meeting including the amounts of receivables on taxes for the last 10 years (from 2012-2021) as recorded in national accounts (accrual) as well as the amounts of cash as recorded in the working balance for the same period. SCB explained that the table was completed by ESV. Eurostat mentioned that, while comparing the data series with those provided for the 2019 EDP dialogue visit, for the period 2009 and 2018, it could be noticed that there are very few revisions for cash amounts (only for the year 2015 and 2018). The amounts of receivables/payables were not revised at all. Eurostat asked whether this was an exceptional case or whether, in general, there are few backwards revisions in relation to taxes. The Swedish statistical authorities confirmed that this is quite normal and that, generally, there are very few revisions in relation to taxes, if at all. This is mainly because the tax calculations are based on taxes actually collected which are reassessed monthly. Eurostat asked if the reassessment concerns all the taxes. ESV explained that they reassess mainly income taxes (D.5).

The Swedish statistical authorities recalled that both individuals and companies have a single tax account. All assessed taxes and payments are recorded in this account. If there is a tax arrear which is not settled in time, the claim is handed over to the Swedish Enforcement Authority. The Swedish Enforcement Authority is in charge of collecting these arrears. While the amounts collected by the Enforcement Authority are transferred to the tax authorities, the rest is recorded as taxes not to be collected. The taxes not collected can refer to several years. Since the single tax account system does not include a detailed specification of which taxes is paid or not but give information only on the total amount of taxes paid, it is not possible to know exactly which kind of taxes were not paid. In addition, for non-paid taxes, it is not possible to distinguish whether they concern the present year or the previous years. Eurostat asked whether the taxes collected by the Swedish Enforcement Authority are recorded as revenue at the moment of the collection and whether there is a time limit to recover the claim. The Swedish statistical authorities explained that, in national accounts, the time limit for recording the repayment for the year  $t$ , is May  $t+2$ . After this limit, the recovered claim is recorded in the present year. At the same time, the difference between taxes not collected and recovered claims are recorded within each type of tax with a negative impact on net lending/net borrowing. Figures referring to taxes unlikely to be collected are based on actual outcome and not on estimations. The Swedish statistical authorities explained that the first assessment of the taxes is done in December. Already then, the assessed amounts are excluding the losses of the taxes considered not to be collected.

With regard to the institutional responsibilities, Swedish statistical authorities confirmed that the main data compiler for taxes for national accounts purpose as well as for forecasts, is the Swedish National Financial Management Authority (ESV). However, the data source derives from tax declarations and outcome from the tax assessment, which are collected by the Swedish tax authority (*Skatteverket*). Statistics Sweden (SCB) receives the data from ESV and transforms the data into ESA transaction codes and includes it in both non-financial and financial accounts, for the entire general government sector and the sub-sectors. ESV explained during the meeting that data are collected by around 240 different agencies in Sweden. Nevertheless, there is no exchange of data between the different agencies.

ESV performs also the annual accrual as well as the quarterly tax adjustments for central government and provides net data of receivables/payables (F8) by type of tax. Since 2015, a more detailed breakdown of F.8 by type of tax has been available. The differences between the previous model, which was used by SCB for the breakdown of F.8 and the current model used by ESV was also briefly discussed with Swedish statistical authorities.

Further, Eurostat proposed to discuss the recording of tax deferrals and the possible losses incurred in the tax collection due to the COVID-19 pandemic. The Swedish statistical authorities informed Eurostat that the maximum length of deferred taxes applied in the COVID-19 context was 24 months from the day of approval. Deferred taxes relating to taxes year 2020 on a monthly or quarterly basis should have been paid by 12 February 2022 and taxes reported and paid on an annual basis should have been paid by 17 January 2023 at the latest.

Eurostat recalled that, in the exceptional COVID-19 context, Eurostat recommended to all Member States to make a precautionary estimation in relation to the non-collectable taxes. In this context, SCB explained that the estimate of taxes was adjusted by ESV when compiling the taxes for the year 2020. The adjustment included COVID-19 related effects, such as, e.g., bankruptcy, but these specific adjustments cannot be distinguished from the business cycle and the macro effects. Deferred amounts are always recorded on a gross basis and any negative income, due to, e.g., bankruptcy, is included in the overall adjustment described above.

During the meeting, Eurostat proposed to ESV to further clarify the adjustments done in relation to specific COVID-19 effects on the collection of taxes. ESV explained that, under special circumstances, which affect in an extraordinary way the economy such as Asian crises, the financial crises or the COVID-19 pandemic – ESV applies some ad-hoc corrections. Therefore, when the forecasts for all taxes are completed, they assess the size of this ad-hoc correction taking into account several macroeconomic indicators such as employment, inflation, economic growth, etc. Though there are many taxes that might be affected, the ad-hoc correction is done only on one tax. For the COVID-19 pandemic, the ad-hoc correction was done on the corporate income tax. With regard to the calculation of the impact on tax collection of deferred taxes, mainly three elements are taken into account, notably the capital costs of central government's borrowing to cover delayed tax payments, the revenues from interests and fees paid by companies which receive the deferrals and the effects of collection losses due to tax deferrals. ESV further explained that there is uncertainty about the size of the losses incurred only due to tax deferrals. One difficulty to assess it precisely is that some collection losses would have occurred even without the deferrals. At the same time, the deferrals also prevent some losses. Nevertheless, it is important for ESV to estimate the net effect, which consists of two parts. The first part is the positive effect of certain companies being saved from bankruptcy. The second is the negative effect of longer time lag between the taxable event and the payment of the tax. When the temporary deferrals were introduced in April 2020, the total deferral amount was estimated to 27 billion SEK, calculated as an annual average. This means that the total sum of interest rate and deferral fee was estimated to 1,3 billion SEK. As a result, the losses were estimated to 1,3 billion SEK. ESV explained that, since April 2020, when the deferral rules have been introduced, different changes in the deferral rules have been introduced by the

government. After each of these changes, ESV reassessed their implication on the tax collection and collection losses.

Eurostat took note on the explanations and agreed that applying a dynamic approach in updating the estimation on the losses was appropriate and welcome.

Furthermore, Eurostat mentioned that, in the Convergence programme report<sup>14</sup>, it is mentioned that the Swedish government intends to set a new agency (*Utbetalningsmyndigheten*), which will develop a cross-system control of all welfare system payments. The agency will be in charge of capturing erroneous payments or criminality within the welfare system.

From the information publically available, it seems that the agency will start its activity in 2024 with the main task to carry out payments of benefits and support from the affiliated state welfare systems, as well as payments from the tax account with the Swedish Tax Agency through a system of transaction accounts. In this context, Eurostat asked whether the Swedish statistical authorities were aware about the creation of this agency and whether they have already thought about how the amounts collected by the Agency would be recorded.

ESV explained that they were aware about the government intention to establish this agency. Nevertheless, there was currently not enough information on how exactly the flow of collected amounts will be and whether the agency will have a jurisdictional role implying that they will only detect and pursue the cases related to criminality on the social system or whether the agency will also recuperate itself the defrauded money. Nevertheless, the Swedish statistical authorities agreed to update Eurostat on this issue in case there will be accounting implications.

### *Findings and conclusions*

#### Action point 16:

The Swedish statistical authorities will provide to Eurostat the cash and accrued amounts from tax revenues for the last 10 years. *Deadline: October 2022 EDP notification*

## *5.2.2. Mini One-Stop Shop (MOSS)/ One-Stop Shop (OSS) scheme*

### *Introduction*

Since January 2015, broadcasting, telecommunication and electronic services have been taxed in the country in which the customer is located. This leads to cash flows between Member States. In order to simplify the settlement mechanism for companies, the so-called Mini One Stop Shop (MOSS) scheme was introduced. The scheme allows domestic producers to declare their sales to other Member States (beneficiary member state) and pay all related VAT to the MOSS (collecting Member State), which will then forward the VAT to the beneficiary Member State for a corresponding service fee. Since 1 July 2021, the MOSS scheme has been replaced by the OSS (One-Stop Shop) scheme, which covers a broader range of transactions of goods and services to non-taxable persons.

### *Discussion*

Eurostat pointed out that this agenda point was discussed for the first time during the 2019 EDP dialogue visit and several aspects related to the recording were already clarified with the Swedish statistical authorities. Since the implementation of the MOSS system, it has been the duty of the Swedish Tax Agency to collect the MOSS revenue. The Swedish Tax Agency is responsible for the redistribution of MOSS revenue collected in Sweden towards the other EU

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<sup>14</sup> [Swedens convergence programme 2022 en.pdf \(europa.eu\)](#), page19

Member States where these amounts should be allocated. In addition, the Swedish Tax Agency is also responsible for the MOSS revenue collected in other countries that should be re-allocated to Sweden.

Prior to the meeting, the Swedish statistical authorities provided to Eurostat an updated note on the impact of the MOSS scheme on the Swedish accounts. Statistics Sweden informed Eurostat that several discussions on the appropriate recording of MOSS in national accounts took place within the framework of the GNI calculation. Based on these discussions, both from the GFS and GNI perspective, it was considered that MOSS revenues from Swedish citizens' MOSS purchases abroad less the earnings retained by the other EU Member States are included in taxes on products and VAT (D21r). Retained earnings from foreign citizens' purchases should be recorded as current international cooperation (D74r) and earnings retained by other Member States as corresponding D74p.

The Swedish statistical authorities explained that, since 1 July 2021, the "One-Stop Shop" revenues from Swedish citizens' OSS purchases abroad less the earnings retained by the other EU states, have been included in taxes on products and services (VAT). The earnings that Sweden retains from OSS revenues from foreign citizens' OSS purchases in Sweden have also been recorded as VAT. Eurostat took note that this is in line with the recording recommended also for other Member States.

### *5.2.3. Compensation for creating new natural reserve areas*

#### *Introduction*

The recording of the amounts paid by government to individuals as compensation for their property to be transformed in natural reserve areas such as national parks or conservation area (forest, land) was discussed during the 2019 EDP dialogue visit. It was agreed that the recording, made by the Swedish statistical authorities, could be kept until further methodological developments.

#### *Discussion*

Eurostat recalled that, in 2019, Statistics Sweden asked for a methodological advice with regard to the recording of the amounts paid by government as compensation for their property to be transformed in natural reserve areas such as national parks or conservation area (forest, land). The compensation was recorded by SCB as intermediate consumption (P.2), in the year in which the compensation was paid by the government. Eurostat considered that this recording did not fully reflect the nature of this payment, but that, nevertheless, it could be accepted until future methodological discussions would be organized by Eurostat on this topic.

Eurostat mentioned that several aspects on this topic were clarified in 2019 and asked SCB whether there were changes in relation to this recording since the last discussion in November 2019. SCB explained that nothing had changed in the treatment at the level of the responsible authority, the Swedish Environmental Protection Agency or in the regulation. When a new natural area is established in Sweden, the government, notably the Swedish Environmental Protection Agency and the County Administrative Board, negotiates with the owner of the land the conditions and agrees on a new exclusive regulation for that particular area. For national parks, for biotope protection areas as well as for conservation or recreational areas, every agreement with the owner is different depending on the specific contractual arrangements. Therefore, each agreement is concluded on a case-by-case basis. Eurostat asked some additional questions on how exactly the price of the compensation is decided. SCB explained that the compensation is based on the market value and that an independent negotiator handles the negotiations. The negotiator should be impartial and use market information. There are objective criteria to evaluate the market price, such as the type of land or the geographic position. In addition, the compensation depends also on the restrictions. If the government

establishes more restrictions in relation to the use of the land than the compensation paid would be higher. Regarding the conditions, SCB explained during the meeting, that there is no obligation for the property owner to sell the area to government. Nevertheless, the owner could sell his land to a new owner but in this case the latter has the duty to follow the regulation and the restrictions stipulated in the contract signed with the government.

As there have been no changes since the last discussions neither in the national legislation nor at European level, Eurostat considered that SCB could keep the current recording.

#### *5.2.4. Accrued interest. Financial derivatives.*

Accrued interest.

##### *Introduction*

Prior to the meeting, the Swedish statistical authorities provided detailed data on the recording of interest for the period 2017-2021 for the central government sector. The data provided in the tables as well as the description available in the EDP Inventory on the recording of interest were used as input for discussion.

Since 2019, interest data collection has been a topic on which the Swedish statistical authorities focused its work. A closer co-operation with SNDO allowed SCB and ESV to collect more detailed data and to gather the necessary data to perform updated calculations on D.41 interest for central government.

##### *Discussion*

The discussions focused on the concrete figures provided in the table on the recording of interest expenditure for the period 2017-2021.

The Swedish statistical authorities confirmed that the decrease in the amounts recorded as coupon accrued in the year 2020 and 2021 is linked to the amortisation of premiums.

In addition, Eurostat asked why the amounts of coupon accrued is lower in 2021 than in 2020, despite the fact that the debt remained roughly unchanged in 2021 compared to 2020. The Swedish statistical authorities explained that this was due to the redemption of a bond with a high interest rate.

Eurostat noticed also a significant difference between the coupon accrued and the coupon paid in 2019 and asked whether this was due to a repurchase of debt or redemption of debt. The Swedish statistical authorities explained that this was due to the redemption of the bond with high interest rate as explained above. Eurostat asked why there was no amortization for discounts. It was explained that there was no amortisation on discounts but only on premiums because in the last years (2017/2021) the interest rate decreased. This explained also why there were no discounts recorded.

The Swedish statistical authorities explained that the revision in the index-linked bonds is connected to inflation and that in 2020 a large net cash payment of 8.8 billion SEK was done, which explains the low amounts recorded in 2020 in the line “capitalisation on indexed securities”. Eurostat asked whether there were many index-linked bonds in Sweden. The Swedish statistical authorities confirmed that this was the case, notably at central government level.

With regard to the data sources for interest, The Swedish statistical authorities explained that, for central government, a separate report on interest is collected both for financial and non-financial accounts. For central government, data is available both on a cash and accrual basis and by category of instruments for the financial accounts. Accrued interest is recorded under the respective instrument. The interest for arrears is recorded on a cash basis. In the table provided all the instruments were included.

Eurostat took note on the explanations provided and on the fact that Sweden has reliable data sources in order to capture information on interest (D.41).

## *Financial derivatives*

### *Introduction*

Prior to the meeting, the Swedish statistical authorities provided detailed data on stocks and transactions related to financial derivatives for the period 2017-2021 for the general government.

### *Discussion*

The discussions focused on the figures provided in the table. Eurostat noticed from the data provided that there were small operations related to option agreements, while most of the operations on financial derivatives referred to foreign exchange forwards and currency swaps.

In the Swedish national accounts, derivatives are reported on a gross basis, on both assets and liabilities. The derivatives are recorded as assets in case they generated revenues or as a liability in case they generated losses. Eurostat asked about the reason for cancellation of the payment in relation to swaps in 2021 of -4304 million SEK. SNDO explained that this was related to the cancellation of the contracts with LIBOR. Derivatives containing LIBOR was exogenously cancelled and SNDO signed new derivative contracts using the new business standard reference rate. Eurostat asked whether there was any renegotiation or restructuring of swaps or swaps contracts at local government level. SCB explained that there are some securities' contracts at local government level, but the data sources are not of good quality. Nevertheless, the amounts concerned should be small. SCB confirmed that there were no renegotiation or restructuring in relation to swaps contracts. With regard to the recording of streams of interest payment, it was confirmed that the flows are recorded on a cash basis. In addition, it was also confirmed that the received/paid collaterals on swap operations are recorded in EDP table 3B with a debt impact. With regard to the figures included in bloc 5, Eurostat asked how the figures from the debt hedged with the amounts of the debt recorded before hedging could be reconciled. The Swedish statistical authorities explained that the difference between the two was reflected in the stock of Maastricht debt.

Eurostat asked which was the main data source for the calculation of the notional value. SNDO explained that the data is available in the business system.

It was confirmed that there are no off-market swaps. Eurostat pointed out that it seems that the collateral in relation to derivatives is recorded always as cash collateral AF.2. Eurostat pointed out that, in other countries, some collaterals had been recorded as AF.4.

## **5.3. Recording of specific government transactions**

### *5.3.1. Government transactions supporting financial institutions*

Eurostat mentioned that there have not been such transactions recorded in Sweden since 2016, therefore there is no need for further discussions.

### *5.3.2. Capital injections in public corporations. Capital injection test at central and local level.*

#### *Introduction*

Prior to the meeting, the Swedish statistical authorities provided an extensive list of all capital injections recorded in Sweden between 2018 and 2021. The table included information on the

largest capital injections by individual companies and by general government sub-sectors. The discussions focused on the information provided in the list.

#### *Discussions and methodological analysis*

Eurostat noticed that there was only one capital injection recorded as transaction in equity at central government level (in 2020), while there were several such transactions at local level and for social security funds.

Eurostat asked some details about the significant amount of other capital injections (F.5) recorded into local government sector in 2021 for around 4,4 billion. The amounts recorded in 2021 are significantly higher than those recorded in the previous years, doubling comparing to 2020 and quadrupling comparing to 2019. Regarding capital injection (D.99), SCB explained that the capital injections in 2020 mainly refer to equity injected in two companies, in Svedavia and the Scandinavian Airlines.

Eurostat noted also the high amounts recorded as equity in Polhem Infra AB in 2021 of almost 6,9 bil SEK. From the information publically available, Polhem Infra AB is part of the Securities and Commodity Contracts Intermediation and Brokerage Industry with very few employees across the country. In 2019, there was also a capital injection into this company but of only 936 million SEK. Eurostat asked whether SCB performed the capital injection test for this company. SCB explained that they applied the capital injection test for all the companies at the level of social security. The information on the exact amounts and on to which company capital is injected is collected from the annual reports of pension funds, also called the APs funds. The capital injection tests are performed regularly, nevertheless, the full analysis of the capital injection test can be completely performed only for the October EDP notifications. As the injection into Polhem Infra AB was undertaken in 2021, SCB will reassess in October 2022 whether this capital injection has the nature of a transaction in equity or should be rather recorded as a capital transfer.

In addition, SCB explained that the Swedish National Pension Funds owns a lot of capital and that they invest this capital in companies that they would consider able to bring a good rate of return on their investment. This is also the case for the capital injected into Three Tree Holding LLC. Three Tree Capital is a privately held investment company and family office focused on venture capital, early stage growth companies, and private equity in the USA. The third Swedish National Pension Fund (AP3) invested \$500 million through Three Tree Holding LLC (Three Tree) in eastern Texas timberland. In total, approximately 300 000 acres of timberland have been acquired from TexMark Timber Treasury Inc. This investment is part of AP3s strategy to build a sustainable portfolio. Eurostat took note that the government injected into Hemsö Fastighets AB the same amount, 700 million SEK, each year for three consecutive years. Eurostat mentioned that this is quite peculiar and looks rather like if government entered into a commitment at inception. Eurostat asked whether SCB could further investigate whether this transaction had the genuine nature of a capital injection.

Regarding the capital injection test, Statistics Sweden informed Eurostat that the test, which allows distinguishing whether a government injection should be recorded as an expenditure or as a financial transaction without impact on the deficit, is performed in Sweden on a regular basis. The data source for the capital injections for central government is provided by ESV. Capital injections at local government level are based on the quarterly data source for assets and liabilities. The data is collected via a survey for the first three quarters (KTS) and via a census which include all units for the fourth quarter. However, the timeliness for KTS is deferred compared to the regular quarterly non-financial data sources for local government.

#### *Findings and conclusions*

#### Action point 17:

The Swedish statistical authorities will analyse the significant amount recorded as capital injection into Polhem Infra AB in 2021 in order to see whether this injection has the nature of a capital injection. *Deadline: October 2022 EDP notification*

Action point 18:

Eurostat took note of the capital injected into Hemso Fastighets AB for three consecutive years (from 2019 to 2021) in value of 700 million SEK each year. The Swedish statistical authorities will investigate whether this transaction has the genuine nature of a capital injection. They will also analyse whether the government entered into a commitment at inception to inject capital for a number of years and will assess the details of this commitment. *Deadline: October 2022 EDP notification*

### 5.3.3. Guarantees

#### *Introduction*

Prior to the meeting, the Swedish statistical authorities provided a detailed list of one-off government guarantees including stocks, guarantee calls and repayments. The table provided also information on the beneficiaries of government guarantees, notably public and private corporations. The discussion under this agenda point focused on questions related to one-off government guarantees, including stocks, guarantee calls and repayments.

#### *Discussion*

Eurostat noted that, as in the previous years, there was only one public corporation at central government level benefiting from SNDO guarantees (Öresundsbro Konsortium) as well as several local government corporations. Most of the guarantees are provided by public institutions such as the Export Credit Fund (Exportkreditnämnden) or the Swedish International Development Cooperation Agency, to private corporations.

With regard to the amounts included under guarantees for local government corporations, Eurostat mentioned that the amounts are quite high, and increased also substantially between 2018 and 2021, from 200134 to 273769 billion SEK. SCB explained that the amounts included here were susceptible to be revised as they assumed that the municipalities did not correctly understand what they should include under this line. Therefore, SCB will further explain to the municipalities what should be included here. .

Eurostat asked whether all the guarantees related to Kommuninvest AB are included in the table and in the EDP related questionnaire table 9.1 or only those referring to the borrowing to local public corporations classified outside general government. SCB explained that not all the guarantees related to Kommuninvest AB are included here, but only those strictly related to the borrowing to corporations classified in S.11 but controlled by the local government. Eurostat mentioned that as all of the municipalities and regions that are members of Kommuninvest Cooperative Society have issued an explicit guarantee for the commitments entered into by Kommuninvest AB, all these amounts should be included in the future in the EDP related questionnaire table 9.1 on guarantees.

Eurostat noted also that, in the part B of the table on guarantees to private entities, there were several public institutions included such as SIDA (the Swedish Agency for Development) or EKN (the Swedish Export Credit Agency). SCB explained that these units are not receiving guarantees but they provide government guarantees to private beneficiaries.

Eurostat mentioned that there are significant cash calls with regard to the guarantees provided by the Export Credit agency. The Swedish statistical authorities explained that they applied the national accounts rules and, after the third cash call, the amounts are recorded as expenditure in the government accounts.



Furthermore, Eurostat asked what is behind the line “SNDO international guarantees” and to whom exactly are provided these international guarantees. SNDO explained that these guarantees are provided to international corporations owned by different countries. With regard to the amount of guarantees provided as SNDO Flyg (Aviation) in 2021, SNDO explained that this refers to credit guarantees for airlines.

The Swedish statistical authorities recalled also that there are some differences in the recording of cash calls in the public/business accounts in the Swedish National Debt Office (SNDO) compared to national accounts and EDP. For example, in national accounts, in general, more cash calls are recorded compared to the recording at the SNDO. This explained why the figures on cash calls recorded in the EDP related questionnaire 9.1 are slightly higher than in the table provided prior to the meeting.

Eurostat pointed out that, in the convergence report for 2022<sup>15</sup>, it is mentioned that, in order to facilitate companies’ ability to finance export transactions, the Swedish Export Credit Agency’s credit guarantee framework for export credit and the Swedish Export Credit Corporation’s credit facility at the Swedish National Debt Office have been extended. In the report is mentioned “Företagsakuten”, a guarantee programme whereby the Swedish National Debt Office issued credit guarantees mainly to small and medium-sized companies that had been impacted financially by the pandemic. SNDO explained that, indeed, this extended programme would run for five years covering the guarantees for 15 loans provided to companies affected by the COVID-19 crisis. SNDO also mentioned that the programme has run since 2020 and the amounts were included in the guarantees table.

Eurostat noted that, in the same convergence report<sup>16</sup>, it is mentioned in the part related to central government guarantees which are the major guarantee commitments covered by the guarantee model in Sweden, that these mainly refer to export credit guarantees and credit guarantees for infrastructure projects. Eurostat asked what is meant with guarantees for infrastructure projects. The Swedish statistical authorities explained that they were not aware about any infrastructure guarantee and that it could be that the convergence programme refer to something different from the guarantees as defined in the national accounts.

With regard to the losses recorded in relation to the guarantees provided, the Swedish statistical authorities explained that there are no standardised guarantee schemes in Sweden. Therefore, no provisions and no potential and future losses are recorded.

Eurostat mentioned that, in the convergence report, it was mentioned that the Swedish National Debt Office is tasked with performing a concerted analysis each year of the risk of large losses in the central government guarantee and lending portfolio along with the Swedish

Export Credits Guarantee Board, the Swedish Board for Study Support, Sida (Swedish International Development Cooperation Agency), the Swedish National Board of Housing, Building and Planning and the other agencies concerned.

The Swedish statistical authorities recalled that it could be that the risks are assessed and imputed in the budget accounts, but in the national accounts they impute expenditure in relation to the guarantees only after the third call. The Swedish statistical authorities recalled that cash calls are recorded at central and at local government level and after three cash calls the whole amount of debt is recorded as a capital transfer and government expenditure.

The Swedish statistical authorities pointed out that, in Sweden, there are no guarantees on assets and asked Eurostat to provide during the meeting some additional information on guarantees on assets including examples from other Member States. Eurostat explained that government may also provide guarantees on assets held by some entities and not only on liabilities. In this

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<sup>15</sup> [Swedens-convergence-programme-2022.pdf \(government.se\)](#), page 24

<sup>16</sup> [Swedens-convergence-programme-2022.pdf \(government.se\)](#), page 55

case, government takes the commitment to cover losses related to a decrease in the value of the assets or shortfalls in the recovery, with various ways of activating the guarantor's obligations.

### *Findings and conclusions*

#### *Action point 19:*

The Swedish statistical authorities will amend the EDP related questionnaire table 9.1 on guarantees in order to integrate the amounts of explicit guarantees provided by the local government to Kommuninvest. *Deadline: October 2022 EDP notification*

### *5.3.4. Government claims; debt assumptions, debt cancellations and debt write-offs*

#### *Introduction*

Prior to the EDP dialogue visit, the Swedish statistical authorities provided a detailed list of government claims for all sub-sectors for the period 2018-2021. In addition, SCB informed Eurostat that there were no changes in the recording of debt cancellation, debt write-offs or debt assumption compared to the previous EDP dialogue visit. Information on debt cancellation, debt assumptions and debt write-offs for local government is available from the financial accounts source "Quarterly survey on financial assets and liabilities for municipalities and county councils" (KTS/LTS), referring to the 4<sup>th</sup> quarter of every year.

Under this agenda point, the discussion focused on government claims at central and local government, including the stocks, transactions increase/decrease and other changes.

#### *Discussion*

Eurostat noted that the data did not change much compared to the previous years. As in the past, the highest amount of claims for central government refers to student loans and to loans provided to the Central Bank.

As in the previous years, there were significant claims in relation to the loans provided to the National Central Bank, in the framework of an agreement, from 24 April 2009, between SNDO and the Central Bank. According to the Swedish law (1§ 5 law (1988:1387)), SNDO is allowed to borrow money to supply the Central Bank with foreign currency, when the purpose is to increase the foreign currency reserve. The Central Bank should reimburse the SNDO for all costs connected to the borrowing (including e.g. interest). The agreement could be terminated with one month's notice. Termination/discontinuance of the agreement does not affect previously agreed existing lending according to the agreement. The Swedish statistical authorities explained that the loan to Riksbanken actually consists of several loans with different maturities. The loans expire gradually and since 2009 they have usually been replaced with new loans, but from February 2021 the Riksbanken intends to repay the loans in the Swedish National Debt Office at the rate at which the loans expire.

In total, in the first quarter of 2022, Riksbanken amortized loans equivalent to 39,200 million SEK. Lending to Riksbanken amounted to 85,977 million SEK at the end of March 2022. In October 2022, loans equivalent to 22,277 million SEK will expire and therefore, it could be assumed that Riksbanken will amortize the same amount.

The Swedish statistical authorities recalled that the monitoring of claims is in general performed through the monitoring of non-performing loans for central and local government. In case the non-performing loans amount to or above 100 million SEK, the Swedish statistical authorities contacts the respective unit for more details and, if necessary, a decision to record debt cancellation is taken on a case-by-case basis. Eurostat asked whether the Swedish statistical authorities is contacting only the public or also private companies. The Swedish statistical authorities explained that all units are contacted in case they have non-performing loans over the above-mentioned threshold.

Eurostat noted that insignificant amounts are recorded as debt cancellations at local government level. In addition, there were no write-offs recorded and Eurostat asked the Swedish statistical authorities whether there are indeed no write-offs or whether the amounts of write-offs are recorded under debt cancellations because there is no specific information on this. The Swedish statistical authorities explained that they have the necessary data sources in order to be able to capture such information. Nevertheless, there are no such operations in Sweden.

### *5.3.5. Dividends, super-dividends privatization*

#### *Introduction*

Prior to the meeting, the Swedish statistical authorities provided a list of dividends transferred to government, split by subsector CG, LG and SSF, for the period 2018-2021. In addition, the table presented also the financial results of the companies and their associated profits. The amounts of dividends provided in the table prior to the visit were slightly different from those included in the EDP related questionnaire, where only dividends from public corporations were included and not those of private corporations. In addition, the amounts of super-dividends by company were also provided.

#### *Discussion*

Eurostat thanked the Swedish statistical authorities for the extensive information received in relation to dividends. Eurostat recalled that, as discussed during the 2019 EDP dialogue visit, the table on dividends include payments from Kommuninvest AB. In a note provided to Eurostat after the 2019 EDP dialogue visit, Statistics Sweden explained that dividends were paid by Kommuninvest AB to the Kommuninvest Association. The amounts of dividends paid by Kommuninvest AB were afterwards reduced by the amount of group contribution that Kommuninvest AB should pay to the Association and then distributed to the Association's members as a refund on business volume and interest on contributed capital (insatskapital). The owners are then obliged to return the surplus dividends in the form of share capital to the Association. The surplus dividend is then sent back to Kommuninvest AB through a new issue of shares. The shares issued by Kommuninvest AB were recorded as F.5 assets in the accounts of the Association and in government accounts. The capital injections into the Association were recorded as revaluations of F.5 assets of S.1313 main units and revaluations of F.5 liabilities of the Association. Eurostat expressed some reservations, that these repeated capital injections into Kommuninvest AB were recorded as financial operations without impact on the B9 of general government while the dividend payments paid by Kommuninvest AB to the Association classified inside general government was always recorded as revenue. As the recording applied in the Swedish government accounts causes a continuous positive impact on local government accounts, Eurostat proposed that SCB should treat the flows in the same way, notably non-financial in both directions. In this context, Eurostat asked SCB whether this recommendation was implemented. Statistics Sweden explained that as a result of the past discussion, SCB started to implement the recording proposed by Eurostat and therefore the ordinary annual commitment obligations are currently recorded as capital transfers.

Eurostat noticed that the Swedish National Central Bank (Riksbanken) paid a significant amount of dividends in 2021, notably 6,8 billion SEK. Out of this, 4 billion SEK were considered as super-dividends without a positive impact on government accounts. Eurostat asked SCB whether there was a special reason for these payments, which were much higher than in the previous years. SCB explained that they were not aware of any particular reason but as they perform the super-dividend test regularly for the National Central Bank, in case there are amounts, which are paid above the profit recorded in the previous year, the amounts are recorded as super-dividends.

Regarding the super-dividend test, SCB recalled that it is performed on a regular basis. For central government, the test is performed by ESV based on instructions from SCB, except for the Central Bank where the test is carried out by SCB, along with the tests for local government

and social security funds. For the April EDP notifications, as explained during the discussions on the agenda point 1.2.1 on data sources, some estimation on the amounts of super-dividends are carried out due to the fact that annual data sources are partially unavailable for April EDP notifications.

In addition, SCB confirmed that the dividends and super-dividends are treated consistently in the non-financial and financial accounts.

With regard to the data sources, SCB explained that they are using the official annual reports of the companies and standardized annual statements from the tax authority, except for the Central Bank, where it is possible to perform the super dividend test based on national accounts data and actual entrepreneurial income (B.4). In order to calculate the distributable income for the rest of central government and social security funds, the main principle is to use the operating profit adjusted for net interest charge and excluding interest on derivatives. In addition, extraordinary events like disposal of assets, change in the value of real estate, etc. are taken into account and are excluded from the operating profit.

SCB explained during the meeting that, after discussions with ESV, they took into consideration improving the method currently used in the calculation of distributable income for central government corporations. The proposal would affect a limited number of corporations, especially those paying large dividends to government. The new method is based on the same data source, notably the annual reports, but instead of using the operating profit adjusted for net interest charge and excluding interest on derivatives, the calculation would be more in line with a national account's calculation. Therefore, starting with the operating profit (EBIT), adjusted for items affecting comparability (e.g. revaluations), dividends, net interest, taxes, change in pension entitlements, the new method proposes an additional correction on the difference between depreciation in business accounting and consumption of fixed capital in national accounts. The adjustment of the depreciation should be adapted to the NACE activity of the entity in a similar way as discussed under agenda point 5.1.1. "Implementation of the market/non-market test", on the appliance of an ad-hoc coefficient for depreciation.

Nevertheless, SCB proposed to provide a detailed analysis after the EDP mission so that Eurostat had time to reflect and assess the Swedish proposal.

SCB stressed that both SCB and ESV would be in favour of changing the method as soon as possible, and in case Eurostat considered the new method more appropriate, the changes could already be implemented during the summer period with a revision of the non-financial accounts in late August and of financial accounts in September. The changes will be also reflected in the October 2022 EDP Notification.

Eurostat agreed to provide its feedback to SCB proposal by the end of June 2022.

#### *Findings and conclusions*

##### *Action point 20:*

The Swedish statistical authorities will consult Eurostat in writing in relation to the precise calculation of dividends. *Deadline: June 2022*<sup>17</sup>

### *5.3.6. Public Private Partnerships. Concessions and EPC's*

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<sup>17</sup> Action point implemented. Eurostat very much welcomed the new proposal and considered that applying an additional correction to the operating profit on the difference between depreciation in business accounting and consumption of fixed capital in national accounts complied with the ESA 2010 rules.

## *Introduction*

Prior to the meeting, the Swedish statistical authorities provided an updated list of on-going or planned PPP projects as well as on concessions projects.

## *Discussion*

In Sweden, there are no on-going PPPs. The Nya Karolinska Solna (NKS) project was completed and handed over to the Stockholm County Council.

SCB explained that, at the central government level, PPPs projects should be approved by the Government and the Government Offices including the Ministry of Finance. Therefore, a regular update on this item takes place for each EDP Notification when the statistical authorities and the Ministry of Finance inform each other about new PPPs or possible PPPs or large similar projects.

Since 2017, SCB has also taken further steps in improving and exploiting the data sources in order to capture possible PPP projects at local government level. In the annual source for the municipalities and regions, a separate question was introduced on whether the municipality/region had income or expenditure related to PPPs. In the questionnaire, SCB included also a definition of the concept of PPP. SCB explained that, in 2022, out of 290 municipalities and 20 regions, 307 replied to the question. Out of this, only 9 municipalities and 1 region have positively answered to the questions and therefore are being further investigated. SCB explained that, through the same questionnaire, also information on concession projects at local government are collected.

Regarding concessions, SCB informed Eurostat that there were no changes compared to previous dialogue visit.

At present, two concession contracts exist in relation to central government. One is Arlandabanan, which is the railway between Stockholm Central Station and Arlanda Airport. The other one is Öresundsbrokonsortiet, which is the bridge between Malmö in Sweden and Copenhagen in Denmark.

The trains on Arlandabanan are operated by a market producer classified in S.11. The corporation's activity is financed by revenues from ticket fees. The main part of the railway as well as the infrastructure at the airport was built by a private corporation. Nevertheless, the central government was involved in improving and building the new necessary infrastructure in relation to the new investment made by the private corporation. All government supplementary investments have been recorded as central government investments and assets. Since the last benchmark revision in September 2019, the investments made by the private corporation have been recorded in central government accounts. In addition, the central government corporation, Arlanda Infrastructure AB, responsible for contracts, negotiations, etc. with the private corporation have been reclassified into central government also in the context of the benchmark revision in 2019. The unit does not have any significant operational activity. Due to the reclassification of Arlanda Infrastructure AB, the investment undertaken in 1999 has been reallocated to government. The private corporation signed a contract with the government until 2040 with the possibility of extending the monopoly for another 10 years.

The second central government concession contract is a collaboration between the Swedish and Danish government for the bridge between Malmö and Copenhagen. The operational activity including building, construction, investments, tickets, maintenance, etc. and is performed by a jointly owned Swedish-Danish corporation. SCB recalled that the classification of Öresundsbrokonsortiet as well as other relating issues concerning the bridge have been discussed several times with Eurostat. Currently, Öresundsbrokonsortiet is classified in S.11; nevertheless, the Svensk-Danska Broförbindelsen AB, managing the Swedish part of the bridge is classified within the central government.

Taking into account that the two concessions projects were already discussed in the 2017 and 2019 EDP dialogue visit, Eurostat asked SCB whether there were other concessions or PPP projects planned for the future. SCB explained that they were not aware of any future PPPs or concessions projects.

Regarding Energy performance contracts (EPCs), SCB explained that there were currently no such contracts in Sweden.

SCB informed Eurostat that they collect information on EPC contracts at central and local government via a questionnaire. Nevertheless, after assessing the answers provided to the questionnaire, it seems that there are no EPC projects recorded neither at central nor at local government level.

#### *Findings and conclusions*

Eurostat takes note that a systematic collection of information on PPPs, concessions and EPCs contracts exists in Sweden, as well for the central as also for the local government. Eurostat took note that the assessment of the information included in the questionnaire takes places annually and on a continuous basis.

#### *5.3.7. Disposals of non-financial assets by general government. Sale and leaseback operations. UMTS.*

##### *Introduction*

Under this agenda point, the sale and leaseback as well as the recording of UMTS (Universal Mobile Telecommunications System) were briefly discussed. *Discussion*

Eurostat mentioned that there are currently two leaseback operations at local government level reported in EDP related questionnaire 12. The operations recorded in 2019 refer to a retirement home and some buildings.

SCB explained that they collect on a systematic basis information on sales and leasebacks. In the annual source for the local government, the municipalities and regions are asked to reply whether they have income or expenditure related to sales and leasebacks. For 2022, out of 290 municipalities and 20 regions, 308 replied to the question. Out of them, 7 municipalities have positively answered and therefore are currently being further investigated.

With regard to UMTS, SCB explained that, since the 2019 EDP dialogue visit, there were four new auctions organised.

SCB records the revenues according to the 2019 Eurostat guidance as rent (D.45) over the lifetime of the license.

The next auction is expected to be organised in the third quarter 2023.

#### *5.3.8. Re-routing of transactions, assets and liabilities through government accounts*

SCB confirmed that only the re-routing of transactions refers to the renewable energy schemes. The figures related to these energy schemes are reported in the EDP related questionnaire 13.

#### *5.3.9. Carbon trading rights*

##### *Introduction*

The Swedish statistical authorities provided, prior to the visit, a table on emission trading permits for the period 2013-2021. There are no changes in the recording of carbon trading rights compared to the previous EDP dialogue visit. The permits are sold by the SNDO. The Swedish system is connected to the EU ETS (Emissions Trading System). The database, or the so-called

administrative register, provides information on pollution and permits and is under the responsibility of the Swedish Energy Agency.

In the non-financial accounts, emission permits are recorded at the time of surrender of the permits, one year after the pollution actually takes place. Data on surrender of permits is available in April, (T+1). The official publication of data on emission permits is in May (T+1).

Revenues are recorded as other taxes on production while, in financial accounts, the received amounts from the sales (cash) are recorded as other accounts payable, for government, from the time of auction of permits to the time of recording of the tax revenue.

The Swedish National Debt Office is responsible for the Swedish auctions. SCB have also data on the permits, which had been allowed for free and are still valid.

### *Discussion*

Eurostat mentioned that there are currently several discussions at European level on the method to be used by the Member States to calculate the ETS revenues. In this context, Eurostat asked SCB about the possibility to move to a simple time-adjusted-cash method of  $D.29\_ETS = (T \text{ cash} + 12 \text{ months})$ . Eurostat stressed that the vast majority of countries are already applying this method. In addition, the simple time-adjusted-cash method (TAC) would most likely be the recommended method in the revised 2022 MGDD. Eurostat mentioned that Sweden is among the few countries not applying TAC but calculating the D.29 revenue as surrendered ETS allowances times an average price (= Auction revenues May 1-April 30 / Number of sold emission trading rights May 1-April 30).

In principle, ETS allowances are surrendered in April each year, referring to harmful emissions made for the previous calendar year, i.e. the year from January T-1 to December T1 (not from May T-1 to April T). In this sense, it is very easy to apply TAC of +12 months, as the auction data containing cash inflows in Euro are readily available from the EEX exchange (EEX EUA Primary Auction Spot – Download), and the TAC can easily be applied by quarters as well:  $D.29\_ETS = \text{Cash\_ETS} + 12 \text{ months delay}$ . From this point of view, applying the TAC method would not request a big compilation effort.

Eurostat mentioned that, in 2021, the D.29\_ETS tax unwinding method used by SE was the following:  $D.29 \text{ for year } T = (\text{Surrendered permits in Q2 of year } T+1) * (\text{Average price})$

The tax was recorded at the time of surrendering. Eurostat mentioned that SCB had all the conditions, to apply the TAC method and by applying the TAC method would contribute to increase the heterogeneous recording of ETS among the EU Member States. SCB explained that applying the TAC method would be feasible for them; nevertheless, SCB would need some time to implement the method and to revised backwards the time series.

### *Findings and conclusions*

#### *Action point 21:*

The Swedish statistical authorities will move from the FI-FO method currently applied for calculating the ETS emission permits to the time adjusted cash method. *Deadline: To be decided by the Swedish statistical authorities*

**EDP dialogue visit to Sweden  
15-16 June 2022**

**Starting on 15 June 2022, 10:30**

**Draft Agenda**

**(1) Statistical capacity issues**

**1.1. Review of institutional responsibilities in the framework of the compilation and reporting of EDP and government finance statistics**

**1.2. Data sources and revision policy. EDP Inventory.**

1.2.1. Availability and use of data sources for central, local government and social security funds

1.2.2. Revision policy. Benchmark revision.

1.2.3. EDP Inventory



- (2) **Follow-up of the previous EDP dialogue visit of 11-12 November 2019**
- (3) **Follow-up of the April 2022 EDP reporting – analysis of EDP tables**
  - 3.1 EDP tables
  - 3.2 Questionnaire related to the EDP tables
- (4) **Recording of government measures undertaken in the context of COVID-19**
  - 4.1 Supplementary table for the reporting of the measures taken due to the COVID-19 pandemic
  - 4.2 Table for EDP reporting of expenditure and other costs of general government financed by the Recovery and Resilience Facility (RRF)
  - 4.3 Other expenditure measures, including support to SAS Airlines
- (5) **Methodological issues and recording of specific government transactions**
  - 5.1 Delimitation of general government, application of market/non-market rule in national accounts**
    - 5.1.1. Practical implementation of the market/non-market test
    - 5.1.2. Changes in sector classification since the November 2019 EDP dialogue visit
    - 5.1.3. Questionnaire on government controlled entities classified outside the general government sector
    - 5.1.4. Sector classification of selected units
      - Railways companies
      - Kommuninvest
  - 5.2. Implementation of the accrual principle**
    - 5.2.1. Taxes and social contributions
    - 5.2.2. “Mini One-Stop Shop” (MOSS) scheme
    - 5.2.3. Compensation for creating new natural reserve areas
    - 5.2.4. Accrued Interest. Financial derivatives
  - 5.3. Recording of specific government transactions**
    - 5.3.1. Government transactions supporting financial institutions
    - 5.3.2. Capital injections in public corporations. Capital injection test at central and local level.
    - 5.3.3. Guarantees
    - 5.3.4. Debt assumptions, debt cancellations and debt write-offs
    - 5.3.5. Dividends, Super dividend, Privatization
    - 5.3.6. Public Private Partnerships. Concessions and EPC’s
    - 5.3.7. Disposals of non-financial assets by general government. Sale and leaseback operations. UMTS
    - 5.3.8. Re-routing of transactions, assets and liabilities through government accounts
    - 5.3.9. Carbon trading rights
    - 5.3.10. EU flows, military expenditure, securitisation and pension issues

(6) **Other issues**

**MEETING TO END BY 16 JUNE 2022 AROUND 17.00**

**Annex  
List of Participants**

**SCB – STATISTICS SWEDEN**

Helena Kaplan	Head of Balance of Payments, Financial Markets and National Accounts
Jonas Bergwall	Statistician
Camilla Gylfe	Statistician
Jacob Pelgander	Statistician
Johan Norberg	Statistician
Melita Paripovic	Statistician
Jonas Holm	Statistician
Maria Pettersson	Head of Public Finance
Michael Wolf	Senior Adviser

## **ESV - THE SWEDISH NATIONAL FINANCIAL MANAGEMENT AUTHORITY**

Leyth Ameri	Economist at Central Government Accounting Division
Eva Engberg	Senior Adviser
Katarina Johansson	Economist at Central Government Accounting Division
Peter Kvist	Deputy Director-General, Central Government Accounting Department
Lena Malmqvist	Head of Central Government Accounting Division
Mikael Marelius	Senior Adviser
Dan Sölverud	Economist at Analysis and Forecast Department
Hans Åhlander	Senior Adviser

## **RIKSGÄLDEN - NATIONAL DEBT OFFICE**

Erika Färnstrand Damsgaard	Head of Economic Analysis
Camilla Kullander-Berglund	Guarantee Department
Marcus Otterström	Economic Department
Maria Törnfeldt	Head of Economic Department

## **FINANSDEPARTEMENTET - MINISTRY OF FINANCE**

Jonas Norlin	Senior Advisor
Johan Wikström	Desk Officer at International Economic Affairs Department
Hwan Willén	Deputy Director of International and Economic Affairs Department

## **RIKSBANKEN - CENTRAL BANK**

José Camacho	Economist
Durmus Göker	Economist

## **EUROSTAT**

Ascoli Luca	Director of Directorate D: Government Finance Statistics
Gita Bergere	Head of Unit D2: Excessive Deficit Procedure (EDP) 1
Camelia Jüttner	Unit D2: Excessive Deficit Procedure (EDP) 1
Jadranka Vuglar	Unit D2: Excessive Deficit Procedure (EDP) 1

**DG ECFIN**

Ronald Albers

Fiscal officer Unit DDG2.E.3