



STATISTICS

INTER SECRETARIAT  
WORKING GROUP ON  
NATIONAL ACCOUNTS

## **Treatment of Special Purpose Entities and Residency (G.4) (BOPCOM VM1 22/08)**

Joint (Virtual) Thirty-Eighth Meeting of the IMF Committee  
on Balance of Payments Statistics and Eighteenth Meeting  
of the Advisory Expert Group on National Accounts

March 7–10, 2022

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## **Outline**

- **Background**
- **Options for Consideration**
- **Global Consultation Outcomes**
- **Questions to the Committee and AEG**

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## Background

- This GN has been presented and discussed at the October 2020 AEG meeting.
- Being presented for the first time at the Committee.
- SPEs, as part of intra-MNE activities, present measurement challenges for both national accounts and balance of payments.
- The GN analyzes existing materials and examines ways to identify SPEs' economic and financial flows within macroeconomic statistics with a view to better understand their contribution from both national and international accounts' perspective.
- Drawing on extensive research on SPEs, the GZTT puts forward three major options.

## Option 1: Change the Core Conceptual *2008 SNA* and *BPM6* Framework [Rejected Option]

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### Option 1: Proposal to change the core conceptual *2008 SNA* and *BPM6* framework for SPEs.

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Options  
Considered

- **No preference** for this option. **Not enough progress has been made on data exchange to warrant this.**
  - Confidentiality remains a challenge for most countries.
  - Significant practical impact on compiling the statistics, amid the complexity of international data, and high costs this entail for countries.
  - Any modification of the conceptual core might hinder progress made in producing/releasing data on SPEs within the foreseeable future.

## Option 2: Separately Identify SPEs Within the SNA Framework Using ISAs: Increased Granularity

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**Option 2: Proposal to separately identify SPEs by increasing the granularity and supplementary data provided within the SNA framework using the institutional sector accounts (ISAs).**

- **Does not modify core concepts; slight changes are needed to the institutional sector breakdowns.**
  - **Strong preference for this option at the AEG.**
  - **Distinguish a separate “of which” category, supported by AEG** (within the non-financial and financial corporations’ sectors) for foreign-controlled SPEs, aligning the treatment of SPEs in the national accounts and ESS.
  - Aligns with the IMF’s recently released new database on SPEs, which separately identifies resident SPEs in cross-border statistics.
- **The AEG further supported to facilitate the implementation of Option 2:**
  - Definition of SPEs, aligned with ESS, based on direct or indirect foreign control in the SNA.
  - Different terms to distinguish SPEs with foreign control from SPEs with resident parents.

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Options  
Considered

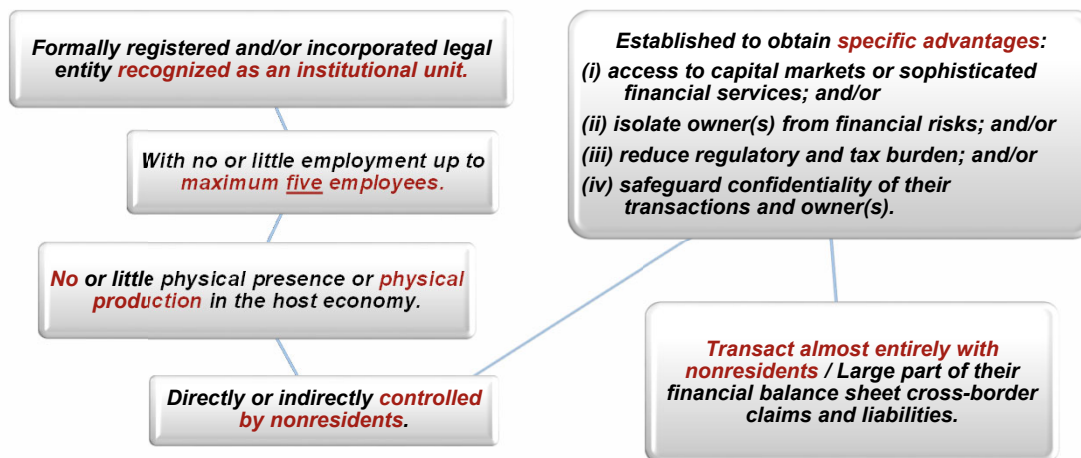
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## SPE Definition, Which Underlines the Data Collection

The definition of SPEs, based on direct or indirect foreign control in the SNA, aligned with ESS to facilitate the implementation of Option 2.



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## G20 (DGI-2) Institutional Sector Accounts (Financial and Nonfinancial Corporations)

Non-Financial Corporations							
Total	Domestically controlled non-financial corporations					Foreign-controlled non-financial corporations <sup>1</sup>	
	Total	Public non-financial corporations	Of which:		National private non-financial corporations	Of which:	SPEs
			Public non-financial corporations, which are part of domestic multinationals	National private non-financial corporations			
S11	S11DO	S11001	S110011	S11002	S110021	S11003	

Financial Corporations							
Total	Domestically controlled financial corporations					Foreign-controlled financial corporations <sup>2</sup>	
	Total	Public financial corporations	Of which:		National private financial corporations	Of which:	SPEs
			Public financial corporations, which are part of domestic multinationals	National private financial corporations			
S12	S12DO	S12001	S120011	S12002	S120021	S12003	

= Target  
 = Encouraged

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## Option 3: Extending the Existing Framework, Adopting the Nationality-based Presentation as Alternative Concept.

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**Option 3: Proposal to extend the existing framework, adopting the nationality-based presentation as alternative concept, without departing from the current statistical SNA/BPM framework.**

- **This to be considered on a supplemental basis to complement residence-based statistics. A viable option only for countries for which SPEs were deemed important, supported by the AEG.**
  - Resource intensive. To undertake this approach, data sharing agreements will become a priority.
  - Nonetheless, both approaches as complements will meet the practicalities and policy needs of countries for which these presentations would bring value addition to analysts or policymakers.
  - Nationality-based framework would complement the existing residence-based framework, which identifies where financial claims and liabilities are held.

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## Global Consultation Outcomes: Conceptual Recommendations (1/2)

- 60 responses were submitted, of which 30 coordinated, 20 national accounts, and 10 balance of payments.
- **Large support (78 percent) for Option 2** – no change in core framework but with supplemental information on SPEs by way of an encouraged breakdown of foreign controlled SPEs within ISAs, in the national accounts, and the separate identification of SPEs within ESS, for countries for which SPEs are significant.
- **Strong support (88 percent) to align the SPE definition** in the updated manuals with the one endorsed by the Committee in 2018. The benefit of a common definition of SPE in the context of data comprehensiveness, quality, and comparability, to ensure consistency between BPM and SNA.
- **Large support (78 percent)** that entities carrying the attributes of an SPE except with no direct or indirect nonresident control **will not be referred to as SPEs**.
- **Less support (43 percent) to present SPEs statistics on a nationality basis** as a complement to the residency-based statistics.

## Global Consultation Outcomes: Practical Considerations (2/2)

- **49 percent agreed and 37 percent was neutral** to the practical guidance to avoid consolidating the cross-border transactions of SPEs with resident immediate parent but subject to indirect foreign control, which can also be any other operating unit within the group, to the extent possible, while avoiding double counting. This should not be viewed as an exception to the rule of establishing an institutional unit as laid out in the SNA.
- **A majority (58 percent) viewed that the IMF's Operational Guidelines**, released in November 2020, as **comprehensive** enough to operationalize the SPEs definition for identification in the ISAs.
- Most national accountants didn't attend the IMF outreach activities, which mainly targeted ESS compiling institutions
- From a practical perspective, several challenges were noted, of which:
  - Identifying the same units as SPEs between NAs and BOP and coordinating data collection (53 percent cannot).
  - Current data collection systems' limitations, for instance updating the business register (86 percent should invest), adopting a new collection instrument (60 percent must develop), non-access to available administrative data sources (60 percent do not have).
  - Absence of data sharing practices.

## ***Questions for the Committee and AEG***

1. *Do the Committee and AEG agree to adopt the SPEs definition, in the context of ESS, in the SNA?*
2. *Do the Committee and AEG agree with integrating the proposed breakdown of foreign controlled SPEs within the ISAs for countries for which SPEs are significant? This will align with the separate identification of resident SPEs cross-border statistics within the balance of payments and international investment position, as recently launched by the IMF.*
3. *Do the Committee and AEG agree that countries, which have information on nonresident SPEs (i.e., domestic parents that own SPEs in foreign countries), can consolidate them with their parents and compile these statistics as an extension to the core framework (complementary statistics to the residency principle)?*

*Note: The AEG requested further clarification on the treatment of non-resident SPEs set up by governments. This was addressed in GN D.5 'Eliminating the Imputations for an Entity Owned or Controlled by General Government that is Used for Fiscal Purposes', which will be circulated for final endorsement of the AEG and the Committee after this meeting.*