

Glossary: Allocation of primary income account

Statistics Explained

The **allocation of primary income account** of the [national accounts \(NA\)](#) focuses on [resident institutional units](#) or sectors in their capacity as recipients of primary incomes rather than as producers whose activities generate primary incomes.

It lists two kinds of primary income under 'resources':

- primary incomes already recorded in the [generation of income account](#) that are receivable by resident institutional units by virtue of their direct participation in the production process (mainly [operating surplus](#) and mixed income, [compensation](#) of employees)
- property incomes receivable by the owner of a financial [asset](#) or a tangible non-produced asset in return for providing funds to, or putting the tangible non-produced asset at the disposal of, another institutional unit ([interest](#) , [dividends](#) , withdrawals from income of quasi-corporations, reinvested earnings of [foreign direct investment](#) , rents on land).

Property income paid is recorded under 'uses'.

The balancing item of the allocation of primary income account is called 'balance of primary income' for sectors and sub-sectors and 'national income' for the total economy. When the balancing item includes [consumption of fixed capital \(CFC\)](#) , it is called 'gross balance of primary income' and '[gross national income \(GNI\)](#) ', respectively. After deduction of CFC it is called 'net balance of primary income' and 'net national income (NNI)', respectively.

The allocation of primary income account can be calculated only for the [institutional sectors](#) and their subsectors because, in the case of industries, it is impossible to break down certain flows connected with financing (capital loans and borrowings) and assets.

Further information

- [Verification of GNI for own resource purposes](#) (Background article)
- [European system of accounts - ESA 2010](#)
- [ESA 2010](#) (Eurostat website)
- [Regulation \(EU\) No 549/2013](#) of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union

Source

- [ESA 2010](#)
- [United Nations: System of National Accounts \(SNA\) -2008](#)