



EUROPEAN COMMISSION



EUROSTAT

Directorate C: National and European Accounts

Luxembourg, 09 JAN. 2007
ESTAT/C-3/LN/PB/mg D(2006) 30380

Ms Alfonsina Caricchia
Istituto Nazionale di Statistica
Head of National Accounts
Via Cesare Balbo 16
IT - 00184 Roma

Subject: Ex-ante advice on TFR

Ref.: Your letter dated 28 November 2006

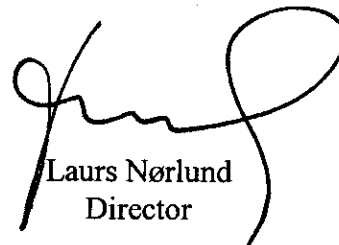
Dear Ms. Caricchia,

Eurostat acknowledges the receipt of your request for opinion concerning the recording of the severance pay (*Trattamento di fine rapporto* - TFR) in national accounts. According to the description provided by ISTAT the features of severance payments made by TFR will change starting 2007 for all those employees that work in private corporations with more than 50 workers. The TFR is currently a non-autonomous private funded social insurance scheme that will be converted into an unfunded pension scheme managed by government. This new scheme is to be approved with the 2007 budget bill.

Eurostat preliminary view is that TFR could be classified as a social security scheme and the collection of contributions and payment of benefits will therefore impact government accounts. The scheme seems to fulfil the main ESA95 requirements for being classified as a social security fund in national accounts. According to ESA95 paragraph 2.74 the sub-sector social security funds includes all central, state and local institutional units whose principal activity is to provide social benefits and that fulfil the following two criteria: certain groups of the population are obliged to participate in the scheme or to pay contributions and general government is responsible for its management and for the settlement or approval of the contributions and benefits provided.

I wish to stress that this preliminary view of Eurostat is based on the information provided by you and your services. If this information turns out to be incomplete, or the nature of the operation changes in some way, Eurostat reserves the right to reconsider its view on the operation. To this end I would be grateful if you could supply to me the final details of the operation (contract and accompanying papers where relevant) when they are available, or (should this be the case) inform me that the planned operation has been abandoned.

Yours Sincerely,



Laurs Nørlund
Director