



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

ESA/STAT/AC.289/12
15 April 2015

**Meeting of the Expert Group on
International Statistical Classifications
New York, 19-22 May 2015**

**Review of the Classification of Individual Consumption According to Purpose
(COICOP)**

Report by the Technical Subgroup COICOP

1. Background

The current version of the Classification of Individual Consumption According to Purpose (COICOP) was developed in the second half of the 1990s and since then the consumer markets have considerably changed. Some classes have become inadequate or the boundaries between classes less clear.

Whether there might be a need for a revision or an update of COICOP was discussed at the meeting of the UN Expert Group on International Statistical Classifications in 2011. Since at that time the System of National Accounts (SNA) had been recently updated, the revision of COICOP could delay the implementation of the new SNA. Furthermore, COICOP is also applied outside of national accounts in data bases that might have a different revision cycle. Most of these other applications (consumer price indices, household budget surveys) are important inputs for national accounts and using different versions of COICOP might hamper the use of these data for national accounts purposes. The Expert Group on therefore acknowledged the need for clarification of a certain number of issues in relation to COICOP, but did not agree on an immediate need for a revision at this point as it could be in conflict with the implementation of the new SNA version.

On this background, UNSD decided to run a global survey to ascertain the need and scope for a possible revision of COICOP. A small task force was established to prepare the survey and analyse the results, consisting of UNSD, UNECE, Eurostat and Statistics Austria. The global survey was carried out between October and December 2012. The task force submitted its report on the results of the survey to the meeting of the Expert Group on International Statistical Classifications in New York, 13-15 May 2013.

(Doc. ESA/STAT/AC.267/31: <http://unstats.un.org/UNSD/class/intercop/expertgroup/2013/AC267-31.PDF>)

The Expert Group (EG) in May 2013 agreed to form a Technical Subgroup (TSG) to analyse the outcome of the 2012 survey, consider case laws issues, consider possible impacts on other classifications of expenditures according to purpose, and report its conclusions to the Expert Group. The TSG initially consisted of EG members (New Zealand, Switzerland, Austria, Philippines, UNECE, UNSD, FAO, ILO and Eurostat), but at a later point was able to bring in price statistics experts and national accounts.

This document is the final report from the Technical subgroup based on the mandate given by the Expert group. The following experts participated in its drafting: Ralf Becker, Carsten Boldsen, Severa de Costo, Angelina Dunga, Ana Franco, Andrew Hancock, David Hunter, Claude Macchi, Norbert Rainer, Valentina Ramaschiello, Selvi Sekhar, Herman Smith, Valentina Stoevska and Graeme Thompson.

2. Mandate of the technical sub group and modus operandi

2.1 Mandate of the technical sub group

The Terms of reference of the TSG were initially defined as follows:

1- Analyse the results of the survey “Questionnaire on issues for a potential revision of the Classification of Individual Consumption According to Purpose (COICOP)” identifying areas of concern.

2- Identify issues for which “case laws” could solve the problem. Propose “rulings” for these issues.

3- Analyse the extent of the remaining issues which could not be solved by case laws and, if they are significant, make concrete proposals of change in the present version of the classification. In case of revision a new structure and explanatory notes should be elaborated.

4- Analyse impact of changes proposed in other related classifications of expenditure according to purpose:

- Classification of the Functions of Government (COFOG)
- Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI)
- Classification of the Outlays of Producers According to Purpose (COPP).

5 – Report to the UN Expert Group on classifications of main conclusions.

2.2 Modus operandi

The Technical Sub Group worked exclusively exchanging their opinions by electronic means either using e-mail or using the discussion forum setup by UNSD for this purpose.

Based on the survey “Questionnaire on issues for a potential revision of the Classification of Individual Consumption According to Purpose (COICOP)” the general view among countries is that there is a need to review and revise COICOP to ensure that it provides an adequate tool for the recording of households’ consumption expenditures and the other uses of COICOP. In particular, it is felt that an update is needed to reflect the drastic changes in goods and services in some areas, mainly in Divisions 08 and 09 where a range of new products have emerged and are growing in importance. At the same time, new products have also emerged in other areas of household consumption, old products have disappeared from the market and consumption patterns have changed, which also necessitate an update. The current level of detail is for most of the countries adequate. However, the introduction of a fifth digit level would be supported by a majority of countries. A great majority of countries is in favour of keeping the distinction between non-durable, semi-durable and durable goods as well as a systematic distinction between goods and services. In general, more guidelines are called for to ensure proper and correct recording.

After analysing the results of the survey “Questionnaire on issues for a potential revision of the Classification of Individual Consumption According to Purpose (COICOP)” the TSG agreed in subdividing the issues mentioned in the answers to the survey into:

- 1. Issues which would imply a change in the COICOP structure/level of detail or change in titles,
- 2. Issues which could be solved by case laws although a change in structure could be a better solution and
- 3. Issues which could be solved by case laws (a class is clarified or expanded with products not elsewhere mentioned yet)

Each of the issues raised were grouped according to this division, as listed in Annex 1.

For the issues classified under 2 and 3 the TSG provided advice on where to classify them according to the present version of COICOP. Suggested case-laws for each issue can be found in Annex 2. This list includes the rationale for the decision and also what possible improvements could be foreseen in the case of a revision.

3. Final conclusions and next steps

The TSG has the opinion that there are enough grounds to start a full revision of the COICOP classification.

The TSG is also recommending that some clarifications and case-laws could be established to make the present classification more usable and data more harmonized: However, the number of issues listed in Annex 1/ 1 and its importance makes clear that also a revision process should be started.

The scope of this revision would need to touch the lower levels of the classification (classes) but also restructuring of the upper levels could be necessary mainly in Divisions 08 and 09 as the boundaries between Communication and Recreation and Culture become more and more blurred. The introduction of a 5th digit and a better consistency between COICOP and other related classifications like CPC was also seen as useful by several countries.

Depending on the scope of the revision it may be necessary to revise COFOG, COPNI and COPP classifications to keep the consistency between them. The impact on these 3 classifications is difficult to evaluate before concrete proposals of change in COICOP are elaborated.

The TSG recommends launching a revision procedure of the COICOP classification. The questionnaire sent in 2012 on a potential revision of COICOP is certainly a good basis for starting a review but a more targeted consultation could be necessary during the revision process. Meantime the case-laws proposed should be implemented to achieve a better harmonization. The revision process should be coordinated with major users of the classification, such as National Accounts, Price statistics etc.

The Expert Group is invited to express their opinion on:

- the case laws proposed
- the launch of a revision process of the COICOP classification,

- the timing of the process (in particular the expected completion date)
- how to organize the revision process (set up a technical sub-group, need for a world-wide consultation, etc.)
- how to organize the transition period as the revision might take some years (case laws/update of explanatory notes)
- how to deal with possible consequences to the other purpose classification

Annex 1: List of proposals of change in COICOP raised in the answers to the “Questionnaire on issues for a potential revision of the Classification of Individual Consumption According to Purpose (COICOP)”

1. Issues which would imply a change in the COICOP structure/level of detail or change in titles:

1.1. Proposed changes for Division 01:

- Separate poultry from meat;
- Split bread, meat, fruits and vegetables according to the step of transformation (fresh/frozen and otherwise prepared and preserved);
- Separate processed and unprocessed food;
- Separate "healthy" products such as soya, tofu, etc., diet products;
- Move Crisps from 1.1.7 to 1.1.9;
- Separate Milk, cheese and eggs – it can be at the 5th digit level;
- Have a separated class for potatoes (and perhaps also other big consumption food products like rice) – it can be at the 5th digit level;
- Have a separated class for other products, e.g. rice, maize, wheat, barley; – it can be at the 5th digit level;
- Create a separate class for Ready-made meals – it can be at the 5th digit level
- Food products have been specified repeatedly:
 - o - 0119 food products;
 - o - 11910 other food products.It would be better to give other name to differentiate between the two items;

1.2. Proposed changes for Division 03:

- Split according to end use (men/women/infants);
- Separate haberdashery from other clothing,
- Suppress 03.1.1

1.3. Proposed changes for Division 04:

- Provide more details for fuels;
- Rename Gas to Natural Gas, Exclude butane and propane from this class, and combine with class liquid fuels;
- Expand 04.4.2 Refuse collection or part of Division 12 to include recycling and other environmental fees;

- Facilitate inclusion of owner- occupied housing by other methods than rental equivalent;
- Split 04.3.2 according to main types of services;
- Combine COICOP classes 04.4.4 (other services related to the dwelling n.e.c.) and 05.6.2 (domestic services and household services) into one class, “other services related to the dwelling and property”;
- Split 04.3.1, 04.5.2, 04.5.4 according to materials;
- Remove the term "effective" qualifying rental service in the categories: 04.1, 04.1.1 and 04.1.2. Not needed to distinguish the "imputed rent”;
- Move “Fitted carpets and resilient floors” from 05.1.2 to 04.3.1.

1.4. Proposed changes for Division 05:

- Provide more details for kitchenware (including disposables);
- Split according to the end use (washing/cooking/cooling) in 05.3.1, glassware and tableware in 05.4.0, cleaning and maintenance products in 05.6.1; separate household items from furniture;
- Combine COICOP classes 04.4.4 (other services related to the dwelling n.e.c.) and 05.6.2 (domestic services and household services) into one class, “other services related to the dwelling and property”;
- Suppress 05.1.2;
- Divide 05.4, 05.5 and 05.6 according to materials
- Fitted carpets and resilient floors should be moved from 05.1.2 to 04.3.1.

1.5. Proposed changes for Divisions 06:

- Divide into two groups private and government;
- Introduce more detail on the content of 06.1.1, 06.1.2 and 06.1.3;
- Introduce more detail on Corrective eye-glasses in 06.1.3, general/specialist practice in 06.2.1, medical analysis/ambulance services/others in 06.2.3– it can be at the 5th digit level
- Introduce more details for pharmaceuticals and hospital services.

1.6. Proposed changes for Divisions 07:

- Cars should be detailed by type and by new or used;
- Divide 07.2.2 according to the kind of fuel;
- Split 07.3.3 in domestic and international flights;

- Move Recreational vehicles (09.2.1 Major durables for outdoor recreation) to Division 07 Transport.
- Move Maintenance and repair of other major durables for recreation and culture (09.2.3) to Division 07 Transport.

1.7. Proposed changes for Divisions 08 and 09:

- Introduce more details for internet access and internet search services, telephone, postal and other communications services, telephone equipment, and subscription to online content providers;
- Replace 08 with ICT, and move 09.1.1-09.1.5 to Division 08;
- Introduce new class for "pure Internet access" and telecommunications services-TV-Internet access bundled;
- Split according to the following criteria:
 - sound/image or reception/recording and reproduction in 09.1.1,
 - personal computers in 09.1.3,
 - games/toys in 09.3.1,
 - garden products/plants and flowers in 09.3.3,
 - participation in sport/recreation in 09.4.1,
 - cinemas, theatres, concerts/TV and radio broadcasting in 09.4.2;
- Separate wireless communication and other social networking facility/services;
- Split on fixed telephone equipment and services and mobile telephone ones;
- Propose the following 3 digit categories:
 - Postal services,
 - Telephone equipment (including cell phones),
 - Computer equipment (including laptops, desktop, tablets),
 - Communication services (calls, Internet, text messages etc.),
 - Software and apps,
 - Audio visual content downloads (including music, movies, reading material, video on demand, etc.) and
 - other recreation and culture groups as presently structured;
- Merge Postal services and telefax with printers and scanners.
- Merge Division 08 and Group 09.1 Audio-visual, photographic and information processing equipment into a new division, which may or may not include 09.1.2

- Some of the classes in 9.2 – 9.5 could be merged;
- 09.1 and 09.3 are too detailed resulting in thin series;
- Suppress 08.2 (fax machines);
- 08.3 "Telephone and telefax services" could include Internet services
- Move Video games and consoles currently classified as Games, toys and hobbies to audio visual equipment.
- Merge COICOP 08 (ev. excl. 08.1) with the television and radio license fees, subscriptions from 09.4.2 (Cultural services).
- Move Recreational vehicles (09.2.1 Major durables for outdoor recreation) to Division 07 Transport.

1.8. Proposed changes for the Divisions 10:

- Merge 10.1, 10.2, 10.5;
- Merge 10.3 and 10.4;
- Revise the Division 10 to reflect ISCED 2008;
- Move Newspapers, Books, Stationery & other articles related to education to division 10.

1.9. Proposed changes for the Divisions 11 and 12:

- Introduce more details for takeaway food;
- Identify separately:
 - food and alcoholic beverage services from 11.1.1;
 - hotels/holiday and short stay accommodation/camping sites/boarding schools in 11.2.0,
 - hairdressing for men/hairdressing for women/personal grooming treatments in 12.1.1,
 - articles for personal hygiene in 12.1.3, travel goods in 12.3.2,
 - retirement homes for elderly persons/residences for disabled persons in 12.4.0,
 - administrative fees and legal services/funeral services in 12.7.0;
- Split social services between child care, elder care and other social services;
- Create a new Division for insurance and financial services – i.e. merge 12.5 and 12.6 into a new Division;
- Create two separate Divisions for 12.1-12.3 and for 12.4-12.6;
- Split 12 into two new Divisions on Insurance and Financial services and Miscellaneous;
- Create separate Division for Group 12.1 personal care;

- Create separate division for social protection 12.4
- Suppress 12.1.2, 12.5.5;
- Move Prostitution from 12.2 to 12.7.0 Other services;
- Replace the title of Division 11: Restaurants and hotels by Catering and Accommodation
- Move childcare centres from 12.4 'Social Protection' to Division 10 'Education'
- Move feeding bottles from 05.4 Glassware, tableware and household utensils to 12.3.2 as the rest of the articles for babies

1.10 More general proposals:

- Introduction of a 5th digit.
- Group together all maintenance and repair instead of by product repaired.
- Create classes for
 - Used goods (for clothing, recycled building materials, etc.)
 - Leased or lend goods (textiles, games, videos)
 - Licenses (apps, downloads)
 - Snacks (chips, nachos)
 - Homeopathic medicines
 - Vegetarian food based on wheat or soya
 - Decorative materials for gardens
 - Household expenditures on income taxes
 - Religious expenses
 - Membership fees for retail/wholesale stores
 - GPS-products (navigators etc.)
 - Downloaded or internet provided services
 - Apps
 - Electricity for electric cars
 - Hydrogen (as fuel for cars)
 - E-book readers
 - Private lessons (tutoring) and mental health.
- Reduce the many to many links between COICOP and CPC.
- Systematically separate goods and services.

- Systematically make an explicit distinction between non-durable, semi-durable and durable goods.

- Create a new category for multifunctional equipment (or even several such categories).

- Introduce (additional) distinctions in COICOP to explicitly facilitate the separation of products that (potentially) fall within the scope of green consumption.

- Some classifications like the ISIC provide for alternative aggregations in reporting of SNA industries and the information economy. For example, economic activities generated by the production of ICT goods and services are grouped together under ICT manufacturing industries, ICT trade industries and ICT services industries. Alternative aggregation could be used for COICOP for reporting certain categories (e.g. Apps or OOA) in an internationally comparable way.

2. Issues which could be solved by case laws although a change in structure could be a better solution

2.1 Where to classify:

- Used goods (for clothing, recycled building materials, etc.)
- Leased or lend goods (textiles, games, videos)
- Licenses (apps, downloads)
- Snacks (chips, nachos)
- Some ready-made meals (such as sandwich sold in supermarket, prepared meals for microwave)
- Homeopathic medicines
- Vegetarian food based on wheat or soya
- Decorative materials for gardens
- Household expenditures on income taxes
- Religious expenses
- Membership fees for retail/wholesale stores
- GPS-products (navigators etc.)
- Downloaded or internet provided services
- Apps
- Electricity for electric cars
- Hydrogen (as fuel for cars)
- e-book readers

- private lessons (tutoring) and mental health.

2.2 Provide guidelines:

- For the classification of Multifunctional products and bundled products.

2.3 Provide well-defined criteria for ready-made meals classification.

3. Issues which could be solved by case laws (a class is clarified or expanded with products not elsewhere mentioned yet):

3.1 Add inclusions/exclusions

- Include tolls facilities and parking meters in 07.2.4;
- Include taxis in 07.3.2;
- Any undefined "others" in the classification should be explicitly defined and guidelines be provided

3.2 Provide guidance on where to classify:

- Volunteer work (division 13 ?) (is this under the scope of COICOP?)
- Smartphones and tablets
- Video on demand
- Downloads of music, films or electronic books
- e-subscription of online newspapers and magazines
- Tomatoes (fruit or vegetable)
- Art and music schools, spa and sanatorium services
- Delivery charges for food services, such "charges" are not part of the food product but an added service
- Beauty treatments carried out in hospitals or clinics by doctors (Botox, plastic surgery, etc.)
- Homes with both medical and nursing care services
- Flour based products (farinaceous) - dumplings, pancakes prepared with meat, fish, vegetables, cheese
- Payment for heating up water, if the block of flats has its own heating system (04.4.1 or 04.4.5), i.e. cold water is supplied (04.4.1) to a block of flats, where is it warmed up for purpose of having hot tap water (where to classify it?) and separately for heating (04.4.5?). Usually flats' owners (and tenants) must pay separately for this service
- Structured courses which are related to school curriculum and conducted by certified and licensed instructors. Should they be classified under Division 10 'Education' or Division 9 'Recreation and Culture'? Such courses usually offer structured programmes for e.g. music

and art (subjects offered at GCE 'O' and 'A' levels), music (Suzuki music programme, graded exams like ABRSM), ballet (graded exams like RAD), sports (e.g. swimming graded tests like National Survival Swimming Award, taekwondo (graded belt tests))

- Holidays in a hotel should be treated as accommodation services?

3.3 Provide rules on:

- inclusion of additional costs related to the purchase of a product (e.g. delivery costs of goods and services, bought on the internet, should always be included in the product).

3.4 Provide methodological support on:

- Guidelines for the distinction between goods and services (this is not a trivial question because in many services there are some goods included and vice-versa):

- Funeral services and coffin
- Cars with warranty service;
- Medication included in outpatient services;
- Dental services and dentures;
- Food consumed outside home;
- Repair often includes material as well as labour;
- It is hard to separate e.g. nail paint vs labour of the manicure;
- Bundles of services and goods;
- Cultural products like downloads of music and books, could be viewed as a service, but serve the same purpose as goods.

Annex 2: Case laws for issues 1 and 2 (see Annex 1)

Where to classify Used goods (for clothing, recycled building materials, etc.)?

There was a general agreement that used goods bought in shops should be classified in the same class as new goods.

Conclusion: In common second-hand purchasing categories such as Clothing and footwear or furniture, the explanatory notes should specifically outline that new and second-hand goods should be classified in the same class.

In the perspective of a revision: When the amount involved in the transaction is significant, it could be useful to have a breakdown between used and new goods (this could be at 5th digit level).

Where to classify Leased or lend goods (textiles, games, videos)?

Leasing or lending are services.

Hiring is already foreseen in several parts of the present COICOP:

- 03.1.4 Cleaning, repair and hire of clothing,
- 03.2.2 Repair and hire of footwear
- In the explanatory notes of 05.6.2 - Domestic services and household services
- In the explanatory notes of 09.4.2 - Cultural services

Conclusion: Lease or lend of cloths should be in 03.1.4, lease or lend of furniture in 05.6.2 lease or lend of games, videos should be in 09.4.2

In the perspective of a revision: Currently the leasing/hiring/renting of goods is classified inconsistently across the COICOP. Some leasing is classified in a repair/service class and some is classified in the main class of the product. This should be harmonized.

Where to classify Snacks (chips, nachos,)?

Snacks are a very heterogeneous product. They can be based on vegetables (potatoes or other vegetables), cereals (rice, corn, maize), fruits, salami, cheese or even be sweet.

Besides that they can be consumed in a bar, restaurant or similar places or at home.

The purpose is nevertheless the same in all situations.

Therefore, while we don't have a specific class for snacks, they should be classified as Catering services when consumed in Restaurants or bars and according to the main ingredient when bought for a later consumption (as we already do for food in general).

Conclusion: The consumption of snacks should be classified as Catering services when consumed in Restaurants or bars and according to the main ingredient when bought for a later consumption.

Where to classify some ready-made meals (such as sandwich sold in supermarket, prepared meals for micro-wave)?

In the ECOICOP¹ it was agreed to classify all the ready-made meals and sandwiches in 01.1.9.4.

Nevertheless in the UN Technical Expert Group it was mentioned that in a future revision of COICOP, this service could be assimilated to 11.1.1 – Catering Services, Restaurants, cafés and the like. This

¹ ECOICOP is the European Union version of COICOP. It is fully consistent with COICOP at 4 digits but provide an extra level - 5th digit.

could be done specifically by rewording the dot point on the sale of food and beverage for immediate consumption to: “the sale of food products and beverages for immediate consumption by kiosks, street vendors, supermarkets and the like, including food products and beverages dispensed ready for consumption by automatic vending machines”.

Conclusion: Keep it in 01.1.9 Food products n.e.c for the moment

In the perspective of a revision: Sandwich sold in supermarket and prepared meals for micro-wave could be assimilated to 11.1.1 – Catering Services, Restaurants, cafés and the like. Nevertheless the service component is not very clear here and could be in practice difficult to separate supermarket expenditures

Where to classify Homoeopathic medicines?

Homoeopathic medicines are used for the same purpose of other pharmaceutical medicines.

Conclusion: Homoeopathic medicine should be classified under class 06.1.1 Pharmaceutical products

Where to classify Vegetarian food based on wheat or soya?

Vegetarian food based on Wheat or soya are generally used as a source of proteins, somehow meat substitutes.

They are not basic cereals, vegetables or legumes, they are processed food.

Tofu is also one of these products. It could be interesting to have a class or sub-class for soya products.

If we follow the logic of present COICOP for the Food part they should be classified according to the main ingredient.

Conclusion: Vegetarian wheat products should be classified on 01.1.1 Bread and cereals and Vegetarian soya products should be classified on 01.1.7 Vegetables

In the perspective of a revision: It would be interesting to have a class for vegetarian food

Where to classify Decorative materials for gardens?

It was not considered very clear what could be Decorative materials for gardens. Nevertheless, imagining that we are talking about decorations and ornaments for gardens (which are not plants) it was considered to fit in 09.3.3 Gardens, plants and flowers as this class already includes pots and pot holders

Conclusion: Decorations and ornaments for gardens (which are not plants) should be classified in 09.3.3 Gardens, plants and flowers

Where to classify Household expenditures on income taxes?

Direct taxes paid by households are not part of consumption expenditure. Therefore it is out of scope of COICOP.

Nevertheless the service provided to households to assist them in the preparation of income tax returns should be classified in 12.7.0

Conclusion: Direct taxes paid by households are out of the scope of COICOP. Services of assistance in the payment of income taxes should be classified in 12.7.0 Other services n.e.c.

Where to classify Religious expenses?

Donations to a church are out of the scope of COICOP

The purchase of devotion items (crucifix, etc...) could fit in 09.3.1

The purchase of services (funerals, weddings, etc) could fit in 12.7.0

Conclusion: Donations to religious institutions are out of the scope of COICOP but the purchase of religious items or services should be covered and no class is really appropriated. As a proxy, 09.3.1

Games, toys and hobbies could be used for goods and 12.7.0 Other services n.e.c. for services. Bibles should be classified as books.

In the perspective of a revision: Class 09.3.1 should be revised to include in the title that it covers also devotion items

Where to classify Membership fees for retail/wholesale stores?

Being a member of retail or wholesale stores provides many benefits to individuals such as having access to the store thereby taking advantage of shopping at wholesale prices, buying goods at discounted prices, free delivery and loyalty points. Member benefits may vary between stores and are therefore difficult to generalise.

This is a limited phenomenon in European countries. No COICOP real fits these expenses. It was proposed to classify them on 12.7.0.

Conclusion: Include Membership fees for retail/wholesale stores in 12.7.0 Other services n.e.c. We shall nevertheless check if these expenses are not out of the scope of COICOP

In the perspective of a revision: If this is an emerging service it should be considered in the framework of the revision.

Where to classify GPS-products (navigators etc.)?

GPS products can be used in several contexts:

- in motor vehicles
- In boats
- In sports (trekking, etc)

Therefore the first idea was to classify them according to the context.

GPS-products (navigators etc.) used in:

- personal transport should be classified in 07.2.1 Spare parts and accessories for personal transport equipment,
- in boats should be classified in 09.2.1 Major durables for outdoor recreation (?)
- in sports should be classified in 09.3.2 Equipment for sport, camping and open-air recreation.

Nevertheless, the TSG has not followed this logic in other parts of the classification of goods such as radios: a radio, regardless of what type is (car radio, radio receiver, radio clock etc,) is currently classified in the one place - 09.1.1.

Conclusion: It is recommended that GPS devices should be classified in 09.1.3 Information processing equipment.

In the perspective of a revision: More and more mobile phones, laptops etc. have built-in features based on GPS, so not easy to see how this should be dealt with. We may record 'pure' GPS products under e.g. 07.2.1 (products that only have this one function) but the same service can be provided through mobile phones/devices that should probably go under 08 or 09. On the other hand we also need to come up with recommendations that make sense in practice, and with the growing number of functionalities that are integrated in mobile phones etc., the more difficult or impossible it gets to divide expenditures on these devices according to the different functionalities/purposes. This should be taken into account when reviewing 08-09.

Where to classify Apps?

Apps are pieces of software that are used to perform a specific task or range of tasks. Apps can run on the internet, computers, phones, tablets, and other electronic devices. They can be of many specific types (software, games, music, books, magazines, newspapers).

These products would deserve a specific class.

Meantime there was a majority in favour of classifying them in 09.1.3

Conclusion: Apps should be classified in 09.1.3 Information processing equipment

In the perspective of a revision: These products would deserve a specific class.

Where to classify Electricity for electric cars?

Electricity for electric cars is used for transport purposes.

Since the primary purpose of using electricity here is running a vehicle, it should be classified to “7.2.2 Fuels and lubricants for personal transport equipment”. Explanatory notes for this class should include electricity for cars.

Nevertheless, although conceptually this is the most correct place, in practice electric cars are also recharged at home and it will be difficult to identify the part of the expenses in electricity for this purpose.

Conclusion: Electricity for electric cars should be classified on 07.2.2 Fuels and lubricants for personal transport equipment, whenever possible (only when the battery of electric cars is not recharged at home).

Where to classify Hydrogen (as fuel for cars)?

Conclusion: General agreement in having Hydrogen as fuel for cars classified in 07.2.2 Fuels and lubricants for personal transport equipment

Where to classify e-book readers?

The opinions were very balanced in relation to the classification of e-book readers. Some proposed to classify it under 09.1.1 others under 09.1.3 Information processing equipment

Conclusion: Taking into account that e-book readers neither have the complexity nor the price of the information processing equipment in 09.1.3 they should stay in 09.1.1.

In the perspective of a revision: Many devices now serve a number of purposes and are fundamentally the same as computers. A redefining of Group 09.1 to include all electronic devices, would resolve a lot of problems and also make the e-book proposal more straightforward.

Where to classify private lessons (tutoring) and mental health?

Conclusion: Tutoring should be classified according to the level of education in division 10. Private lessons for non-formal education as a hobby or leisure activity should be classified to 9.4.1 – Recreational and sporting services.

Assuming that mental health refers to psychological therapy services they should be classified in 06.2.3 Paramedical services and explanatory notes should include the services of psychologists.

Mental illness that requires admission as an inpatient should be classified under 06.3.1 Hospital services

Visits to a psychologist should be classified under 06.2.3 Paramedical services and;

Visits to a counsellor should be classified under 12.4.0 Social Protection

Shall we include tolls facilities and parking meters in 07.2.4?

Tolls facilities and parking meters are mentioned on the explanatory notes of 07.2.4 and the question here was if they were at the right place in the classification.

Apparently the group do not see any reason to change it.

Furthermore it was mentioned that although the hiring (with the expectation of return at the closing of an account) of an electronic toll tag or device is more clearly a service than outright ownership of a device, the purpose of the device (whether hired or owned) is to enable electronic tracking and payment of tolls. Therefore it should also be covered by 07.2.4

Conclusion:

- Tolls facilities and parking meters should remain in 07.2.4.
- Add to inclusions of 07.2.4 "Charges for rental or purchase of electronic tags and toll devices"

Shall we include taxis in 07.3.2?

Taxis are mentioned on the explanatory notes of 07.3.2 and the question here was if they were at the right place in the classification.

Apparently the group do not see any reason to change it.

Furthermore it was mentioned that it could be useful to add to exclusion water taxis (07.3.4) to be sure that the expenditure is not placed under road transport.

Conclusion:

- Transport expenses by Taxi should remain in 07.3.2.
- Add to exclusions of 07.3.2 "water taxis (07.3.4)"
- Add to inclusions of 07.3.4 "water taxis"

Where to classify Volunteer work?

ILO defines voluntary work as:

Unpaid non-compulsory work; that is, time individuals give without pay to activities performed either through an organization or directly for others outside their own household.

Voluntary work will only be under the scope of COICOP if the household is obtaining a service that is being provided by volunteers and it pays for it (not directly to the volunteer because by definition their work is unpaid, but possibly to an organization who engages the volunteer). In this case, this expenditure should be coded in COICOP 13 according to the nature of the service.

Conclusion: If the household is obtaining a service that is being provided by volunteers, then the expense (if there is an expense) should be classified according to its purpose

Where to classify Smartphones and tablets?

Devices should be classified according to their primary purpose. Nevertheless present situation of COICOP 8 and 9 is not satisfactory and a fundamental revision is needed in this area.

Conclusion: Add inclusion of Smartphones in 08.20 and of Tablets in 09.13.

In the perspective of a revision: the basic distinction implied between communication and recreation/culture is no longer suitable for the recording of e.g. laptops, tablets and smartphones and should be reconsidered.

Where to classify Video on demand?

The purpose of Video on demand is virtually the same as DVD hire. Therefore it should be classified under 09.4.2

Conclusion: Add inclusion of "video on demand" on 09.4.2.

Where to classify Downloads of music, films or electronic books?

As COICOP is a Classification of Individual Consumption According to Purpose, the main criteria is the purpose of consumption therefore an e-book is used for the same purpose as a paper book and a download of music like a CD and a download of a film like a DVD.

In the future it could be a good idea to distinguish the physical or electronic format for some products as prices are often slightly different. Distinction could be done at the 5th digit.

A new class for "electronic storage" (Cloud) would be needed although this doesn't belong really to cultural products.

Conclusion:

- Inclusions of 09.5.1 should include “e-books”.
- Exclusions should be amended in order to precise that only audio “pre-recorded tapes and compact discs of novels, plays, poetry, etc” are to be excluded. (09.1.4)
- Add "download of music and films" to the inclusions of 09.1.4
- A distinction should be made between purchase/download (09.1.4) and rent/streaming (09.4.2). (e.g. iTunes has both models)

In the perspective of a revision: A new class for “electronic storage” (Cloud) would be needed. The distinction according to the support (electronic or other) could be made at the 5th digit level.

Where to classify e-subscription of online newspapers and magazines?

These products should be classified to COICOP 09.5.2 - Newspapers and periodicals

Conclusion: Add "e-subscriptions of online papers and magazines" to 09.5.2 - "Newspapers and periodicals"

Where to classify Tomatoes? Is it a fruit or a vegetable?

Tomatoes are consumed in general as vegetables, and they are already mentioned under 01.1.7

Conclusion: No action

Where to classify Art and music schools, spa and sanatorium services?

- Art and music schools with a formally recognised qualification received upon completion should be classified under COICOP 10.3.0, 10.4.0 or 10.5.0 (depending on the level of the course).

- Art and music schools for leisure should be classified under 09.4.1 - Recreational and sporting services

- SPA services for non-medical reasons should be classified on 12.1.1 Hairdressing salons and personal grooming establishments.

The present exclusion of SPAs from 12.1.1 should be amended into "Excludes: spas for medical reasons(06.2.3)".

- Sanatorium should be classified in 06 – Health according to the purpose of the visit/stay in this place

Conclusion: Inclusions of these classes should be amended accordingly

Where to classify Delivery costs of goods bought on the internet?

For goods bought in internet delivery costs are in general separately invoiced because it is different to deliver the good in the same country or in a different Continent.

These costs can be recorded separately in 08.1 - Postal services

Conclusion: Explanatory notes should state that “If it is not possible to separate the delivery charge, cost of delivery should be included under the cost of the product. When paid separately, it should be recorded under Postal services.”

Where to classify Delivery charges for food services

Same conclusion as the previous issue

Conclusion: Explanatory notes should state that “If it is not possible to separate the delivery charge, cost of delivery should be included under the cost of the product. When paid separately, it should be recorded under transport.”

Where to classify Beauty treatments carried out in hospitals

Beauty treatments carried out in hospitals or clinics by doctors (Botox, plastic surgery, etc.) should be classified under 06 Health

Conclusion: Inclusions of 06.2.1 and 06.3.0 should comprise Beauty treatments carried out in hospitals or clinics by doctors

Where to classify Homes with both medical and nursing care services?

Most homes provide at least some medical and nursing care services but the main purpose is in general to use them as an institution for people needing professional care or supervision. Therefore they should be classified under 12.4.0 - Social protection

Conclusion: Homes with or without medical and nursing care services should be classified under 12.4.0 - Social protection if the main purpose of the stay is not for medical reasons.

Where to classify Flour based products (farinaceous) - dumplings, pancakes prepared with meat, fish, vegetables, cheese?

Farinaceous-based products prepared with meat, fish, seafood, cheese, vegetables or fruit should be classified on 01.1.1 as already mentioned in the explanatory notes

Conclusion: No need for action

Where to classify Payment for heating up water, if the block of flats has its own heating system, i.e. cold water is supplied to a block of flats, where is it warmed up for purpose of having hot tap water (where to classify it?) and separately for heating Usually flats' owners (and tenants) must pay separately for this service

Expenditures of the tenant paying for the heating of the tap water should be classified under 04.5.1 to 04.5.4 depending upon the type of energy used by the system of heating.

Conclusion: Provide a ruling on this

Should structured courses which are related to school curriculum and conducted by certified and licensed instructors be classified under Division 10 'Education' or Division 9 'Recreation and Culture'? Such courses usually offer structured programmes for e.g. music and art (subjects offered at GCE 'O' and 'A' levels), music (Suzuki music programme, graded exams like ABRSM), ballet (graded exams like RAD), sports (e.g. swimming graded tests like National Survival Swimming Award, taekwondo (graded belt tests))

Structured courses with a formally recognised qualification received upon completion should be classified under COICOP 10.3.0, 10.4.0 or 10.5.0 (depending on the level of the course).

Structured courses for leisure should be classified under 09.4.1 - Recreational and sporting services

Conclusion: Inclusions of these classes should be amended accordingly

Should holidays in a hotel be treated as accommodation services?

It is clear that:

Holidays in a Hotel should be classified as 11.2.0 - Accommodation services

Payments of households occupying a room in a hotel or boarding house as their main residence should be classified in 04.1.1- Actual rentals paid by tenants

What is less clear is the situation where the household rents a house/apartment for e.g. one month holidays in the beach.

Conclusion: The rental of a house/apartment for the duration of a holiday should be classified as "04.1.2 Other actual rentals" as the service provided is a housing service, not an accommodation service.