

Updating of the SNA-93,  
issue 25b3: Recognition of branches

Advisory Expert Group's (AEG) recommendations of 12/2004:

- Physical presence is not required for a branch to be recognized.
- Being subject to income tax laws should replace paying income tax as an indicator of the existence of a branch.
- All criteria should be considered as indicators for a separate branch but not all criteria have to be met. Even if the entity does not have a full set of accounts, if it engages in production, it should be treated as a branch.

German opinion:

- We are generally in favour of the AEG -recommendation.
- However, we would like to propose a slightly broader definition for second paragraph:  
Being subject to income **or turnover** tax laws should replace paying income tax as an indicator of the existence of a branch.