



EUROPEAN COMMISSION  
EUROSTAT

Directorate D Government Finance Statistics

Luxembourg,

**- FINAL FINDINGS -**

**EDP dialogue visit to Spain**

**18 - 20 January 2022**

## Executive summary

Eurostat undertook a standard EDP dialogue visit to Spain on 18-20 January 2022. The purpose of the meeting was to review the existing institutional responsibilities and data sources as regards the compilation of EDP statistics and government accounts, to examine the classification of some categories of institutional units and to review the recording of specific transactions, in particular government support to financial institutions, COVID-19 measures and the Recovery and Resilience Facility.

First, the follow-up of the action points (AP) of the previous EDP dialogue visit was reviewed, and Eurostat took note that some APS were delayed by the COVID-19 pandemics (mainly related to data sources). The follow-up of APs was further discussed under the relevant items of the agenda.

As regards the delimitation of general government, a detailed discussion took place on the application of the market / non-market test for the railways companies, among others. In addition, the list of government-controlled units, classified outside government sector, was reviewed. The sector classification of ADIF-AV and *Institut Català de Finances* was discussed in more detail. Further follow-up is expected from the Spanish statistical authorities on these issues.

The meeting also highlighted certain aspects related to the recording of taxes and social contributions, in particular the deferral of taxes due to COVID-19 and Deferred tax assets (DTA). Furthermore, the application of other accrual principle was examined as regards interest, EU flows, recording of health expenditure at the level of regional governments and Court decisions.

Afterwards, the government operations to support financial institutions were discussed and the consequences for government accounts analysed. The discussion mainly focused on the follow-up of the sector classification of SAREB (*Sociedad de activos de Reestructuración*) in general government in 2020.

Next, Eurostat inquired about the recording of measures implemented by government in response to the COVID-19 crisis and their impact on government accounts. In particular, the creation of new funds and the impact on government deficit and debt were discussed, also the classification of public guarantees, provided in the context of COVID-19 was tackled. Eurostat noted the existence of the standardised guarantees features in the Spanish schemes and asked the Spanish statistical authorities to reflect on the possible recordings in national accounts. Furthermore, some issues related to the recording of the Recovery and Resilience Facility associated flows were discussed.

Finally, specific government operations were included in the agenda and reviewed, such as the recording of PPPs, concessions, capital injections, derivatives, among others.

Eurostat welcomed the transparent, well-structured and comprehensive approach by the Spanish statistical authorities to the EDP related work.

# **Final findings**

## **Introduction**

In accordance with Council Regulation (EC) No 479/2009 of 25 May 2009 (as amended by Council Regulation (EC) No 679/2010) 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 Spain on 18-20 January 2022. Due to COVID restrictions, the EDP standard dialogue visit was conducted via video conferencing.

The delegation of Eurostat was headed by Mr Luca Ascoli, Director of Eurostat Directorate D: Government Finance Statistics (GFS). Eurostat was also represented by Ms Rasa Jurkoniene, Mr Philippe de Rougemont, Mr Martim Assunção and Ms Simona Frank. The Directorate General for Economic and Financial Affairs (DG ECFIN) and the European Central Bank (ECB) also participated in the meeting as observers. Spain was represented by National Statistical Institute, the National Central Bank and the Ministry of Finance (IGAE).

Eurostat carried out this EDP dialogue visit in order to review the implementation of ESA 2010 methodology, to assure that rules of the latest ESA 2010 Eurostat Manual on Government Deficit and Debt are complied with and to make sure that Eurostat decisions are duly implemented in the Spanish EDP and Government Finance Statistics (GFS) data.

The main aims of the dialogue visit were: to review the implementation of ESA 2010 methodology, such as sectorization of units and the application of the accrual principle, as well as to review the recording of specific government transactions, including government operations to support financial institutions, the recording of government measures undertaken in the context of COVID-19 measures and the flows associated to the Recovery and Resilience Facility.

With regard to procedural arrangements, the Main conclusions and action points would be sent to Spain for review. Then, within weeks, the Provisional findings would be sent to Spain for review. After this, the Final Findings will be sent to Spain and to the Economic and Financial Committee (EFC) and published on the website of Eurostat.

Eurostat greatly appreciated the documentation provided by the Spanish statistical authorities prior to the EDP dialogue visit. Eurostat also thanked the Spanish statistical authorities for their excellent co-operation during the visit and considered that the discussions were transparent and constructive.

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

### *Introduction*

The institutional arrangements of the responsibilities in the framework of the Spanish EDP (Excessive Deficit Procedure) data reporting and GFS (government finance statistics) data compilation are described below.

The National Statistical Institute (*Instituto Nacional de Estadística – INE*) is the autonomous body responsible for the compilation of national accounts, which includes the non-financial accounts of the general government. Regarding the EDP notifications, INE compiles data for Gross domestic product (GDP) in EDP table 1 and the Gross National Income (GNI) in EDP table 4. INE transmits EDP notification tables to Eurostat.

The Audit Office of the Ministry of Finance (*Intervención General de la Administración del Estado – IGAE*) is the management centre for public accounting and is responsible for the compilation of the non-financial accounts of general government, in accordance with article 125 of the General Budget Law 47 of 2003. Regarding EDP notifications, IGAE compiles data on general government deficit / surplus data and on interest in EDP table 1 and is responsible for the compilation of EDP tables 2.

The Bank of Spain (*Banco de España – BdE*) has the responsibility for financial accounts and for the compilation of data related to government debt. Regarding EDP notifications, the BdE compiles the general government debt data in EDP table 1 and is responsible for the compilation of EDP tables 3 and 4, except Gross national income (GNI).

### *Discussion and methodological analysis*

The Spanish statistical authorities confirmed that the institutional responsibilities in the framework of reporting data under the EDP have not been changed since the last visit.

The Organic Law 6/2013, among others, formally recognized the national *Working group of national accounting*, composed by INE, IGAE and BdE, under the name *Technical committee of national accounts (Comité Nacional de Cuentas Nacionales)*, hereafter called the Technical Committee. It recognized the three institutions as competent bodies to compile national accounts of the general government and public corporations, maintaining full professional independence and functional autonomy in the exercise of their respective responsibilities and powers, conferred on the European and national regulation. In the exercise of their duties, they may conduct actions directly aimed at the verification and checking of the information provided by institutional units belonging to the state and local governments.

The Spanish statistical authorities explained that the Rules of procedure, regulating the Technical Committee, had not been adopted yet. The legal service of the Ministry of Justice provided a positive opinion on the nature of the Committee by stating that its functions did not overlap with the existing legislation. The minutes of the Technical Committee would

become public once the Rules of procedures of the Committee were adopted. Eurostat enquired whether there were any specific reasons for such a considerable delay of the adoption of these rules. The Spanish statistical authorities were not aware of any specific reasons for this delay and clarified that, at this stage, only the signature of the three institutions was needed for the adoption of the rules. Until the rules are adopted, the Technical Committee continues to work under the Administrative Procedure Acts (Acts 39/2015 and 40/2015) which determines the functioning of collegiate organs of government, including the Technical Committee. The Spanish statistical authorities agreed to inform Eurostat on any new developments.

### *Findings and conclusions*

**Action point 1:** As regards the implementation of the provisions of Organic Law 6/2013, the Spanish statistical authorities agreed to provide the Rules of Procedures, by which the Technical Committee will be regulated.

*Deadline: as soon as the document is adopted*

## **1.2 Data sources and revision policy, EDP inventory**

### *Introduction*

Under this item of the agenda, Eurostat enquired about data sources, revision policy and the current version of the ESA 2010 EDP inventory.

### *Discussion and methodological analysis*

#### Data sources

Regarding data sources, the Spanish statistical authorities confirmed that there have been no changes since the last EDP dialogue visit.

### *Non-financial accounts*

The main data source used for the non-financial accounts is the budget. According to the Spanish statistical authorities, the execution of the budget is considered as the best data source. During the 2019 EDP visit, Eurostat questioned why the balance sheets were not used as a data source. As the individual ministries are not considered legal units, no separate balance sheets exist for them. Only the State as a whole is considered as the legal unit, for which financial accounts and balance sheet is available, while the ministries have available only budgets. A complete set of accounts, including a balance sheet is available for the State on an annual basis (in July t+1). This information is not directly used in the context of April EDP notifications. Other government bodies with legal personality have available balance sheets and income statements, on a monthly basis (and quarterly basis for the local governments). The annual non-financial accounts are compiled based on the profit and loss accounts as well as the balance sheets of units, which are consistent with budgetary data. In addition, extra-budgetary account 413 is used as a complementary information. Eurostat agreed that the

situation as regards the coverage of data sources seemed to be appropriate in Spain, but recommended to explore also balance sheets as a possible data source<sup>1</sup>.

### *Maastricht debt*

The main data source used for the compilation of Maastricht debt is the BdE's database and the database on bonds. During the 2019 EDP visit, Eurostat questioned why the balance sheet data had not been used at all, not even for crosschecking data with other data sources. As a follow-up of the 2019 visit, and in order to assure coherent data, Eurostat asked the Spanish statistical authorities to conduct a comparison between the information reported in the balance sheet of public financial accounts and the current source data used for securities (AF.3) and loans (AF.4) liabilities and (AF.3) asset and consolidation (Action point 8 from the 2019 EDP visit).

Eurostat also asked why the balance sheet data were not used for the calculation of Other accounts receivable / payable (F.8). The Spanish statistical authorities explained that the balance sheet was used for trade credits, but not for the total F.8, as it was not available for all sub-sectors. Moreover, they considered that the budget was a better source data, as more details were available in the budget than in the balance sheet. The stock of AF.8 was calculated as the accumulation of flows. As a follow-up of the 2019 EDP visit, Eurostat asked the Spanish statistical authorities to perform an exercise, by comparing the stock of AF.8 (net) position from the balance sheet of the public financial accounts with the BdE calculation of AF.8 for certain grouping of units (Action point 5 from the 2019 EDP visit).

Due to the extraordinary circumstances surrounding the COVID-19 pandemic, the Spanish statistical authorities and Eurostat agreed that the above-mentioned action points 5 and 8 from the 2019 EDP visit could be postponed to end-April 2022. Therefore, the AP 5 and AP 8 from the 2019 EDP visit remain as APs of this EDP visit (see under the part *Conclusions*).

### Revision policy

There have been no changes in the revision policy. As regards the update of data sources, the basic information of April notifications is revised and complemented with half-finalised data in the October notifications. For the finalised accounts, the information is improved with flows of other sub-sectors, additional information supplied by various reporting departments and annual accounts of foundations and public corporations (October t+1 notification). In addition to the ordinary revisions reflecting the update of source data, data is also revised due to decision taken by the Technical Committee, changes of the methodology and /or sector re-classification of units as agreed with Eurostat.

The revisions of non-financial accounts are consistent with the revision of financial accounts. The revision cycle refers to the last three years.

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<sup>1</sup> For more details see the 2019 Final findings: [cbc99c7d-c2de-af36-f3d6-59734f6f168e \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

## EDP inventory

The current ESA 2010 EDP inventory is published on the website of Eurostat as well as nationally on the website of IGAE. The Spanish statistical authorities and Eurostat agreed that an update of the EDP inventory in line with the 2019 MGDD would be provided by end-April 2022. Eurostat asked the Spanish statistical authorities to include all comments, provided during the EDP visit, in the updated version of the inventory.

### *Findings and conclusions*

**Action point 2:** The EDP inventory will be updated, taking into account the changes implemented following the new 2019 MGDD edition, using the new Eurostat template.

*Deadline: end-April 2022<sup>2</sup>*

**Action point 3:** The Spanish statistical authorities will do an exercise comparing the stock of AF.8 (net position) in the balance sheet of the public financial accounts, on the one hand, with the Bank of Spain calculation for certain grouping of units (core central government and other central government entities), on the other hand. The net comparison would take into account that public financial accounts are not consolidated.

*Deadline: end-April 2022<sup>3</sup>*

**Action point 4:** More generally, the Spanish statistical authorities will conduct a comparison between the information reported in the balance sheet of public financial accounts and the current source data used for (A) F.3 and (A) F.4 liabilities and consolidation, for the last 4 years, by sub-sectors or other grouping of units. For the consolidation of stock and flows, the statistical authorities will compare the amounts as reported by both the creditor and the debtor and show how these are aligned.

*Deadline: end-April 2022<sup>4</sup>*

## **2. Follow-up of the EDP dialogue visit of 27-29 November 2019**

### *Introduction*

Most of the action points (APs) from the 2019 EDP dialogue visit were implemented or were agreed to be postponed due to COVID-19 special circumstances. The follow-up of some APs was further discussed under the relevant items of the agenda of this meeting.

### *Discussion and methodological analysis*

As discussed under the items 1.1 and 1.2, several action points related to the institutional responsibilities (AP 1), data sources (AP 5 and 8) and EDP inventory (AP 4) were agreed to be postponed due to the extraordinary COVID-19 situation.

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<sup>2</sup> This AP was postponed to end-July 2022.

<sup>3</sup> This AP was postponed to end-July 2022.

<sup>4</sup> This AP was postponed to end-July 2022.

### *Findings and conclusions*

The outstanding APs from the 2019 visit (namely AP1, 4, 5 and 8) would remain as an AP of this EDP visit (see the paragraph above).

## **3. Actual data October 2021 EDP reporting – analysis of EDP tables and the related questionnaires**

### *Introduction and discussion*

Eurostat thanked the Spanish statistical authorities for their timely and accurate transmission of the EDP notification tables and the related questionnaires. The main issues discussed during the October 2021 EDP notification were related to a participative loan provided by government to Air Europa in 2020, the recording of health expenditure in the Autonomous communities and the coverage of the table on capital injections in the Questionnaire relating to the EDP notification tables. The above-mentioned issues were discussed under the relevant items of the agenda of this meeting.

### *Findings and conclusions*

The main outstanding issues of the October 2021 EDP notification were further discussed under the relevant items of this meeting (namely 4.2.4, 4.3.6, and 4.3.7).

## **4. Methodological issues and recording of specific government transactions**

### **4.1. Delimitation of general government, application of market / non-market rule in national accounts**

#### **4.1.1. Practical implementation of the market / non-market test and qualitative criteria**

##### *Introduction*

The market / non-market test (so called 50 % criterion) is generally implemented on a unit-by-unit level every year while an in depth analysis is conducted every 5 years.

For this purpose, the final audited accounts and the accompanying notes of public units are used. A special database containing financial accounts of all public units was created. The chart of accounts used for the 50 % criterion was provided to Eurostat as a follow-up of the 2019 EDP visit.

If sales are provided to the general government without competing with private companies, these sales are not included in the 50 % criterion. The production costs considered in the 50 % criterion are the sum of intermediate consumption, compensation of employees, fixed capital consumption, other taxes on production plus costs of capital (ESA2010 §3.33.c). The costs of capital are approximated by the net actual interest payments of the unit. When this value is negative, zero is applied.

##### *Discussion and methodological analysis*



Firstly, the Spanish statistical authorities clarified that the 50 % criterion was applied every year for all units with a debt higher than 100 million euro while for units below this threshold, the 50 % was checked only in some specific cases. For example, in case of doubts on the sector classification of a specific unit/ activity or whenever the results are very close to 50 %. As an example a review of the calculation of the 50 % criterion for all units, whose activity was promoting of buildings, was provided. This had been advised by Eurostat during the last EDP visit.

IGAE also regularly checks whether the units are still active. Eurostat asked the Spanish statistical authorities to revise this part of the EDP inventory accordingly.

Next, the Spanish statistical authorities confirmed that those public units, which sell more than 50 % of their output to government, are automatically classified inside the general government. As apparently some Member States used the threshold of 80 %, they inquired which threshold should be used in practice. Eurostat explained that in this context ESA 2010 §20.27<sup>5</sup> was very explicit, when the public unit is the only provider of its services, and a threshold of “more than half” was to be used.

Eurostat confirmed that some countries indeed used the threshold of 80 %, but as a part of the qualitative criteria. As the ESA 2010 clearly states that the sales to government should fulfil also the tendering conditions, it is important to verify, at the same time, whether the unit/s concerned are competing with private producers and whether the call for tenders procedure was applied.

The Spanish statistical authorities provided an example of a water company, i.e. *Agua de la Cuencas de Espana*. This company is currently classified outside the general government, in S.11 (*Non-financial corporations*). The sales to government amounted to between 50 - 80 %.

The Spanish statistical authorities explained that the water company was, neither the only supplier of its services, nor the only supplier of government. It was also explained that the main activity of this unit was to sell infrastructure, such as canalisation and facilities for sanitary. Its biggest clients are the local entities (municipalities). While competition exists in this area, in many cases no tender procedure was applied. Eurostat noted that the number of employees was very low and questioned whether this unit was providing its services directly to local entities (i.e. performed actual works). It appeared that it acts more as an intermediate. The Spanish statistical authorities confirmed that most of its activity consisted of sub-contracting works to other companies and its main task was to manage the projects.

Eurostat pointed out that as this unit acted as an intermediary between the private and public sector, it should be considered as an agency or an auxiliary unit of government. In addition, given that, the works were not performed by the unit itself, that the major, part of its output, though less than 80%, was sold to government and that no tender procedure was organised, Eurostat expressed its doubts whether this unit could remain classified outside S.13. It

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<sup>5</sup> “If a public producer is the only supplier of its services, it is presumed to be a market producer if its sales to non-government units are more than half of its total output or its sales to government fulfils the tendering condition of paragraph 20.25”

recommended to examine its statute in order to analyse whether the unit had autonomy of decision. The Spanish statistical authorities agreed to analyse the sector classification of this unit in line with the Eurostat recommendations expressed above. They also confirmed that the same circumstances might apply also for the unit *Aguas de la cuencas Mediterrraneanas*.

Accordingly, Eurostat proposed to verify the sector classification of both public water companies, taking into account the calculation of the 50 % criterion as well as the qualitative criteria.

Then, the non-compliance with the 50 % criterion, due to COVID-19 circumstances, was discussed. Eurostat agreed that a one-off non-compliance with the 50 % criterion due to the exceptional circumstances, such as COVID-19, would not automatically lead to a re-classification of a unit. Such exceptional circumstances could be considered as a *force majeure* in 2020. This might be a case also in 2021, but only for some activities. While some sectors already recovered in 2021, other sectors might have been still heavily impacted by COVID-19. Eurostat proposed to analyse the situation across sectors and in particular to compare it with other units in the same sector. In addition, the 2022 business plans could be analysed.

#### *Findings and conclusions*

**Action point 5:** The Spanish statistical authorities will clarify / specify the process of the implementation of the 50 % criteria in the EDP inventory, in line with the discussion which took place during the meeting.

*Deadline: end-April 2022<sup>6</sup>*

**Action point 6:** The Spanish statistical authorities will provide a detailed note analysing the sector classification of the public units *Aguas de la Cuencas Mediteraneas* and *Aguas de la Cuencas de Espana*, considering both the calculation of the market/no-market test as well as qualitative criteria.

*Deadline: mid-June 2022*

### **4.1.2. Changes in sector classification since the November 2019 EDP visit**

#### *Introduction*

The application of the sector classification rules was discussed under this point of the agenda, based on the EDP inventory chapter Sector classification of units. The competent body responsible for the classification of public units is the Technical Committee.

Public hospitals and universities are classified in the general government sector.

Prior to the meeting, the Spanish statistical authorities provided a list of units classified in the general government sector, by sub-sectors, which was discussed during the meeting.

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<sup>6</sup> This AP was postponed to end-July 2022.

### *Discussion and methodological analysis*

The participants reviewed the main changes in the list of units classified in the general government sector since the last EDP dialogue visit. Most units have been re-classified in the general government sector due to the non-compliance with the 50 % criterion. On the other hand, some units were removed from the general government sector, mainly as they ceased to exist or were merged with other public units.

As regards the *Rodalies de Catalunya*, IGAE explained that it was not a separate institutional unit, but a part of *Renfe Operadora* (classified in S.11), which operates in the Autonomous Community of Catalunya.

The unit *Alta Velocidad España-Portugal* was reclassified in S.13, as it had not started its activity. It was agreed that this unit should have been re-classified to S.13 at an earlier stage, though there would have been no impact on government accounts.

Eurostat enquired about the procedures on how the new units were identified and classified in national accounts. The Spanish statistical authorities explained that besides the central government, there are 17 Autonomous Communities and more than 9,000 territorial local authorities with powers to create new dependent entities, in accordance with the requirements set out in local and regional legislation.

In the case of the central government, new units are identified primarily by analysis of the annual Budget Act, which tends to be the legislative instrument used for the creation of new central government public bodies. In addition, the IGAE manages INVENTE<sup>7</sup>, which contains all public entities belonging to the general government. The inventory contains, among others, an information on the sector classification of every public unit controlled by government, in national accounts.

### *Findings and conclusions*

Eurostat took note on these explanations.

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

##### *Introduction*

The Spanish statistical authorities provided at end-December 2021, an updated *Questionnaire on government-controlled entities classified outside general government*, which was discussed under this point of the agenda. The questionnaire includes data for the year 2020.

Moreover, under this point of the agenda, two public units, *ADIF-AV* and *Institut Català de Finances* (ICF), were discussed in more detail.

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<sup>7</sup> Inventory of state, regional and local public sector bodies

Prior the visit, the Spanish statistical authorities also provided a table on main revenue and expenditure items of other central government units/groups of units (classified in S.13) for 2020.

### *Discussion and methodological analysis*

Eurostat took note that the method of identification and classification of public units had not changed since the last EDP dialogue visit. The process of classification of public corporations controlled by government is explained in detail in the EDP inventory.

Eurostat, together with the Spanish statistical authorities, reviewed the list of government-controlled entities and discussed some specific cases.

Firstly, Eurostat noted that the market / non-market test for some units was just above 50 % for the last three years and asked the Spanish statistical authorities to closely monitor such units. As already discussed under the item 4.1.1, the year 2020 was considered as an exceptional year due to COVID-19. The 50 % criterion fell below the threshold in 2020 in some transport / infrastructure companies, namely ADIF-AV and *Ferrocarril Metropolitan de Barcelona*. The ADIF-AV was separately discussed below.

As regards the *Ferrocarril Metropolitan de Barcelona*, Eurostat observed that, also in the past this unit was very close to 50 %. If the threshold would fall under 50 % only in one year, there was no need to reclassify the unit inside S.13. However, in the case this would occur over several years than the unit should be re-classified in S.13. In addition, expectations on its future performance should be taken into account. Eurostat strongly recommended that the qualitative criteria was to be also considered, for example the fact that the price of train tickets was defined by government.

The Spanish statistical authorities explained that a coefficient was used for the depreciation in national accounts in the 50 % criterion (calculated on the basis of business accounts), which amounted between 1.4 – 1.8 for infrastructure companies.

In this context, Eurostat enquired whether a coefficient was applied to all infrastructure companies, for example railways and metro companies. It was explained that a coefficient was in fact used only in a limited number of transport units (mainly railways companies). While it was applied to the Barcelona metro, this was not the case for other metro companies. Eurostat underlined that the coefficient should be applied to all companies with a high stock of non-financial assets (i.e. railways and metros). Eurostat further inquired about the main reasons to apply a coefficient only for some infrastructure companies. The Spanish statistical authorities explained that in the past, it was applied only to those companies with a market / non-market test close to 50 %, which could have eventually impacted the sector classification of the unit concerned. Eurostat underlined that this practice should be changed and harmonized in the identified sector with high infrastructure costs. For example in the case of *Metro de Madrid*, no coefficient was applied and the 50 % criterion was around 60%. The application of the coefficient might have an impact on the sector classification of this unit. However, in the case that a coefficient could not be applied for some units in this sector,

Eurostat proposed to make a proper estimation of the consumption of fixed capital for the purpose of national accounts.

Eurostat explained that most MS used either a coefficient or a proper estimation of the consumption of fixed capital in national accounts. In any case, most of the infrastructure companies (namely railways) were classified in S.13.

The Spanish statistical authorities agreed to provide a list of companies for which a coefficient was used and agreed to calculate and apply a proper coefficient for all infrastructure companies, including metro companies.

Next, the public unit *Institute Municipal de l'Habitatge i Rehabilitació de Barcelona* was discussed. This unit owns apartments, which are used for renting. It also provides social housing. Subsidies to the rental prices are excluded from the sales in the 50 % criterion, as it was not considered as a part of sales. Most of such public units are classified in S.13 while this unit remained classified outside the general government on the basis of the market-non market test. The Spanish statistical authorities confirmed that no adjustment was done for the consumption of fixed assets in national accounts and agreed to calculate it. Eurostat also asked to clarify what was considered as sales in the 50 % criterion. In order to analyse the qualitative criteria, the statute of this unit should be analysed and provided to Eurostat.

Eurostat continued to enquire about the public unit *Centro Intermodal de logística (CILSA)* and in particular about its nature. It observed that the unit had very few employees while the market non-market test was well above the 50 % criterion. The Spanish statistical authorities agreed to provide more information on this unit.

As regards the *Questionnaire on government-controlled units classified outside general government*, Eurostat asked the Spanish statistical authorities to provide more details also for units below the threshold of 0.1 % of GDP of liabilities, in particular the results of the 50 % criterion and the number of employees. This will be provided before the next EDP visit with a previous agreement of Eurostat.

Lastly, Eurostat welcomed the delivery of the detailed table on main revenue and expenditure and financial transactions for other central government bodies (OCGB), and in particular of the detailed breakdown of revenue/expenditure of OCGB. Eurostat appreciated the fact the Spanish statistical authorities adapted the table and showed codes of the non-financial (NF) transactions. Eurostat also noted that the both NF and financial accounts (FA) were available on units/groupings of units. The totals reported in the table were consistent with the EDP table 2A and ESA tables.

### *Findings and conclusions*

**Action point 7:** The Spanish statistical authorities will specify for which companies with a high stock of non-financial assets (railways, metros, etc.) a correction to the depreciation costs from business accounts (i.e. coefficient) is undertaken and/or needed in order to apply a proper calculation of the consumption of fixed capital for the 50 % criterion. In addition, the coefficient used for each of these companies will be provided.

*Deadline: mid-June 2022*

**Action point 8:** The Spanish statistical authorities will calculate and apply a proper coefficient as regards the amortisation calculation from business accounts for the Metro of Madrid as well as for the other metro companies in Spain.

*Deadline: mid-June 2022*

**Action point 9:** The Spanish statistical authorities agreed to verify the calculation of the 50 % criterion for the public unit *Institut Municipal de l'Habitatge i Rehabilitació de Barcelona* and to apply a proper adjustment for the consumption of fixed capital. In the context of the market/non-market test, the Spanish statistical authorities will also detail and explain the 'sales' of this entity. Moreover, the Statute and the latest annual accounts of this public unit will be provided to Eurostat.

*Deadline: end-June 2022*

**Action point 10:** The Spanish statistical authorities will clarify the exact nature of *Centro Intermodal de logística (CILSA)*.

*Deadline: end-June 2022*

**Action point 11:** As regards the *Questionnaire on government-controlled units classified outside general government*, the Spanish statistical authorities will provide more details, and in particular the results of the 50 % criterion and the number of employees, also for units below the threshold of 0.1 % of GDP of liabilities, upon specific request of Eurostat, for the purpose of the EDP visits.

*Deadline: next EDP visit*

## ADIF-AV

### *Introduction*

Up to 2013, ADIF was classified in S.11 (*Nonfinancial corporations*). In 2013, the government undertook a restructuring of ADIF as follows: the State transferred to ADIF the ownership of the conventional (no high-speed tracks) rail network. Therefore, ADIF became the owner of both, the high-speed and the conventional rail networks. In the same year, the construction and the exploitation of the high-speed rail network was segregated from ADIF and this new unit was named *ADIF-Alta Velocidad (AV)*.

As a consequence of this restructuring, ADIF performs the management (exploitation) and maintenance of the conventional rail network and ADIF-AV performs the construction, management (exploitation) and maintenance of the high-speed rail network.

In national accounts, ADIF was classified in S.1311 while ADIF-AV remained classified in S.11. The sector classification of ADIF-AV was mainly based on the market / non-market test.

Under this item of the agenda, the restructuring of ADIF-AV, also the liberalisation of the rail passenger transport and the calculation of the 50 % criterion were discussed.

#### *Discussion and methodological analysis*

First, Eurostat enquired about the re-organisation of ADIF-AV in 2013, and in particular about the governance of both units: ADIF and ADIF-AV. The Spanish statistical authorities explained that it was a government decision to split ADIF into two companies due to the expected liberalisation of the railway market in the future. Eurostat assumed that they were two different companies, but while looking at the annual accounts of both companies and their governance, it appeared that the management of ADIF was very similar and in fact almost identical, to the management of ADIF-AV. The president is the same in both companies as well as the majority members of the Board of directors. The websites of the two companies also seems to be extremely similar. In this context and given the facts raised above, Eurostat asked the Spanish statistical authorities to provide a note on the governance of ADIF-AV and on the possible implication on its sector classification.

Second, the rail passenger transport was liberalised in December 2020, but it was only in May 2021 that new companies started to provide their services. The freight transport has been liberalised since 2008. With new competition entering the passenger railways, the prices are expected to decline. As it was discussed during the previous EDP visits, the amounts that the railways operators (up to now it was only one – *Renfe Operadora*) pay to the infrastructure manager are defined in a legal government act. An EU Directive defines that fees are to be set by railway infrastructure operators. Eurostat enquired whether the price would be the same for all railways operators. It was confirmed that the same conditions would be applied to private operators as to *Renfe Operadora*. The price will depend on the characteristics, time slots used, features, etc.

Third, Eurostat enquired further about the calculation of the 50 % criterion for ADIF-AV. As discussed earlier, in national accounts the depreciation amounts from ADIF -AV business accounts, are corrected by a coefficient (see discussion above under the item 4.1.3). Eurostat acknowledged that the coefficient used seemed to be one of the highest among the Member States, but also said that most infrastructure operators in the EU are classified in S.13.

Then the issue of traction energy was re-discussed. Eurostat had already raised doubts, during the last EDP visit, on whether the purchase of electricity power and the sale of traction energy should be included in the 50 % criterion. Currently, the traction energy is included on both sides of the test, i.e. as a cost and as a sale. Eurostat said that, in line with the MGDD and ESA 20.30 and 20.31, the output produced for the own use of an entity should be excluded from the 50 % criterion, from costs and sales, in particular as ADIF-AV does not seem to have the nature of producer or of a trader in this activity. The Spanish statistical authorities argued that ADIF-AV's activity of supplying electricity to rail transport operators constitutes an activity ancillary to land transport and it was treated as an 'ancillary activity' to its main activity. According to the railway code, facilities linked to the transformation and transport of electricity are part of the railway infrastructure.

Eurostat expressed doubts on this interpretation and said that even in the business accounts of ADIF-AV, the sale of this energy is included under other revenue and not under sales. Moreover, an ancillary activity as defined in ESA 2010 paragraph 3.12 says, “*An ancillary activity is an activity whose output is intended for use within an enterprise*”. In this respect, even if the traction energy was considered as an ancillary activity of ADIF-AV, it should not be counted as a sale in national accounts.

The Spanish statistical authorities underlined that ADIF-AV purchases energy (high voltage) and transforms it to be suitable for supply to railway undertakings. This process of transforming and adapting to railway infrastructure is the responsibility of an energy producer. This transformed energy is sold to railway operator (i.e. Renfe Operadora).

Eurostat did not dispute that the ADIF-AV was involved in the process of transformation, but only on whether these amounts should be included as a sale and a cost in the 50 % criterion. In any case, Eurostat underlined that the whole traction energy could not be included in the 50 % criterion. Possibly a part of the traction energy could be included in the 50 % criterion, but only the margin should be considered (i.e. revenue from sales – costs).

In addition, the Spanish statistical authorities explained that this energy was not only sold to railway operators, but it was also used by ADIF-AV itself as a part of the intermediate consumption. In this respect, Eurostat thought that one possible solution could be that the margin (as sale) and a part of the intermediate consumption (as cost) of the traction energy could be included in the 50 % test. Thus, Eurostat asked the Spanish statistical authorities to further reflect on whether the whole amount of the purchase and sale of the traction energy should be included in the market/non-market test of ADIF-AV or only a part of it (i.e. the margins, the part related to the transformation of mechanical energy into electric one, etc.). The Spanish statistical authorities also said that they would verify with the expert group on sector classification of units whether ADIF-AV was to be considered as a trader of energy.

The exclusion or only the partial inclusion of the traction energy in /from sales and costs of the 50 % test could impact the results of the 50 % criterion, and consequently the sector classification of this unit.

Concerning the calculation of the 50 % criterion, Eurostat asked the Spanish statistical authorities to explain the exact nature of *Other operating income (Otros ingresos de explotación)*, in particular *Investment actions for third parties (Inversión por cuenta de terceros)* and *Other income (Otros suministros)* and analyse whether this income should be included as sales in the 50 % criterion. As regards *the investment actions for third parties*, the Spanish statistical authorities explained that ADIF-AV undertook some infrastructure works for the local governments (municipalities) and that this was not related to the railways infrastructure owned by ADIF-AV. Eurostat enquired who was the owner of this infrastructure and how it was recorded in the accounts of the client (i.e. local governments). The Spanish statistical authorities also agreed to clarify what part was recorded as GFCF of ADIF-AV. In addition, the Spanish statistical authorities agreed to provide more details on what was included in “other income”.



Lastly, Eurostat took note that the market non-market test fell below the 50 % due to the special circumstances of COVID-19, which would not trigger by itself the sector re-classification of this unit.

#### *Findings and conclusions*

**Action point 12:** As regards ADIF-AV, the Spanish statistical authorities agreed to provide a note to Eurostat explaining the nature of *Otros ingresos de explotación - Otros, Actuaciones Inversión por cuenta de terceros and Otros suministros*, and analysing whether these should be included in the 50 % criterion.

*Deadline: mid- June 2022*

**Action point 13:** The Spanish statistical authorities will also reflect on whether the whole amount of the purchase and sale of the traction energy should be included in the market/non-market test of ADIF-AV or only a part of it (i.e. the margins, the part related to the transformation of mechanical energy into electric one, etc.). Currently, the purchase and sale of the traction energy is included on both sides of the 50 % criterion for the whole amount, as a cost and as a sale.

*Deadline: mid-June 2022*

**Action point 14:** The Spanish statistical authorities will provide to Eurostat a note on the governance of ADIF-AV and on the possible implication on its sector classification in national accounts, given the fact that the great majority of the *Board of directors*, including the *President*, are the same persons having the same functions, for both ADIF and ADIF-AV.

*Deadline: mid-June 2022*

#### *Institut Català de Finances (Catalan Finance Institute) – ICF*

##### *Introduction*

ICF is a public financial institution owned by the Government of Catalonia (*Generalitat*). It offers to companies a range of products and services in the area of corporate finance, focusing on loans and guarantees and venture capital investments. It is financed mainly in the domestic and international markets via bank credit and debt issuances. As for the use of its assets, the largest percentage is used for granting long-term loans to a large number of sectors and activities.

ICF incurs liabilities on its own account, although it needs authorization to issue fixed-income securities. This requirement does not exist for loan-based financing. At the same time, it can receive deposits, although almost exclusively from other public institutions. ICF's liabilities from borrowing in the markets are guaranteed by the *Generalitat*.

The sector classification of ICF was discussed in the context of the 2015 EDP visit in line with the ESA 2010. During that visit, Eurostat said that it appeared that ICF had no autonomy of decision as the government executed a significant control, via the General Board, over its assets. However, after the visit, the Spanish statistical authorities informed Eurostat about the

legal changes of ICF. The amended law of ICF (*Decree Law 2/2015 of 28 July*) established an independence of the General Board of ICF. Eurostat provisionally agreed ICF to remain classified in sector *Other financial intermediaries, except insurance corporations and pension funds* (S.125).

As regards governance of ICF, its governing bodies are the Supervisory Board and the Chief Executive Officer. The adaptation of ICF to the European law for credit institutions led to a reinforcement of the independence of the Supervisory Board from the *Generalitat* by reducing the number of government representatives and increasing the number of independent members. Currently, the Supervisory Board consist of 11 members, six of whom are independent. All members of the Supervisory Board are appointed and removed at the proposal of the *Generalitat*, subject to a prior favourable report by ICF's Appointments and Remunerations Committee and to the regulation of credit institutions.

Its subsidiaries IFEM and ICF Capital are classified in S.13 while AVALIS is a private company.

#### *Discussion and methodological analysis*

The Spanish statistical authorities explained that there have been no changes in the governance of ICF, which was considered as an independent company.

The ICF carried out some operations on behalf of *Generalitat* in the context of COVID-19 pandemic. This was identified by analysing the ICF accounts. In accordance with an agreement between the *Generalitat* and the ICF, a special programme, to grant loans to companies, was created. The limit was set to 700 million euro with a government guarantee. In accordance with the provisions of ESA 2010 paragraph 1.78, the Spanish statistical authorities considered that these loan operations should be rerouted via government accounts. Eurostat agreed to this recording.

Then, Eurostat enquired about the recent change of the president of ICF. As observed in some newspaper articles, the independent president of ICF was dismissed by the government. This happened, as he allegedly disagreed to vote in favour of the government proposal that ICF should perform a certain operation, which he had considered as too risky. At the same time and for the same reason, three other independent members of the Board resigned. The government then appointed a new president, who was a former government official. The above-mentioned events raise very strong concerns whether ICF has de facto a decision-making autonomy in respect of their principal activity. Eurostat stressed that an *independent member* means that the president and /or the board member should not simply follow the instructions of government but should be able to take economic decisions as a normal financial institution would. However, as seemingly the president of ICF did not follow government instructions, he was simply replaced by a former member of government. Such intervention of government strongly indicates that ICF could not refuse the government instruction to perform a specific operation and it poses a question on how independent ICF really is. Eurostat recalled that it is well understood that government, as a shareholder of the ICF, might provide some broad indications, but not an instruction on how an individual

transaction should be conducted or not. Eurostat also questioned whether the particular operation involved was even in the mandate of ICF. The change of an independent President in such circumstances strongly indicates that ICF has in reality no autonomy of decision and accordingly it opens a question whether it could remain classified outside the general government or not. In any case, Eurostat underlined that the specific transaction should be immediately re-routed via government accounts.

Eurostat took note of the explanations provided by the Spanish statistical authorities that ICF had in the past a good reputation and that it was a profit-making company. Eurostat stressed that the main reason of concerns was not only that the government gave an instruction to ICF to perform a certain individual transaction, but that the government decided to change the President for not following its instructions on one specific operation. Eurostat asked the Spanish statistical authorities to analyse whether, due to this this extraordinary interference of government, it can be still considered that ICF still has an actual autonomy of decision.

### *Findings and conclusions*

**Action point 15:** Eurostat asked the Spanish statistical authorities to provide a note on the sector classification of ICF, as discussed during the meeting, in particular on whether it can be considered that this unit has a real autonomy of decision, given the events that took place in 2021.

*Deadline: end-May 2022<sup>8</sup>*

## **4.2. Implementation of accrual principle**

### **4.2.1. Accrual taxes and social contributions**

#### *Introduction*

The new method, a simple time adjustment cash (TAC), was implemented in the context of the benchmark revision in the October 2019 EDP notification. It was applied to three types of taxes: VAT, Tax on personal income (PIT) and Corporate income tax (CIT), as well as to social contributions (SC). Other taxes continued to be recorded on a cash basis for different reasons, in particular as cash was considered a reliable proxy for the correct recording of these taxes in national accounts.

The time lag was decided on the basis of the payment deadlines per tax. In summary, putting aside specific cases, the deadlines were as follows:

- VAT: the tax settlement, for VAT accrued for large companies in December (t-1) and SMEs in the fourth quarter (t-1), are presented during the first thirty calendar days of January (t);
- Withholding of PIT: the tax settlement, for withholding of the fourth quarter/December earnings are presented during the first twenty calendar days of January (t);

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<sup>8</sup> A note was provided on 15 June 2022.

- PIT taxpayers carrying out economic activities: the tax settlements for activities carried out in the fourth quarter (t-1) are presented during the first thirty calendar days of January (t);
- Withholding of CIT: the tax settlement, for CIT accrued for activity of the fourth quarter/December (t-1) are presented during the first twenty calendar days of January (t);
- SC: the settlement for social security contributions accrued in December (t-1) are presented during the first thirty calendar days of January (t).

The method has been extensively discussed with Eurostat prior and during the October 2019 EDP notification as well as during the 2019 EDP visit.

Tax reimbursements continues to be recorded at the time of the submission of the tax declaration by taxpayers, as previously agreed with Eurostat in 2013.

Under this item of the agenda were also discussed the deferral of taxes due to COVID-19 and the recording of the deferred tax assets – DTAs (namely DTAs related to the Royal Decree-Law 14/2013 of 29 November 2013) in national accounts.

#### *Discussion and methodological analysis*

There have been no changes in the recording of taxes and social contributions. In line with the Eurostat's recommendation, the TAC method was implemented in the context of the October 2019 EDP notification. It was applied to VAT, PIT and CIT as well as to social contributions (SC). Other taxes are recorded on a cash basis as cash was considered a reliable proxy for the correct recording of these taxes in national accounts.

Eurostat also took note that all necessary information was available per tax on a monthly basis and that the Spanish statistical authorities provide, on a regular basis, monthly cash and accrual data per tax, prior to the April and October EDP notifications. The Spanish statistical authorities also agreed to closely follow-up on any changes in laws, which might impact the time of payment of taxes. The time lag should be adjusted, if necessary.

The tax reimbursement continues to be recorded in national accounts at the time of submission of the tax declaration by taxpayers, in line with the previous agreement. Tax reimbursements are recorded on a cash basis in the budget (and working balance in the EDP table 2), while taxes are recorded on an accrual basis.

Eurostat thanked the Spanish statistical authorities for providing an update of the Questionnaire on taxes and social contributions end-December 2021 and asked them to fill in all parts of the questionnaire, even if no changes incurred, in the future transmission of this questionnaire.

Next, the issue of deferral of tax deadline due to COVID-19 was discussed. The temporary legal change in the due for payment dates (deferral) because of COVID-19 was the same for the three taxes (VAT, CIT and PIT). It is regulated by *Article 14 of Royal Decree-Law 7/2020*.

The COVID-19 deferrals affected taxpayers whose deadline for a submission and remittance of tax ended between March 30 and May 30, 2020. The eligible taxpayers were those with a volume of transactions not exceeding 6 million euro and the additional period shall be maximum 6 months. In accordance with the rules laid down by the *General Regulations on Collection*, this 6-month period began at the time when the administration granted the postponement.

As the payment deadlines were changed (prolonged) and a simple time-adjusted cash method is used, the time lag used was temporarily reviewed in order to correctly reflect the time when the economic activity generating the tax liability took place. Such a review of the time lag was conducted through an ad-hoc adjustment of cash, so as to avoid any double counting of taxes in one period, and the recording of an insufficient amount of taxes in another period. For national account purpose, an ad-hoc adjustment was made for the amounts estimated to be uncollectible.

The deferral of taxes was extended in 2021. The Spanish statistical authorities explained that the tax office provided the necessary information on the amounts deferred and the amounts recovered each month. The estimation used in the context of the April 2021 EDP notification was revised and replaced by actual data collected by the tax authorities in the October 2021 reporting. Eurostat took note that the revisions observed were negligible. According to the last available information provided to Eurostat, all deferred taxes, estimated to be recovered, were in fact collected by the tax authorities. The Spanish statistical authorities explained that any further collections of previously deemed uncollectible amounts are estimated to be small and will be recorded at the moment of collection.

Then, Eurostat enquired about the latest decision of the DG COMP on the allegedly illegally obtained tax benefits received by a number of companies for the last 20 years. According to some news articles, a number of companies obtained tax benefits, which have been declared illegal and are subject to recovery in the DG COMP proceeding against Spain. The European Commission was demanding the repayment of about 2.5 billion euros for this allegedly illegal aid granted to some large companies over the almost 20 years. The Spanish statistical authorities agreed to follow-up on this case with the tax authorities and to clarify whether the amounts were already known / established. Eurostat suggested to analyse the likelihood that these amounts would be actually paid back and to take into account the rules of court decisions (in the case of an appeal). The cash recording would be appropriate only when it is difficult to establish the amounts. The issue will be further discussed when more facts are available.

Finally, the recording of deferred tax assets (DTA) was discussed, in particular the ones related to *The Royal Decree-Law 14/2013 of 29 November 2013*. During the last EDP visits it was agreed, for practical reasons, that the DTAs, submitted by companies in July t+1 would be recorded as government expenditure in the year t+1 and not in year t+2 when the amounts would be finally validated/settled by government. Eurostat took note that the procedure process of validation of DTAs was rather lengthy and complex. Final validation could take up to 1.5 years.

As discussed previously on a bilateral basis, the DTAs requested by the Banco of Santander in 2018 were initially validated by the tax authorities, although not paid yet pending the final audit, and recorded as an expenditure in national accounts. However, during the audit process in 2019, the tax authorities rejected to pay the claim (as foreseen by the legislation in the event of losses). Although the Banco Popular (absorbed by the Banco Santander in 2018) had losses, the consolidated accounts of the Banco of Santander had no losses. This was the main reason for the rejection of this claim. The Banco of Santander appealed to the economic court at the end of 2019. The Spanish statistical authorities agreed to inform Eurostat about the latest development on this appeal.

The Spanish statistical authorities further explained that the banks BBVA and Santander applied for DTAs at end-December 2021 (usually they applied in July) and that the final decision by tax authorities was not expected to be available before July 2022. Eurostat agreed that the time of recording should remain at the time of the submission of the claim in order to avoid any double counting. Nonetheless, Eurostat underlined that any evidence, indicating that the claims might be rejected by the tax authorities, should be considered.

Next, Eurostat further enquired about the nature and functioning of these DTAs. The Spanish statistical authorities explained that there are two parts of DTAs. The Royal Decree-Law 14/2013 allows DTAs either to be deducted from the corporate income tax in the following years (*offsetable part*) or to be transformed into claims in the event of losses (*monetisable part*). The information on the amount of DTA to be monetised or offset (compensated) is included in the self-settlements of CIT by banks, but information on the stock of DTAs is not available.

While the *offsetable* DTAs will reduce the taxable basis in the future years via lower collection of CIT taxes (recorded in national accounts as lower CIT tax revenue), the *monetisable* part of DTAs is recorded as government expenditure when recognised by government (recorded in national accounts as expenditure at the time of the submission of the claim).

Eurostat asked to receive information on the potential stock of DTAs recognised in the balance sheets of the banks concerned, by individual bank. The Spanish statistical authorities explained that the process to identify DTAs was rather complex, however, inspections were conducted by the tax authorities for big companies every few years (covering also DTAs among others). They agreed to provide this information to Eurostat.

It was further explained that a maximum of 25 % of the positive tax base could be deducted while the DTA on a negative tax base was never lost (for companies with turnover over 60 million euro). DTAs were not transferable, except in the case of the merger under strict conditions.

The current MGDD says that that the payable tax credits related to DTAs should be recorded in national accounts as expenditure for their full amount, at the time they are recognised by government. Eurostat agreed that the recording of DTAs in national accounts in Spain was in line with the current rules. Nevertheless, Eurostat also acknowledged that this issue was rather complex. It also said that the recording of tax credits in national accounts were

currently discussed in the EDPS WG and that any future change of the current rules on tax credits might have an impact on the current recording of DTAs in Spain.

#### *Findings and conclusions*

**Action point 16:** Eurostat asked the Spanish statistical authorities to fill in all parts of the *Questionnaire on taxes and social contributions*.

*Deadline: end-December 2022 and following years*

**Action point 17:** As regards taxes, Eurostat asked the Spanish statistical authorities to follow-up on the decision of DG COMP as regards the allegedly illegally obtained tax benefits received by a number of companies for the last 20 years and provide a note on this issue.

*Deadline: end-April 2022<sup>9</sup>*

**Action point 18:** As regards DTAs, Eurostat asked the Spanish statistical authorities to provide the potential stock of DTAs recognised in the balance sheets of the banks concerned, by bank, related to *The Royal Decree-Law 14/2013 of 29 November 2013<sup>10</sup>*.

*Deadline: 1 September 2022*

**Action point 19:** The Spanish statistical authorities will also clarify the nature and functioning of the two parts of these DTAs – the *monetisable* and the (tax) *offsetable* parts – providing examples.

*Deadline: 1 September 2022*

**Action point 20:** Moreover, the Spanish statistical authorities will inform Eurostat on the latest development of the appeal of the *Banco Santander* as regards the rejection of its DTA claim in 2018, following the merger with *Banco Popular*.

*Deadline: 1 September 2022*

#### **4.2.2. Accrued interest**

##### *Introduction*

The calculation of the accrued interest payable (D.41) was discussed under this point of the agenda. Due interest together with premiums and discounts are recorded in the budget on a cash basis. The Working Balance (i.e. budget) thus includes the effect of premiums at issuance and discounts at repurchase, which are then neutralised in EDP table 2A (premiums under adjustment line “*Other financial transactions (+/-)*”, discounts under line “*Difference between interest paid (+) and accrued (D.41) (-)*” and only their spread over the life of the

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<sup>9</sup> A preliminary note was provided on 15 June 2022.

<sup>10</sup> Real Decreto-ley 14/2013, de 29 de noviembre, de medidas urgentes para la adaptación del derecho español a la normativa de la Unión Europea en materia de supervisión y solvencia de entidades financieras

instrument are included in B.9. The repayment of discounts is identifiable from debt repayments. Premiums are recorded in national accounts as negative expenditure.

Accrued interest is valued by the Directorate-General of the Treasury and Financial Policy, per instrument. The interest is accrued over the life of the security.

Prior to the meeting, the Spanish statistical authorities provided an ad-hoc table on the recording of interest.

#### *Discussion and methodological analysis*

Eurostat and the Spanish statistical authorities examined the table on interest provided prior the meeting. The Bank of Spain (BdE) compiled this table, which covers the State. Eurostat considered that the table was plausible and consistent with the EDP tables. However, only interest on bonds and treasury bonds was included in this table while loans and deposits were excluded. The only exception was premia received on SURE loans.

Eurostat asked on the main reasons why interest on deposits and loans are excluded from the interest table (and also the EDP table 3B). The BdE explained that in line with the *ESA 5.242, the interest on loans and deposits are not included under the financial instrument, but under Other accounts receivable / payable*. As it was not compulsory to record interest under the instrument and ESA allows flexibility, this approach was chosen for deposits and loans. Eurostat noted that the ESA foresaw an exception in those specific cases when the source data does not allow to separate interest and principal. The Spanish statistical authorities explained that they are aiming at consistent data also for the users, the statistical balance sheets show accrued interest separately from principal (deposits and loans), however the amounts are not identifiable. In any case, the amounts concerned were very small. Eurostat took note of these explanations and encouraged the Spanish statistical authorities to reflect whether to include interest under the relevant instrument also in the case of deposits and loans. This would be beneficial for the users of the GFS.<sup>11</sup>

#### *Findings and conclusions*

Eurostat took note of the explanations.

### **4.2.3. EU flows**

#### *Introduction*

EU flows are recorded according to the Eurostat rules, for the central and state government as well as for the social security sub-sector while, for the local government, they are recorded on a cash basis. The amounts involved are, however, very small for local government. This issue was already discussed in the context of previous EDP dialogue visits and Eurostat provisionally agreed to this recording due to the very negligible impact on B.9.

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<sup>11</sup> Government Finance Statistics



The Directorate-General for EU Funds of the Ministry of Finance and Public Administrations is responsible for managing funds from the European Union. This department closely monitors expenditure settlements, submitted by beneficiaries. The Directorate-General also manages the distribution of EU funds to their beneficiaries. Data are available by fund and by sub-sector on a monthly basis.

EU flows transit through an account in the Bank of Spain with no impact on the government budget. This bank account is deemed to be owned by the Rest of the World in national accounts. The only impact in the budget is when government is the final beneficiary. No advance payments are included in the budget.

The main data source used is the information provided by the managers of EU funds, which is considered the most reliable data source. In line with the established procedure, final beneficiaries have to submit claims to the managers of EU funds. The administrative units provide all the necessary information to the managers, including the information on accrued expenditure. Revenue is recorded, in national accounts (monthly data available), at the time when the claims are submitted by the beneficiary to the managers of EU funds (and expenditure already incurred). According to the MGDD, the time of recording of revenue from the EU should match the time of recording of the government expenditure covered by the EU grant. This is done in order to ensure that there is not impact on B.9. Eurostat provisionally agreed that the time of submission of claims could substitute the time of expenditure (i.e. used as a proxy) given that a gap between the time when the claim was submitted and the expenditure incurred was rather small.

#### *Discussion and methodological analysis*

The EU flows were discussed in detail during the last EDP visits. No changes have incurred since then.

The Spanish statistical authorities explained that in 2020 and 2021 there was a delay of the submission of claims due to the late approval of some programmes (REACT EU Funds) by the European Commission. Eurostat underlined that when the gap was not small (one year) and might lead to a B.9 impact, the time of recording of government revenue from the EU should match the time of recording of government expenditure.

As regards the recording of EU flows at the level of local governments, the Spanish statistical authorities explained to have now available data sources, allowing them to implement the MGDD rules on EU flows. Eurostat welcomed this improvement in data sources. It was agreed to be implemented in the context of the October 2022 EDP notification.

Regarding the implementation of the new MGDD chapter on the *accounting treatment of EU financial instruments*, the Spanish statistical authorities confirmed that all fund managers were classified in S.13 (mainly at the level of S.1312 and one manager at the level of S.1311).

The principle of EU flows B.9-neutrality should be ensured at the level of the beneficiaries (the managers of funds) by imputing revenue from EU at the time of the cancellation of a

loan and expenditure. In this respect, Eurostat asked to receive information on the total amount of the stock of loans (AF.4) and other accounts payable (AF.8) involved. The Spanish statistical authorities explained that the stock of loans was not sizeable, but agreed to provide the amounts concerned.

#### *Findings and conclusions*

**Action point 21:** The Spanish statistical authorities agreed to implement the MGDD rules on EU flows also at the level of local government, although the amounts concerned seem to be negligible, as the data sources allow them at present to make an accrual adjustment in national accounts.

*Deadline: October 2022 EDP notification*

**Action point 22:** As regards the issue of EU financial instruments, Eurostat asked the Spanish statistical authorities to provide information on the total amounts of the stock of loans (AF.4) and other accounts payable (AF.8) involved.

*Deadline: end-June 2022*

#### **4.2.4. Recording of health expenditure in the Autonomous communities**

##### *Introduction*

In 2020, the Spanish statistical authorities discovered unrecorded health expenditure from 2015 onwards in the Autonomous Community (AC) of Madrid, related to overdue settlements with private hospitals (S.11). This was discovered by examining the reports of the regional Court of Auditors of the AC Madrid.

As these amounts were earlier not recorded at all, the only possible reason was that the AC of Madrid did not consider this expenditure as accrued in the past years, because they did not recognise them. Eurostat said that, in such circumstances, therefore, the only possible accrued moment became the moment of recognition of this expenditure in 2020 with an impact on government deficit and debt. This recording was applied in national accounts.

##### *Discussion and methodological analysis*

Eurostat acknowledged that it was a very good practice to analyse reports of the regional Courts of Auditors with the main aim to examine any possible impact on the recording in national accounts. Eurostat asked to be immediately informed, in the future, when issues like overdue settlements were identified.

The Spanish statistical authorities explained that the AC of Madrid recorded health expenditure amounted to about 1 billion euro. The bills for this expenditure have not been yet liquidated and approved by the Ministry of health.

The IGAE explained that a provision was now included in public accounts for this amount. In national accounts, according to Eurostat criteria, it was recorded as a capital transfer (D.9) towards private hospitals at the moment of recognition (2020). Eurostat noted that the

recording of D.9 in 2020, instead of healthcare related expenditure to be recorded at the moment of production/consumption, had some adverse consequences for GFS and COFOG<sup>12</sup> as well.

Finally, Eurostat underlined that a mechanism should be put in place in order to avoid such situations in the future. The Spanish statistical authorities agreed and explained that a letter was sent to all ACs, enquiring about the liquidation of health expenditure. The same procedure will be applied again prior the April 2022 EDP notification.

### *Findings and conclusions*

**Action point 23:** As regards the discovery of the previously unrecorded health expenditure in the Autonomous Community of Madrid, as unveiled by the Spanish statistical authorities when analysing the report of the Court of auditors, Eurostat asked the Spanish statistical authorities in the future to inform Eurostat immediately when such issues are discovered.

*Deadline: ongoing*

## **4.2.5 Court decisions**

### *Introduction*

Under this point of the agenda, several ongoing Court cases were discussed. Prior to the meeting, the Spanish statistical authorities provided a note on current open Court cases with a possible impact on government deficit in 2021. Such a note is provided on a continuous basis before each EDP notification.

The Court decisions are recorded in national accounts in line with the MGDD, i.e. at the time when decision of the Court is final and there are no longer possibilities to appeal, and the amount is irrevocably established.

### *Discussion and conclusions*

The Spanish statistical authorities explained that there are currently several open Court cases at the level of central and state governments with a possible impact on government deficit in 2021.

Firstly, the case ACESA (ABERTIS) was discussed. This issue has been already discussed during the last EDP visits.

ACESA was the concessionaire of a motorway (part of AP-7 and AP-2) since the 1970s. In 2006 Government enacted the Royal Decree 457/2006 stating the enlargement of the AP-7 by mean of a third lane in some tranches, in order to solve the problems of congestion of vehicles. The investment to be carried out by the concessionaire was appraised by 500 million euro. The concessionaire was entitled to recover the investment plus an interest rate over the remaining lifespan of the concession contract, which expired in August 2021. It was considered that an increase in traffic stemming from the third lane would generate enough

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<sup>12</sup> Classification of the functions of government

cash to compensate the concessionaire for the 500 million investment plus the interest rate. The Royal Decree 457/2006 set out the formula to be applied at the end of the concession contract term (August 2021), in case the more traffic generated by the enlargement had not generated the cash to compensate ACESA.

However, as a consequence of the economic crisis, the actual traffic in the motorway did not only grow as expected in the above-mentioned Royal Decree, but even declined sharply. As a result, in the accounts of ACESA, and its parent Company (ABERTIS), a financial claim against government was recorded, for the investment made, plus the interest, and also for the fall in revenue tolls derived from the traffic decrease. The government, based on the opinion of the legal advisory body, stated that it was not possible to amend the formula for the fall in traffic. In this context, in 2017, government enacted an administrative accord by which acknowledged the right of ACESA to be compensated by the investment made plus the interest, but rejected the right of ACESA to be compensated for the fall in traffic. Thus, ACESA appealed to the Supreme Court.

The Supreme Court issued its ruling in 2019 but did not decide about the substance, as there were uncertainties concerning the amount of the final compensation. It ruled that this could be assessed only at the end of the concession contract (August 2021).

In August 2021, ACESA filed for the compensation (of about 5 billion euro), which is to be validated by the Ministry of Transport, in accordance with the terms of the *Royal Decree 457/2006*. The Ministry of Transport had six months to calculate the compensation amounts. Most likely, government would pay only for the expenditure related to investment and interest (about 1.3 billion euro). ACESA could still appeal to the Court if it would disagree with the amount calculated by the Ministry of Transport.

The Spanish statistical authorities followed Eurostat criteria, in line with the MGDD, that the time of recording of the compensation to be paid to ACESA should be recorded in 2021, at the end of the concession contract (August 2021). In the case that ACESA would appeal to the Court, which would then establish an amount different from the Ministry's calculation, the difference would be recorded as an expenditure/revenue, in the year when the sentence was issued.

In line with the established procedure, the Ministry of Transport should calculate the amounts, at the latest, by February 2022. The Spanish statistical authorities agreed to provide a note on the latest developments, in particular on the amounts calculated by the Ministry.

Next, the discussion focused on other open Court cases with a possible impact on government accounts in 2021.

First, the Spanish statistical authorities explained that Telefonica appealed against the TEAC<sup>13</sup> Resolution in 2019, which partially upheld its claim related to the Corporate Income

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<sup>13</sup> Administrative Body within the Ministry of Finance and, in particular, within the *Secteraria de Estado de Hacienda* in which it is also placed the Tax Agency

Tax liquidation. The Court decision of October 2021 might impact the B.9 by about 1.2 billion euro.

Another identified court case involved the Supreme Court Decision of 15 April 2021, annulling some provisions contained in the Royal Decree 198/2015 by which the Hydroelectric Tax was set up. According to the Court ruling, the State had to refund the whole tax accrued in 2013 and 2014 and most of the tax accrued from 2015 onwards. The amount to be paid by government was estimated to be about 2 billion euro. By end-December 2021, 1.9 billion euro had already been paid back to the taxpayers. This amount was included in the 2021 budget and recorded, in national accounts, as D.9 expenditure. The remaining amount of about 0.1 billion euro involves a part of the tax accrued in 2021 that will still have to be reimbursed, according to the judicial sentence. This amount will be deducted from Hydroelectric taxes (D.21r).

### *Findings and conclusions*

Eurostat appreciated that the information was provided on regular basis and stressed the importance of providing timely information on current open Court cases so that, amongst other, DG ECFIN can properly reflect this information in their forecasts.

**Action point 24:** Eurostat took note that ACESA (concessionaire of a motorway) filed for a compensation from government, which is supposed to be validated by the Ministry of Transport, in accordance with the terms of the Royal Decree 457/2006, by February 2022. The Spanish statistical authorities agreed to provide a note on the current situation and in particular on the amounts concerned, with the main aim to agree on the amounts to be recorded as government expenditure in 2021 in the context of the April 2022 EP notification.

*Deadline: end February 2022<sup>14</sup>*

## **4.3 Recording of specific government transactions**

### **4.3.1 Government operations to support financial institutions**

#### *Introduction*

Under this item of the agenda Asset protection scheme (APSs)<sup>15</sup> and SAREB<sup>16</sup> were mainly discussed.

The APSs refer to guarantees granted by the State to credit institutions and to guarantees granted to the purchaser, in the context of the sale of institutions, essentially in the form of an asset protection schemes (APSs). In 2011, guarantees were granted in respect of specific credit and foreclosed property portfolios, which might give rise, in certain cases, to losses that cannot be determined precisely until the end of the period over which each of these schemes are in force. In the context of the restructuring plans of the Banco CAM and Unnim,

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<sup>14</sup> A note was provided on 28 February 2022 and the action point is closed.

<sup>15</sup> The original name in Spanish: Esquemas de protección de activos (EPA)

<sup>16</sup> Sociedad de activos de Reestructuración

the Deposit Guarantee Fund (FGD) provided guarantees (APS) - to both banks. Later, Banco CAM was absorbed by the Banco Sabadell while the Unnim Banc was absorbed by the BBVA.

Eurostat previously agreed that the payments made by the FGD under the APS, would be recorded as a capital transfer (with an impact on government deficit) in the year of the submission of the annual loss statement by the financial institution and after it is verified by the FGD (i.e. when the loss is recognised). The payments are made in the year of the recognition of the loss.

SAREB was founded in November 2012, in the context of the financial crisis, as part of the Memorandum of Understanding signed between the Spanish and International bodies, to assist the restructuration and recapitalization of the Spanish banking sector. At inception, taking into account the Statute of SAREB, ESA 1995, the 2012 Manual on Government Deficit and Debt (MGDD) and the special rules of Eurostat that were in force for the duration of the financial crisis<sup>17</sup>, SAREB was classified as a private financial institution not controlled by government (S.12).

The issue of the sector classification of SAREB was raised again during the last 2019 EDP visit, and as a follow-up of this visit, Eurostat asked the Spanish statistical authorities to re-classify it inside the government<sup>18</sup>. In its letter, Eurostat asked the Spanish statistical authorities to decide whether the re-classification should take place either from the moment of the creation of SAREB (i.e. in 2012) or from 2020 onwards. Both recording options were supported by the MGDD rules in force. The Spanish statistical authorities opted for the latter option. Accordingly, SAREB was re-classified inside the government from 2020 onwards in the context of the April 2021 EDP notification, resulting in an impact on government deficit (by 10 billion euro) and debt (by 34 billion euro) in 2020.

The remaining pending issue was related to the statistical treatment of the property investments and real estate assets, recorded on SAREB's balance sheet (2020 financial statement showed about 12 billion euro of such assets), for which no expenditure had been imputed in national accounts at the time of the sector reclassification in 2020. To assure a consistent cumulated B.9 impact over the lifetime of SAREB in the government accounts, Eurostat underlined that any future disposals of these assets should have no positive impact on B.9.

### *Discussion and conclusions*

As it was previously agreed, the payments made by the FGD under the APS were recorded as a capital transfer with an impact on government deficit in the year of the submission of the annual loss statement by the financial institution and after it was verified by the FGD (i.e.

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<sup>17</sup> The statistical recording of public interventions to support financial institutions and financial markets during the financial crisis

<sup>18</sup> See Eurostat letter: [Spain+sector+classification+of+SAREB.pdf \(europa.eu\)](#)

when the loss is recognised). Under the APS, the FGD covers 80% of losses while the banks absorb the remaining 20%. The payments under APS are expected to be finalised in 2022.

Eurostat enquired about the arbitration process between the FGD, Sabadell and BBVA as the FGD and the banks disagreed over the scope of the APS. The Spanish statistical authorities explained that the disagreement with the amounts concerned were not sizeable. As regards the recording in national accounts, any additional amounts will be recorded at the time of the arbitration, also depending on whether any of the concerned parties would appeal to the Court.

Next, the follow-up on technical issues associated to SAREB's re-classification in S.13 was discussed. Firstly, the Spanish statistical authorities explained that SAREB's legal regime was modified on 18 January 2022. This modification removed the limits to the State's shareholding in SAREB and regulates the procedure by which FROB may acquire additional shares. SAREB will remain subject to private law, even if the State becomes a majority shareholder, with some exceptions on the sustainability. The new principle of sustainability might imply that SAREB may develop social housing policies. This could mean a change in the strategy of SAREB in the future.

Then, a technical discussion focused on a follow-up of SAREB's re-classification in S.13 in 2020. Eurostat and the Spanish statistical authorities were involved in several technical discussions prior the EDP visit, in particular on the statistical treatment of the property investments and real estate assets, recorded on SAREB's balance sheet and for which no expenditure had been imputed in national accounts at the time of its reclassification (about 12 billion euro).

During these discussions, Eurostat proposed several options, also including a possibility to re-classify SAREB in S.13 from its inception or that SAREB remains to be re-classified from 2020 onwards. In the latter case, the Eurostat's advice on the recording of future disposal of assets in national accounts should be followed.

In case that SAREB would be reclassified in S.13 backwards from its inception, losses would be spread over the time of the lifetime of SAREB from 2012 onwards. The biggest impact on B.9 would be at the time when the real estate assets were transferred to SAREB in 2012 and 2013. As regards the loan assets held by SAREB, under normal circumstances, the impact on B.9 (via a capital transfer), should be at the time of the write-off on the (impaired) loan. However, an exception could be applied in the specific case of SAREB, given that the initial estimated transfer price of the assets transferred to SAREB was largely not accurate in 2012. Under these specific circumstances, Eurostat said that the impact on B.9 could be at the time of the write-down of loan assets for years 2012-2020.

Any past and further conversions of real estate development loans into real estate assets would be recorded as an expenditure with an impact on B.9 at the time of the conversion of these assets. The B.9 impact of the conversion is always negative as it involves the acquisition of a non-financial asset. However, the value of this non-financial asset may, at

time of conversion, be lower or higher than the reset nominal value of the underlying loan. This difference between the value of the non-financial asset and the reset nominal value needs also to be recorded (as a capital transfer expenditure or revenue).

SAREB will be selling the real estate assets through the wind-down process. In case SAREB would remain re-classified in S.13 from 2020 onwards, any future disposals of the property investments and real estate assets acquired before 2020 (and for which no expenditure had been imputed in national accounts in 2020), should have no positive impact on B.9. The Spanish statistical authorities confirmed that they could distinguish between the original assets and the converted assets. No agreement has been reached yet between Eurostat and the Spanish statistical authorities on this particular issue.

The discussion also focused on a note provided by the Spanish statistical authorities prior to the meeting, including an example (based on 2020 accounts) on the recording of SAREB's operations in 2021. The 2020 accounts were used as an example, as provisional 2021 accounts were not available yet at that time. The main aim of this discussion was to establish a correct impact on B.9 in 2021. As already explained above, the conversions of real estate development loans into real estate assets should be recorded as an expenditure with an impact on B.9. In the case that the value of the real estate assets would be below /above the value of the converted loans, the recording should be shown, in national accounts, on a gross basis (split between P.51 and D.9).

Then, the Spanish statistical authorities explained that, in 2021, 1.4 billion euro of subordinated debt of SAREB was converted to equity, thereof 773 million euro owned by private banks and 656 million euro owned by government (FROB<sup>19</sup>). They proposed to record a part owned by private banks as a revenue (D.9) with a positive impact on B.9. As in 2016 such conversion had a negative impact on B.9 for the part owned by government (when SAREB was classified in S.12), it was their opinion that the conversion in 2021 should have a positive impact for the part owned by private banks (when SAREB classified in S.13). Eurostat enquired about the main reasons for this conversion. It was explained that the conversion had to take place for commercial reasons, as sustained losses have eroded its capital base. Eurostat expressed its doubts that this conversion could be recorded as a non-financial transaction in national accounts. It agreed to reflect on a possible recording and provide its opinion before the April 2022 EDP notification.

### *Findings and conclusions*

**Action point 25:** As regards SAREB, the Spanish statistical authorities will reflect on the various options proposed by Eurostat. If necessary, an ad-hoc videoconference will be organised to discuss this issue before the April 2022 EDP notification.

*Deadline: before the April 2022 EDP notification*<sup>20</sup>

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<sup>19</sup> Fondo de Reestructuración Ordenada Bancaria

<sup>20</sup> A VC was organised on 8 March 2022. The Spanish statistical authorities decided to re-classify SAREB from its inception, i.e. from 2012 onwards in the context of the April 2022 EDP notification. The action point is closed.



### 4.3.2 Recording of government measures undertaken in the context of COVID-19

#### *Introduction*

The Spanish statistical authorities provided a detailed explanatory note on government measures undertaken in the context of COVID-19 during the April and October 2021 EDP notifications.

Prior to the meeting, the Spanish statistical authorities provided a note on the new measures implemented in 2021, including an estimated impact on B.9. The note included, among others, the aid facility for the restructuring of debt, creation of the *Recapitalisation Fund for Enterprises Affected by Covid-19* and the *Fund to support the solvency of strategic undertakings*.

#### *Discussion and methodological analysis*

The new measures implemented in 2021 were discussed in detail, in particular their impact on government accounts.

Firstly, the “Royal Decree-Law 5/2021 on urgent measures to support business solvency” created an *aid facility for the restructuring of debt* of companies, which granted financing with a public guarantee. The initial allocation was estimated to about EUR 3 billion euro. However, the granting of the aid under this heading was very limited in 2021. The participants of the meeting agreed this aid should be recorded, in national accounts, as a capital transfer (D.9) with an impact on B.9.

Secondly, a new *recapitalization fund* was created for businesses affected by COVID-19 with an allocation of about one billion euro and managed by the COFIDES (*Compañía Española de Financiación del Desarrollo*). Its purpose was to provide a temporary public aid, with the main aim to strengthen the solvency of non-financial companies (mainly SMEs), in the form of debt, capital, and hybrid capital instruments. It will provide support to businesses, which have previously requested it, and which are in temporary difficulties due to COVID-19. As no operation took place in 2021, it is not relevant for the reporting in the context of the April 2022 EDP notification. The Spanish statistical authorities explained that this fund had no legal personality. Therefore, it was considered, in national accounts, as a part of the State (and shown as an adjustment line in the EDP table 2). In national accounts, all operations of this fund will be recorded in the government accounts (S.1311) as a financial or a non-financial operation, according to their nature. Eurostat asked to be consulted *ex-ante* on the recording in national accounts.

Thirdly, the Royal Decree-Law 25/2020, on urgent measures to support economic recovery and employment, created a *Fund to support the solvency of strategic undertakings*, managed through a public corporation SEPI. The fund was created in 2020. The main purpose of this fund was to provide a temporary public support to businesses that are experiencing difficulties due to the COVID-19 pandemic, and which are considered strategic on a national

or a regional level. The transactions of this fund consisted of participative<sup>21</sup> and ordinary (regular) loans. By end-2021, it granted loans amounting to 1.4 billion euro, of which 1.2 billion euro have been disbursed.

The Spanish statistical authorities provided a list of granted loans (participative and ordinary), including a list of beneficiaries and amounts concerned. In 2020, only one participative loan was provided, i.e. to Air Europa. Eurostat already provisionally agreed on the recording in national accounts (as a financial transaction with no impact on B.9).

The Spanish statistical authorities explained that only those loans which were assessed to be repaid, would be recorded in national accounts as a financial transaction - F.4 - (with no impact on B.9). The loans not likely to be repaid will be recorded as a capital transfer at the inception with an impact on B.9.

Eurostat noted that the national accounts analysis of the Spanish statistical authorities did not distinguish between ordinary and participative loans. As the participative loans could be eventually converted to equity, also the rules on capital injection should apply. The Spanish statistical authorities explained that such loans could not be automatically converted into equity and that it was entirely the decision of government whether to do so or not.

Eurostat agreed that the recording in national accounts should be based on the current economic and financial situation of the beneficiaries (such as negative net assets, which imply that it was most unlikely that such loans could be fully refunded, accumulated losses, etc.) as well as on future company prospects. In addition, it should be verified whether the beneficiaries of these loans were listed on the stock exchange, as this could be used as an indication that companies are facing just temporary difficulties, stemming from the situation beyond their control (i.e. pandemics). In the exceptional cases when loans are expected not to be repaid, they should be recorded as a capital transfer (D.9) with an impact on B.9.

Finally, in the case that such a loan would be eventually repaid, Eurostat agreed that the repayment of these loans would be recorded, in national accounts, as a capital transfer revenue with a positive impact on B.9.

### *Findings and conclusions*

**Action point 26:** As regards the COVID-19 measures, in particular the ones performed by the *Fund to support the solvency of strategic undertakings*, Eurostat asked the Spanish statistical authorities to provide a note on the participative and ordinary loans provided by government in 2020 and 2021. In particular, information on the economic and financial situation of the beneficiaries of these loans should be provided, as well as information on whether they are listed on the stock exchange. In addition, a national accounts analysis is to be provided in order to investigate the likelihood of these loans.

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<sup>21</sup>The participative loan is an equity-backed loan. Such loans have pre-determined maturity and interest payments, but like equity, the lender benefits from variable payments that are contingent. The interest rates regarding the participative loan to Air Europa are defined in the Temporary Framework of the European Union and the agreement of the Council of Ministers on July 21, 2020.

*Deadline: end February 2022<sup>22</sup>*

### **4.3.3 Recovery and Resilience Facility**

#### *Introduction*

The European Commission has disbursed 9 billion euro to Spain in pre-financing, equivalent to 13% of the country's financial allocation under the Recovery and Resilience Facility (RRF). In addition, the European Commission received the first payment request from Spain under the RRF for disbursement of about 10 billion euro in financial support (net of pre-financing). Spain's overall recovery and resilience plan will be financed by 69.5 billion euro in grants.

Payments under the RRF are performance-based and contingent on Spain implementing the investments and reforms outlined in its recovery and resilience plan. This first payment request related to 52 milestones covering several reforms in the areas of sustainable mobility, energy efficiency, decarbonisation, connectivity, public administration, skills, education and social, labour and fiscal policy.

#### *Discussion and methodological analysis*

During the meeting, the Spanish statistical authorities raised a question on what expenditure is to be neutralised with the RRF Funds (i.e. to ensure that there is no impact on B.9). Their opinion was that the expenditure to be neutralised had to be the actual expenditure to accomplish the milestones and targets that give rise to the disbursement of the RRF Funds, irrespective of the concrete amount included on the cost estimate within the National Plan.

Eurostat understood that, from the legal point of view, the MSs indeed receive payments when the M&T are accomplished. However, in national accounts, the accounting logic rules should be applied, and revenue should be neutralised at the moment when expenditure occurs. The fact that the financing was disbursed as soon as the M&T are accomplished may indeed mean that, when the cash is received by the national authorities, the corresponding reforms and investments may have not yet been completed. However, the final ownership of the financing is still pending from the completion of the reforms and investments. It was possible that government would incur additional expenditure on the accomplishment of the milestones, however, if this expenditure was not among the costs included in the RRF, it cannot be neutralised. Hence, in order to ensure the neutralisation of EU financing, revenue is to be recorded not when cash is received (following M&T accomplishment), but rather when expenditure on reforms and investments is undertaken (regardless of cash being received before or after their accomplishment). The Spanish statistical authorities explained that for some M&T the cost of its achievement was not included in the cost estimate of the National Plan and agreed to provide some examples.

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<sup>22</sup> A note was provided on 10 March 2022 and the action point is closed.

In addition, the Spanish statistical authorities explained that, in some cases, the implementation of M&T has a significant cost that is not included in the RRF Measures' costs. Eurostat underlined that only costs that were included in the Recovery and Resilience Plans (RRP) estimated costs and have been assessed by and agreed with the European Commission as part of the RRP approval, should be neutralised. In other words, if such costs were not included in the RRP, then they should not be neutralised in national accounts. In this context, Eurostat stressed that the EDPS WG was consulted on the recording of RRF in national accounts and the Guidance note on the statistical recording of the RRF was published on the Eurostat website<sup>23</sup>.

DG ECFIN explained that these plans were required to be prepared in order to be able to access EU funding under this instrument. The final costs will be verified by the Court of Auditors only at the later stage. In addition, the expenditure included in RRP might still be revised

### *Findings and conclusions*

**Action point 27:** As regards the Recovery and Resilience Facility, Eurostat reaffirmed that the expenditure to be neutralised are those which refer to the items included in the RRP provided by the Member States, approved by the European Commission and endorsed by the Council, for which a specific cost has been included in the plan. In this context, the Spanish statistical authorities agreed to provide Eurostat with examples where the implementation of Milestones and Targets has a significant cost that is not included in the RRF Measures' costs.

*Deadline: end-February and continuous*<sup>24</sup>

#### **4.3.4 Public-Private Partnerships (PPP), concessions and energy performance contracts**

Under this point of agenda, PPPs, concessions and energy performance contracts were examined.

#### ***Public-Private Partnerships (PPP)***

##### *Introduction*

The legal framework of contracts concluded by government bodies is the Law 9/2017 - *Contratos del Sector Público* (LCSP). LCSP applies directly to all levels of government. Contracts concluded by government bodies must comply with the LCSP, including contracts classified as PPPs. As not all contracts under LCSP are PPPs, as defined in the MGDD, the specific terms of each contract must be examined in order to determine whether it is a PPP or not.

The Technical committee regularly sends letters to enquire about PPP operations, with an obligation for government units to report PPPs at least once a year, with a description of contractual arrangements, administrative and technical details.

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<sup>23</sup> [ae773e09-1537-8c13-c71c-56d2e7d6958a \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/infographic_1537-8c13-c71c-56d2e7d6958a.pdf)

<sup>24</sup> A note was provided on 6 April 2022.

The Spanish statistical authorities provide to Eurostat on a regular basis (twice per year), a list of all PPPs on which the Spanish statistical authorities have already some information and the contracts have already been signed, but the Technical Committee has not yet decided on their sector classification. No such cases were observed in recent years.

#### *Discussion and methodological analysis*

Prior to the meeting, the Spanish statistical authorities provided an exhaustive list of ongoing and planned PPPs. The Spanish statistical authorities explained that the procedure for the analysis and the classification of PPPs has not changed since the last EDP visit.

Due to the bankruptcy of a private partner, one PPP, previously classified on the balance sheet of the private partner, was reversed to government in 2020. This reversal of the assets to government was recorded as an expenditure with an impact on B.9. Another PPP contract was modified in 2020. As this PPP was already recorded on the balance sheet of the government, the additional investment was also recorded as a government expenditure with an impact on B.9.

The majority of PPPs were observed in the state government sub-sector, of which about 40 % are classified on the balance sheet of government. On the other hand, a majority of PPPs in the central government and all PPPs in the local government sub-sector, are classified on the balance sheet of government.

#### *Findings and conclusions*

Eurostat took note of these explanations and asked to continue to be informed on any new developments in PPPs.

### **Concessions**

#### *Introduction*

The recording of concessions had been extensively discussed also during the last EDP visits.

As in the previous EDP dialogue visits, the discussion focused on the latest development of the liquidation process of the eight concessionaires of the toll motorways. The concessionaires of the toll motorways went bankrupt after failing to attract enough traffic during the economic crisis. The compensation to be paid to the concessionaires had not been established yet, due to some legal disagreements regarding several aspects, which might impact an assessment of the amounts to be paid. In 2018, seven motorways returned to government. Eurostat and the Spanish statistical authorities agreed to impute for national accounts purpose, in the context of the April 2019 EDP notification, 1.8 billion euro in 2018, with an impact on government deficit and debt (based on the best possible estimation at that time).

### *Discussion and methodological analysis*

Firstly, Eurostat took note that only one concession was awarded in the last two years while one was still under the tender process.

Then, Eurostat enquired about the latest developments of the liquidation process of the eight concessionaires of the toll motorways. Up to now, government has approved the provisional settlement of five concession contracts. The expropriations of land (paid and pending), which fell under the responsibility of government, due to the bankruptcy of the concessionaires, would be deducted from the RPA. These claims are still pending the Court decisions, as there was a disagreement on the market value of the land. The expected amount to be paid by the State could reach to about 0.7 billion euro.

The final costs were estimated to be around 1.8 - 2 billion euro, including the expropriations of the land. As the final RPA amounts might differ from the provisional amount estimated in 2018 (1.8 billion euro), any further imputation of expenditure or revenue would be imputed at the time when the final amount was determined, unless the concessionaires would appeal to the Court. Eurostat agreed that a possible positive or negative imputation would be done either via expenditure (if the RPA were higher than the estimated amount in 2018) or revenue (if the RPA were lower).

### *Findings and conclusions*

Eurostat took note of this update of events. The Spanish statistical authorities agreed to inform Eurostat about any new developments related to the liquidation process of the eight motorway concessionaires and apply the recording, in national accounts, as agreed.

## ***Energy performance contracts (EPC)***

### *Introduction*

In 2018, Eurostat published a Guide to statistical treatment of EPCs. In principle, when analysing the EPC contracts, two basic rules were to be examined; that the contract is related only to energy savings and that government is saving energy in comparison to the situation prior the investment.

As discussed during the last EDP visit, most EPCs appeared at the level of local governments. All observed cases were mixed contracts, involving a supply of energy and maintenance services with a guarantee of replacement of defective parts and the amounts of contracts and projects were generally rather small (about five million euro on average). Guaranteed savings were not specified or did not exceed operational payments.

As the amounts involved were rather small, the Spanish statistical authorities proposed to apply a threshold of 12 million euro in order to determine how to proceed:

1. In the case that contracts involve an investment *below the threshold*, the recording in national accounts would be the same as in the accounts of the entity, i.e. as a financial or

- operational lease (in the case the General Plan for Private Accounting was applied) or the costs of the contract would be recorded in accordance with the terms of the contract;
2. In the case that contracts involve an investment *above the threshold*, the Guide to statistical treatment of EPCs should be applied.

#### *Discussion and methodological analysis*

Prior the meeting, a list of EPC contracts was provided to Eurostat. The contracts were mainly signed at the level of regional governments and the individual investment did not surpass 10 million euro. Eurostat was surprised that such a small number of EPCs were identified and asked whether the list was exhaustive. The Spanish statistical authorities explained that a letter was sent to all local governments, asking them to provide the necessary information to IGAE. It was agreed that the issue should be further investigated.

#### *Findings and conclusions*

**Action point 28:** As regards Energy Performance Contracts, the Spanish statistical authorities will verify whether more EPCs exist in Spain and inform Eurostat.

*Deadline: end-November 2022*

### **4.3.5 Guarantees**

#### *Introduction*

Guarantees granted by the central government are included in the General State Account. The website of the Directorate-General of the Treasury contains information on State guarantees. At local and regional level, information on guarantees is received in the relevant questionnaires of standardised information.

The Spanish statistical authorities provided a list of outstanding one-off guarantees for the central government, the guarantees called and repaid.

Moreover, the guarantees, which have the features of standardised guarantees, were discussed in detail under this item of the agenda. In line with the Law Royal Decree 8/2020, a new line of guarantees was provided in 2020, via the national development bank (ICO), in the context of COVID-19. These guarantees were considered as government guarantees as ICO acted only as a manager. These guarantees were provided for the period up to 5 years in 2020, which was extended to 8 years in 2021, with a grace period of one to two years. Up to end-2020, the guarantees provided amounted to about 71 billion euro.

#### *Discussion and methodological analysis*

Firstly, the participants reviewed the data on government guarantees for the years 2018-2020. The percentage of guarantees called in comparison to totals was very low. As regards the guarantee provided to a public corporation, currently classified in S.11, *Bidegui Gipuzkoako Azpiegituren*, a concessionaire of the motorway in the Basque country, Eurostat asked to be

immediately informed once any substantial changes (such as governance or a new government guarantee, etc.) are undertaken.

Next, the discussion focused on the guarantees granted and managed by ICO on behalf of government in the context of COVID. The Spanish statistical authorities agreed that these guarantees might have features of standardised guarantees. However, they were recorded in national accounts, as one-off guarantees. The Spanish statistical authorities considered that it was difficult to make a reliable estimate of F.66<sup>25</sup> liability, in spite of the existing provision in public accounts, as the guaranteed loans had a grace period. The Spanish statistical authorities said that as soon as a reliable estimate could be made, these guarantees would be recorded as standardised guarantees (and would recognise F.66 liability). Up to now, the calls were very limited due to the grace period.

About 15 billion euro of such guarantees were provided in 2021 under the same conditions. The guarantee scheme was extended to 2022, but the amount of provided new guarantees is expected to be small.

Eurostat underlined that these guarantees should be recorded as standardised guarantees, as they met the ESA2010 definition and in particular taking into account that a provision existed in public accounts. However, given that this was a new scheme and due to the current circumstances, Eurostat proposed three possible recording in national accounts to be applied in the context of the April 2022 EDP notification (for both guarantees provided in 2020 and 2021):

1. To keep the current recording of guarantees in 2020 (as one-off guarantee scheme) while the guarantees provided in 2021 would be recorded as a standardised guarantee scheme (implying a recognition of F.66 in 2021 with the impact on government B.9);
2. To reclassify the 2020 one-off guarantee scheme (classified at the inception) as a standardised guarantee scheme in 2021 (i.e. the recognition of F.66 will be in the year of the reclassification of the scheme, i.e. in 2021) and also guarantees provided in 2021 would be recorded as a standardised guarantee scheme in 2021;
3. To keep the current recording of guarantees in 2020 (as one-off guarantee scheme) and the guarantees provided in 2021 would be also recorded as one-off guarantee scheme.

The Spanish statistical authorities agreed to reflect, which of the above-mentioned options would be applied in the context of the April 2022 notification.

### *Findings and conclusions*

**Action point 29:** Eurostat took note that government is providing a guarantee to a public corporation, currently classified in S.11, *Bidegui Gipuzkoako Azpiegituren*, a concessionaire of the motorway in the Basque region. If any substantial changes to the situation will take place, such as in governance, or new government guarantees related to this corporation will be provided, this should be reported to Eurostat.

*Deadline: ongoing*

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<sup>25</sup> Provision for call under standardised guarantees



**Action point 30:** As regards the guarantees provided in the context of COVID-19, which have the features of standardised guarantees, the Spanish statistical agreed to reflect on the three possible recordings in national accounts proposed by Eurostat.

*Deadline: end-February 2022<sup>26</sup>*

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

##### *Introduction*

The participants reviewed the data on government claims and debt cancellation by government for years 2017-2020, provided by the Spanish statistical authorities before the visit.

Debt cancellations towards third countries (Paris club) are made by the *Fondo para la Internacionalización de la Empresa (FIEM)* and *Fondo para la Promoción del Desarrollo (FONPRODE)*. All transactions carried out by FIEM and FONPRODE are considered as directly carried out by the State, with an impact on government deficit. These two entities have no legal personality and are managed by ICO, for which ICO receives a fee. FONPRODE and FIEM operations under the line Non- financial transactions not included in the WB, in EDP Table 2A, were positive for B.9 for all years. The Spanish statistical authorities explained that this was due to the interest accrued, which more than offsets the negative impact of debt cancellations. The interest of non-performing loans is recorded on a cash basis.

##### *Discussion and methodological analysis*

The Spanish statistical authorities explained that there have been no changes. The participative loan provided to Air Europa in 2020 was discussed under the item 4.3.2.

##### *Findings and conclusions*

Eurostat took note of these explanations.

#### **4.3.7 Capital injections in public corporations, dividends, privatization**

##### *Introduction*

Capital injections are analysed according to the rules established in the MGDD, as financial or non-financial transactions. Only injections into profitable companies or to certain international financial institutions are considered financial (equity) injections. Most capital injections in Spain are classified as a capital transfer with an impact on government deficit.

Moreover, under this item of the agenda the discussion focused also on dividends received by government from public corporations and recording in national accounts.

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<sup>26</sup> A note was provided on 18 March 2022. It was decided to apply the option 2 in the April 2022 EDP notification. The action point is closed.

## *Discussion and methodological analysis*

Firstly, the Spanish statistical authorities confirmed that the amounts of financial (equity) injections were very small, and that the majority of capital injections were classified as non-financial transactions (capital transfers) in national accounts.

The Spanish statistical authorities confirmed that capital injections made by SEPI on behalf of the State continue to be re-routed via government accounts, as agreed during the previous EDP dialogue visits.

As regards the Table 10.1 on capital injections in the Questionnaire<sup>27</sup>, Eurostat observed that it includes all capital transfers, not only capital injections recorded as a capital transfer. Eurostat explained that, in principle, the block “NF” of this table should include only the total value of capital injections into other entities and public corporations recorded in national accounts as a capital transfer. This table gathers data on the total value of capital injections, distributions and privatisation proceeds captured in data sources (public accounts and accounts of government-controlled entities), according to their treatment in national accounts. The Spanish statistical authorities agreed to adjust it accordingly in the context of the April 2022 EDP notification.

Then, the dividend policy was discussed in more detail. Prior to the meeting, a document including dividends paid to government by corporations and their profits, was provided to Eurostat. After dividends are identified, it is ensured that they are paid from the ordinary profit of the unit distributing them. In particular, it is verified that the distributed dividends are the result of the ordinary profit, and not of the extraordinary profit or from accumulated reserves. The amount of dividends, recorded as a revenue in national accounts, may not exceed the profit or loss for the financial year, corrected for those accounting receipts and expenses, which cannot give rise to the distribution of dividends in national accounts<sup>28</sup>. In addition, for the public companies which pay a majority of dividends to government, such as Bank of Spain, AENA-ENAIRES and *Loterías y Apuestas del Estado* (LAE), a specific analysis is carried by using the notes to the annual accounts.

In the last years, a super-dividend was identified among the dividend paid by ICO and Canal de Isabel II. In line with the rules, this part of the dividend was recorded as a financial transaction with no impact on B.9.

As regards a dividend paid by the LAE, it was explained that the State imposed on LAE an obligation to incur certain expenses, which reduce its profit. In national accounts, this expenditure is recorded as a government expenditure, made by the LAE on behalf of government. The Spanish statistical authorities considered it as a dividend in kind. Eurostat doubted whether this revenue could be recorded as a dividend in national accounts, as it was

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<sup>27</sup> Questionnaire relating to the EDP notification tables

<sup>28</sup> Such as losses, impairments and changes in provisions for commercial operations; allocation of subsidies for non-financial fixed assets and other subsidies; excess provisions; impairment and profit or loss on disposals of fixed assets; fair value change in financial instruments; exchange differences; impairments and profit or loss on disposals of financial instruments, etc.

not agreed (voted) by the shareholders. In any case, Eurostat took note that there was no impact on B.9.

The Spanish statistical authorities clarified that some companies (such as AENA and ENAIRE), although being profitable in 2019, did not pay any dividend to government in 2020 due to COVID-19 pandemic.

Eurostat enquired if ENRESA (classified in S.13) pays any dividend to SEPI, as it owns about 20 % of its shares. The Spanish statistical authorities confirmed that no such dividend was paid.

#### *Findings and conclusions*

Eurostat took note of the explanations as regards capital injections and dividends. Eurostat also took note that the Table 10.1 would be revised in the context of the April 2022 EDP notification in line with the discussion held at the meeting.

### **4.3.8 Emission trading permits**

#### *Introduction*

The amounts collected from emission permits sold should give rise to revenue (taxes on production) according to ESA 2010 paragraph 15.40. The appropriate time of recording is the triggering of the event, i.e. at the moment emissions of Carbon dioxide (CO<sub>2</sub>) are made and are approximated by the time when permits are surrendered.

#### *Discussion and conclusions*

The method used to calculate taxes (D.29) basically spreads cash over the last three years, for example D.29 in 2018 corresponds to 1/3 of cash received in 2016, 1/3 of cash received in 2017 and 1/3 of cash received in 2018. As already confirmed in 2019 EDP visit, Eurostat agreed that it was a good proxy, pending the new MGDD rules.

#### *Findings and conclusions*

Eurostat took note of the explanations

### **4.3.9 Others: Decommissioning, Financial derivatives, UMTS, etc.**

#### Decommissioning

#### *Introduction*

The main decommissioning costs are borne by the *Empresa Nacional de Residuos Radiactivos* (ENRESA). The activity of ENRESA comprises:

- the decommissioning of nuclear installations and activities;

- the management and handling of radioactive waste, activity that occurs both in dedicated facilities owned by ENRESA and in plants already dismantled.

ENRESA is financed by payments from the nuclear operators (mainly electricity companies (Endesa, Iberdrola, Naturgy) and from other entities generating radioactive waste such as hospitals and industries. ENRESA does not receive funds from the State.

ENRESA is classified in the general government sector from 2010 onwards.

Considering that levies finance the entire activity of ENRESA, it was considered appropriate to record as current transfers (D.75r), an amount equivalent to the current expenditure in the profit and loss account related to the day-to-day management of waste; and as other capital transfers (D.99r), the amount needed to balance the B.9 of ENRESA. On this basis, ENRESA submits a B.9, which is balanced every year.

#### *Discussion and conclusions*

The Spanish statistical authorities explained that there have been no new developments since the last EDP visit. For national accounts, B.9 of this entity is balanced, as explained above. Any surplus over expenditure incurred in the year is recorded in national accounts as an advance received (F.8). The revenue is recorded either as other capital transfers for the dismantling or investment or as current transfers for ordinary activities. Eurostat verified this recording in the *table on detailed revenue and expenditure for other central government bodies*, provided prior the visit.

The Spanish statistical authorities explained that the *Jose Cabrera* Nuclear Power Plant has not been dismantled yet.

#### *Findings and conclusions*

Eurostat took note of the explanations.

#### *Financial derivatives*

##### *Introduction*

The only type of derivative used are currency swaps. Prior the meeting, a table on derivatives was provided to Eurostat, which was discussed in more detail.

##### *Discussion and conclusions*

The table on derivatives was examined during the meeting. Eurostat noted that details provided in this table have improved significantly since the last version provided in the context of the 2019 EDP visit. The Treasury provided all the necessary data for this table. As advised by Eurostat, the table refers to the central government sector only (but it might be extended to other sub-sectors in the future). It was confirmed that only currency swaps were used by central government. As SAREB was reclassified in S.13 since 2020 onwards, this table includes also swaps used by SAREB.

As regards the bloc 1 of the table on derivatives, and in particular the information on market value of transactions, the Spanish statistical authorities explained that the split between assets and liabilities was not available. Net settlements due to the stream of interest were included on the assets side. The amounts concerned are nevertheless rather small, but they could be provided separately in the future.

Eurostat noted that the bloc 2 on notional value of assets and liabilities was completed and available separately for assets and liabilities.

Next, Eurostat enquired whether any collateral was received on swaps, and if yes, what kind of collateral was received, cash or securities. The Spanish statistical authorities explained that the Treasury did not post any collateral, but only received them. In any case, the Treasury cannot accept cash as collateral, but only bonds. The Spanish statistical authorities clarified, following up on Eurostat's question, the standard terms of the Credit Support Annex (CSA). There is a threshold foreseen to post a collateral, even if a swap is in favour of government. From the figures reported, Eurostat thought that possibly a threshold is set at 10%. After the swaps were unwound in 2018, the threshold was not reached, thus the collaterals are reported as zero. These bonds are put in a separate account of a third party, to which the Treasury has no access. The data in the bloc 3 for the year 2020 includes bonds posted by SAREB as a collateral.

Regarding the reporting observed in block 5, Eurostat enquired about the differences observed between the impact on hedge in the derivative tables and the amounts reported in the EDP table 2A. The Spanish statistical authorities clarified that the amounts shown in the EDP table 2A are cash amounts (following the WB), whereas the derivative table includes accrued D.41 before and after swap. Eurostat took note of the explanation.

### *Findings and conclusions*

Eurostat thanked the Spanish statistical authorities for the improved table on derivatives.

## UMTS

### *Introduction*

The implementation of the Eurostat guidance note on mobile phone licenses, explorations and other licenses is applied in Spain. The proceeds of UMTS licences are distributed linearly over the lifetime of the UMTS licences.

### *Discussion and conclusions*

A new auction took place in 2021, related to concessions for the private use of public radio in the 700 MHz band (5G), was discussed. This concession was granted for at least 20 years and may be a subject of a single extension of another 20 years.

Regarding the recording in national accounts, the Spanish statistical authorities explained that the revenue received in 2021 was spread over the lifetime of the concession, estimated to 40

years. As the right to extend the concession for additional 20 years would be given free of charge, Eurostat agreed that revenue could be spread over 40 years.

#### *Findings and conclusions*

Eurostat took the note of these explanations.

### **5. Other issues**

#### *Introduction*

The issue of EU funding for contributing to the expenditure for firefighter planes, readily deployable to other countries in times of need, was discussed under this item.

#### *Discussion and conclusions*

As some Member States, among them also Spain, participate in the EU funding of firefighter planes, Eurostat enquired about the latest developments in Spain. According to the latest information available, no airplanes have been provided yet. The first planes might be delivered in 2025. The Spanish statistical authorities agreed to follow-up on this issue and inform Eurostat if any such planes or EU funding had been delivered and, if yes, how this was recorded in national accounts.

#### *Findings and conclusions*

**Action point 31:** As regards the EU funding for contributing to expenditure for firefighter planes, readily deployable to other countries in times of need, Eurostat asked to receive a note on the current situation and any future development, and in particular if any EU funds were already received and how they were recording in national accounts.

*Deadline: mid-March 2022<sup>29</sup>*

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<sup>29</sup> A note was provided on 15 March 2022.

## EDP dialogue visit to Spain, 18-20 January 2022

### Draft Agenda

1. Statistical organisational issues
  - 1.1. Review of institutional responsibilities in the framework of the EDP data reporting and government finance statistics compilation
  - 1.2. Data sources and revision policy, EDP inventory
2. Follow-up of the EDP dialogue visit of 27-29 November 2019
3. Actual data October 2021 EDP reporting – analysis of EDP tables and the related questionnaires
4. Methodological issues and recording of specific government transactions
  - 4.1. Delimitation of general government, application of market / non-market rule in NA
    - 4.1.1. Practical implementation of the market / non-market test and qualitative criteria
    - 4.1.2. Changes in the sector classification since the November 2019 EDP visit
    - 4.1.3. Government controlled entities classified outside the general government (public corporations)
      - Public transport companies (*Administrador de Infraestructuras Ferroviarias de alta velocidad – ADIF-AV*)
      - *Institut Català de Finances (ICF)*
  - 4.2. Implementation of accrual principle
    - 4.2.1. Accrual taxes and social contributions
    - 4.2.2. Accrued interest
    - 4.2.3. EU flows
    - 4.2.4. Recording of health expenditure in the Autonomous communities
    - 4.2.5. Court decisions
  - 4.3. Recording of specific government transactions
    - 4.3.1. Government operations to support financial institutions
      - Follow-up and further technical clarifications of the re-classification of *Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (SAREB)* in S.13
      - Assets protection scheme (APS) – *Esquemas de proteccion de activos (EPA)*
    - 4.3.2. Recording of government measures undertaken in the context of COVID-19
    - 4.3.3. Recovery and Resilience Facility
    - 4.3.4. Public Private Partnership, concessions and energy performance contracts
    - 4.3.5. Guarantees
    - 4.3.6. Government claims; debt assumptions, debt cancellations and debt write-offs
    - 4.3.7. Capital injections in public corporations, dividends, privatization
    - 4.3.8. Emission trading permits
    - 4.3.9. Others: Decommissioning, Financial derivatives, UMTS, etc.
5. Any other issues

## EDP dialogue visit to Spain, 18-20 January 2022

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