



**STATISTICS**

**INTER SECRETARIAT  
WORKING GROUP ON  
NATIONAL ACCOUNTS**

**Outcome of the global  
consultation on GN WS.14:  
The borderline between taxes, sales  
of service, and other government  
revenue boundary issues**

**(BOPCOM VM1 23/03)**

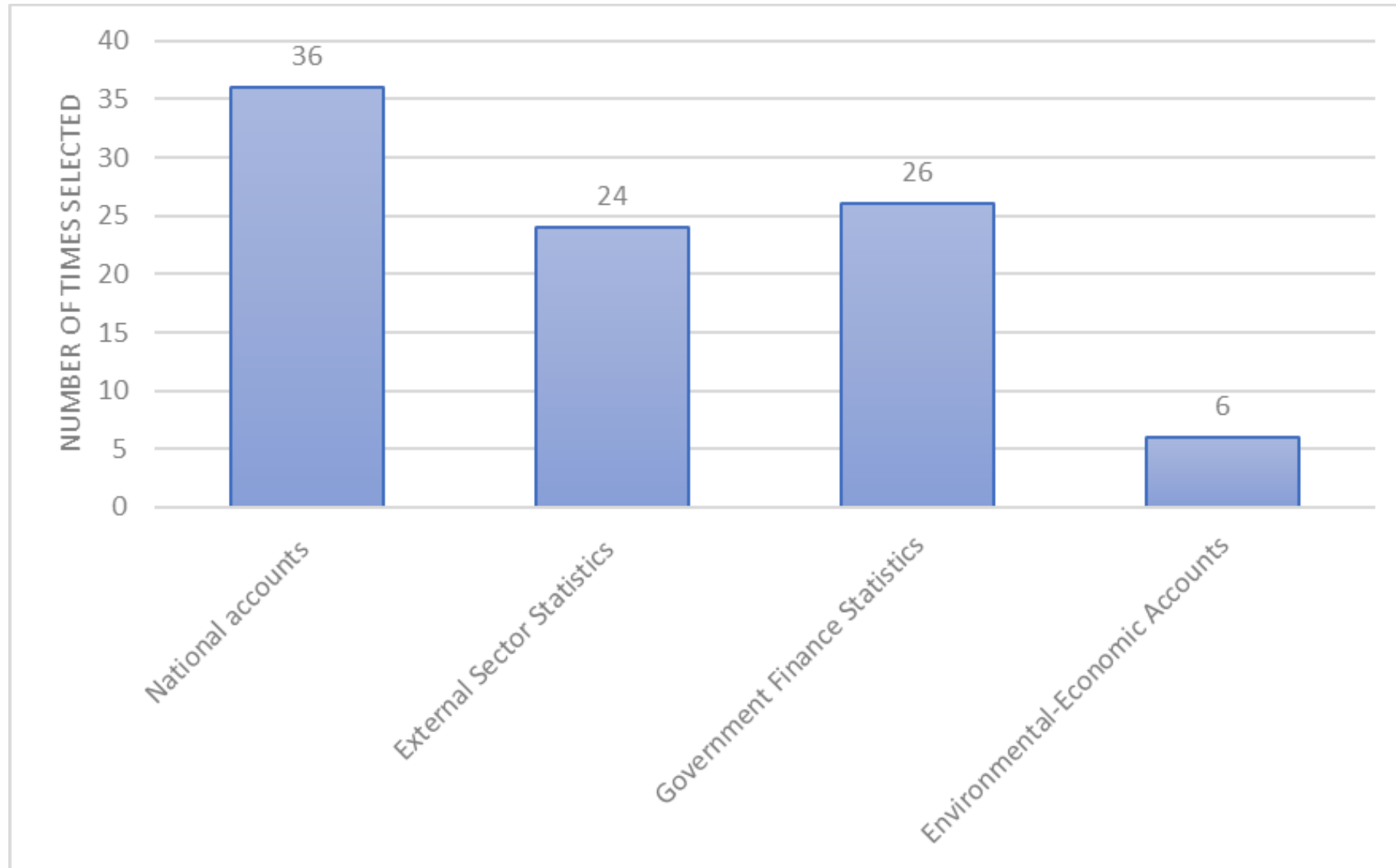
Joint (Virtual) Fortieth Meeting of the IMF Committee on Balance of Payments Statistics and Twenty-Second Meeting of the Advisory Expert Group on National Accounts

March 27–29, 2023

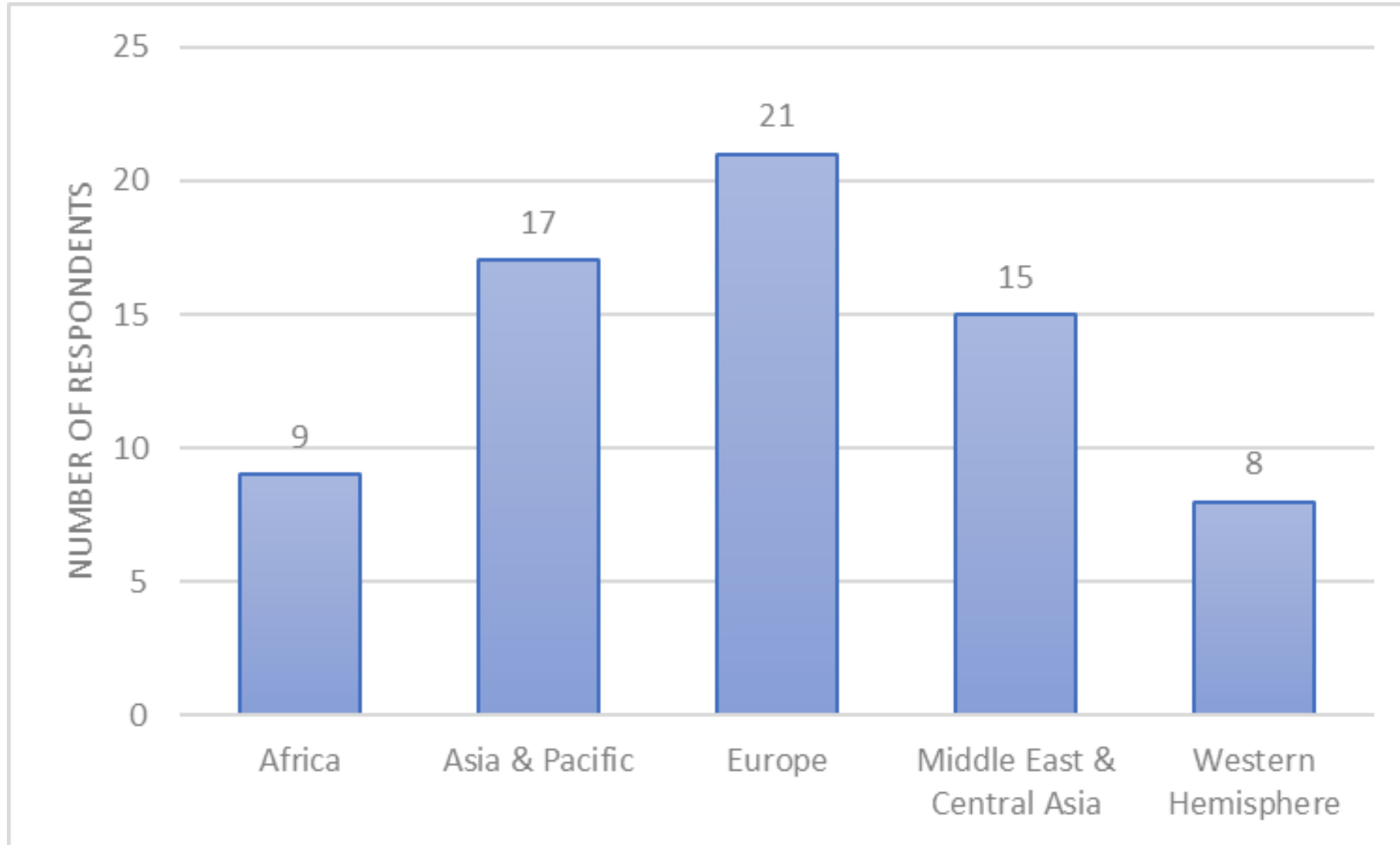
# Outline

- **Overview of consultation responses**
  - Section I: Mandatory license payments
  - Section II: Rent & Permits to use natural resources
  - Section III: Decision tree for government receipts
  - Section IV: Rearrangement of transactions through government
- **Questions for the AEG and Committee**

# Responses by statistical domain

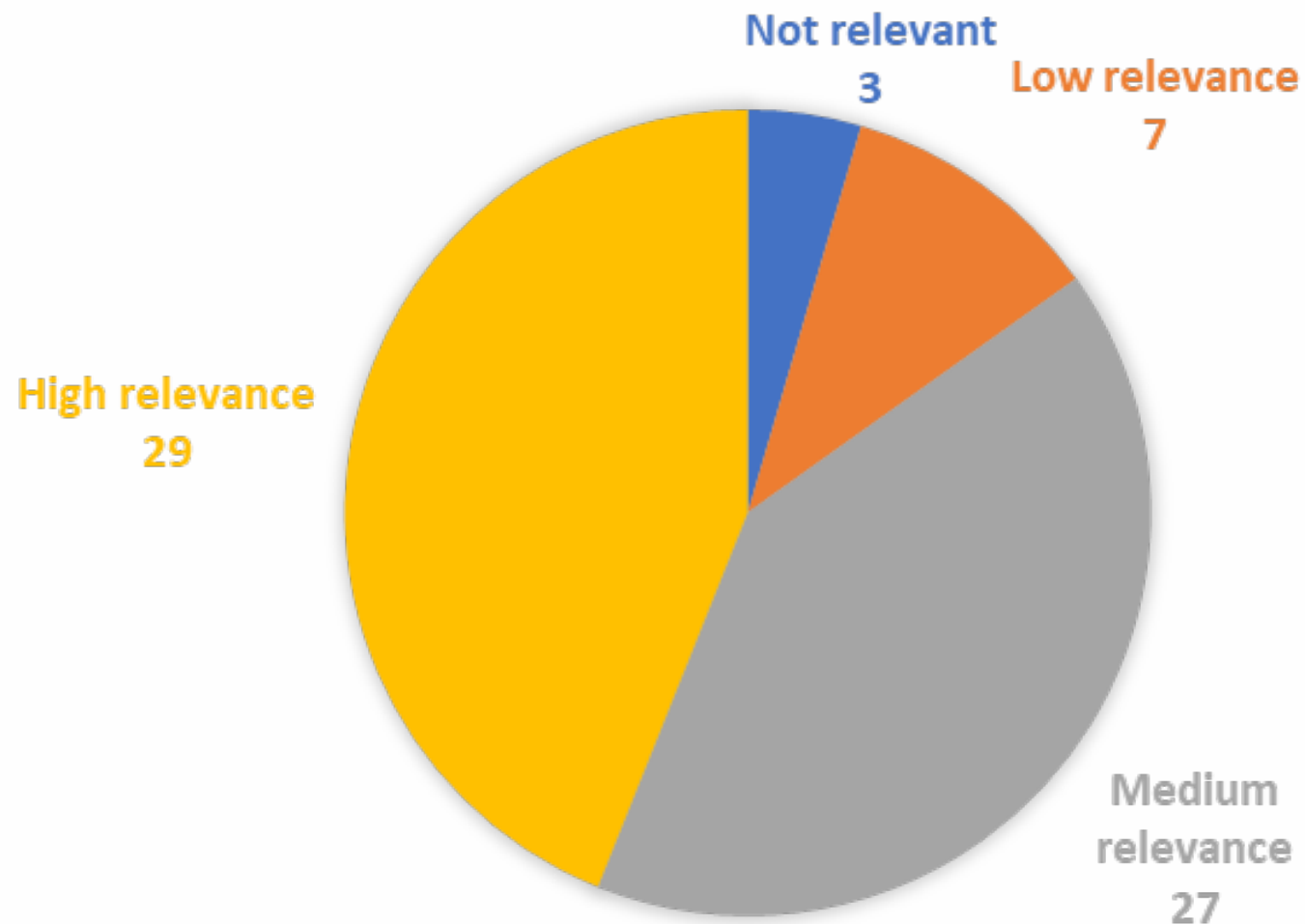


# Responses by geographical area



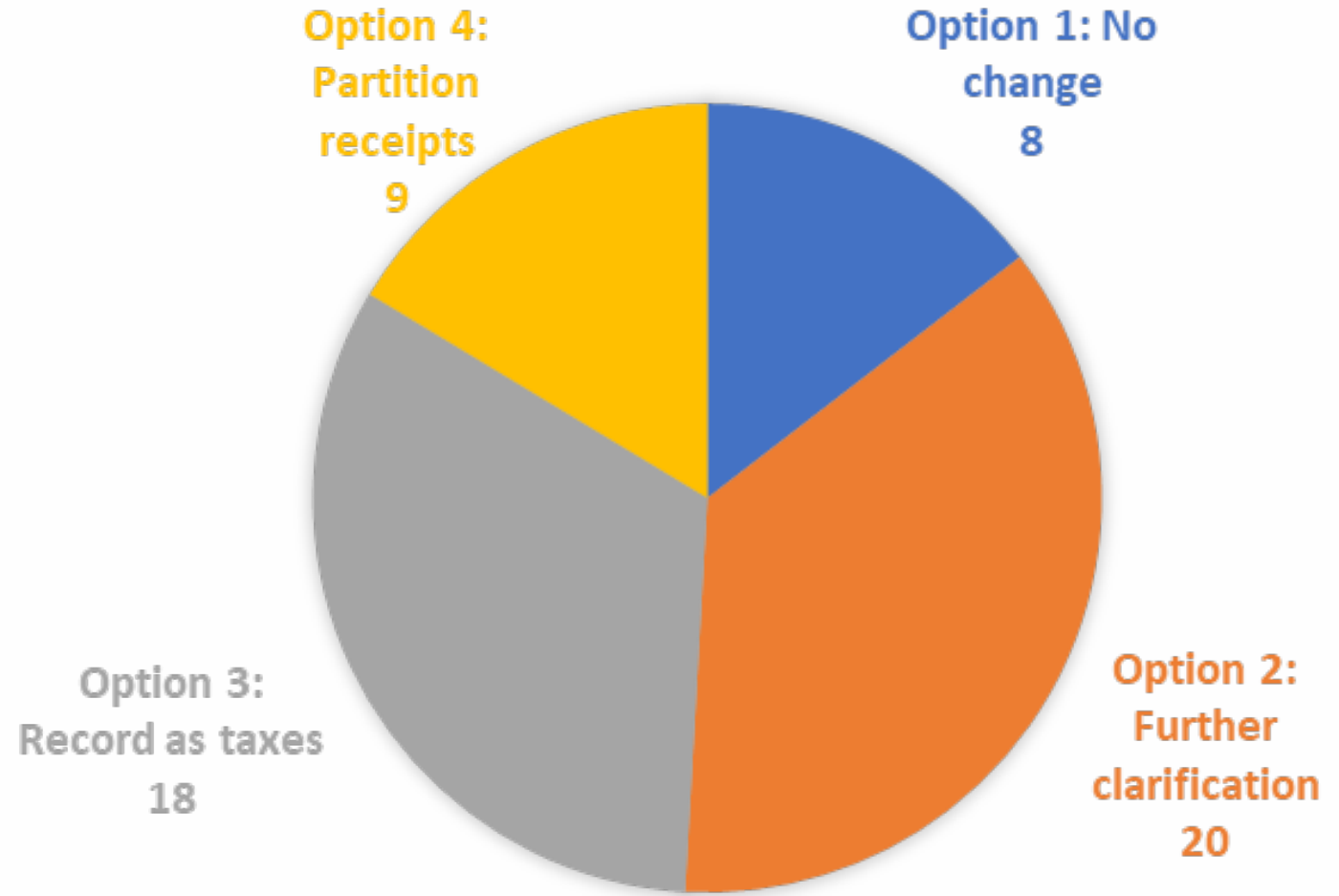
## Relevance of GN

- “The topics cited in the guidance note are highly relevant to improve the compilation of the government sector in the national accounts.”
- “Suggested changes in guidance on treatment of payments to government would have material impact on GDP and national accounts aggregates”



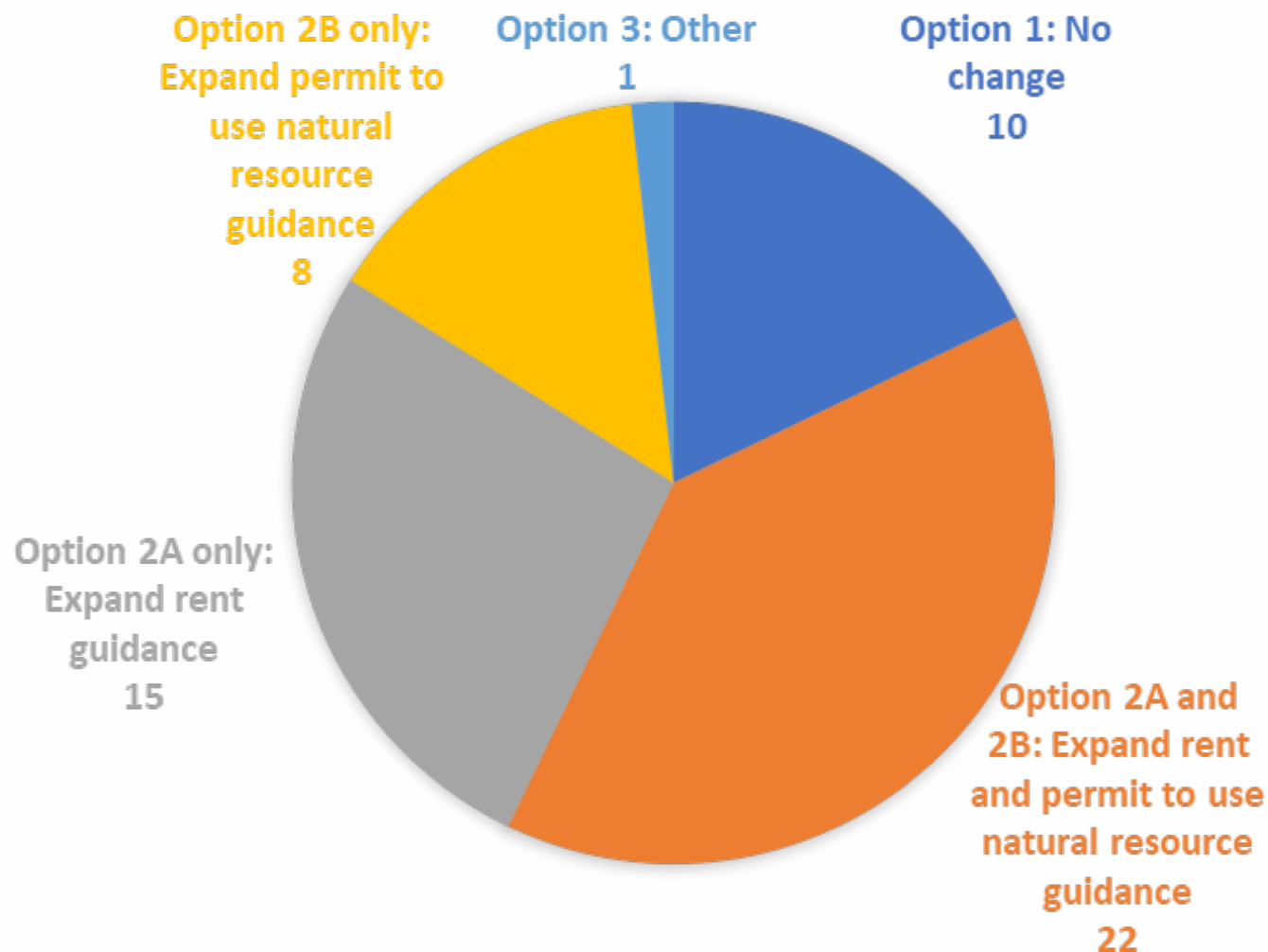
# Section I: Mandatory license payments

- “Option 3 is relatively easy to implement. It recognizes the compulsory and unrequited nature of non-transferable licenses imposed by government as part of a mandatory process.”
- “We see some advantages of option 3, but all in all prefer to keep the concepts as they are now.” [Option 2]



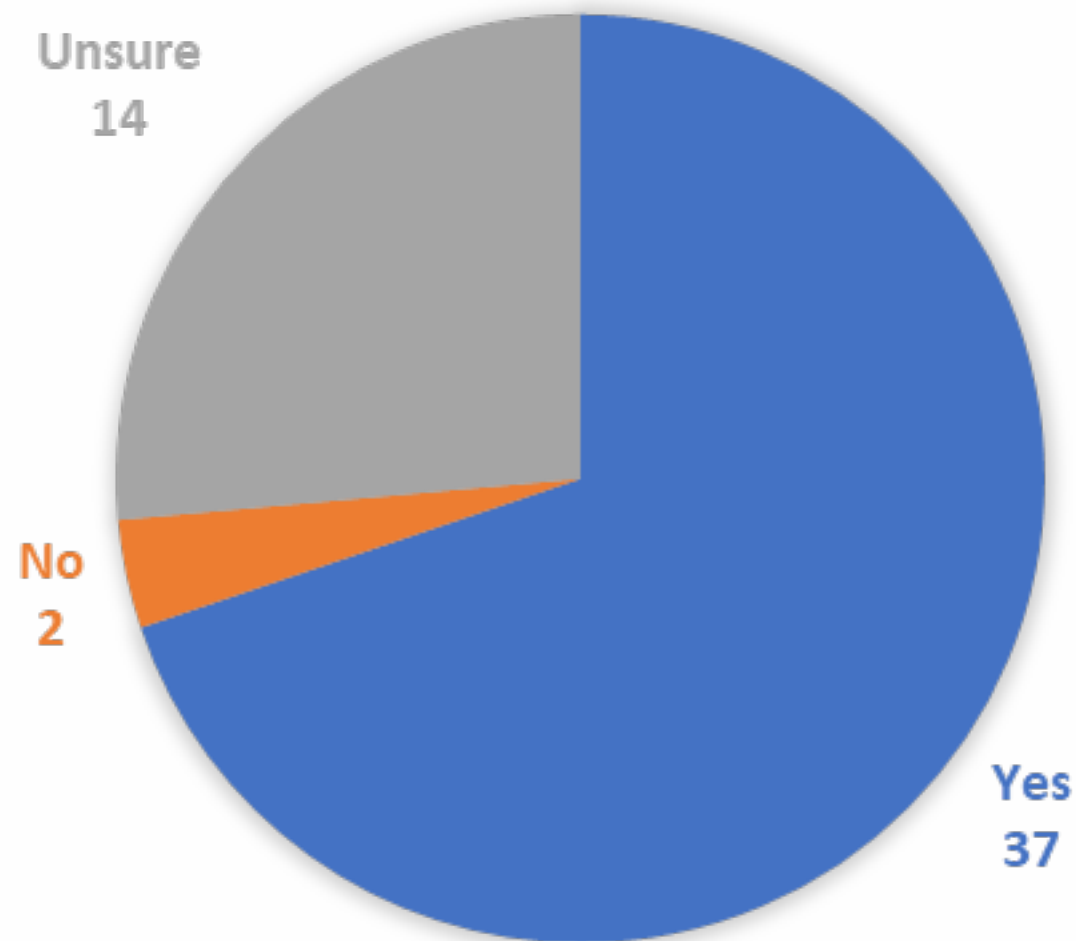
## Section II: Rent & Permits to use natural resources

- “The clarification is sensible and should simplify the differentiation of rents, fees and taxes related to natural resources.”
- “It's difficult to reply because of the dependence of other guidance notes in this area.”



## Section III: Decision Tree for Government Receipts

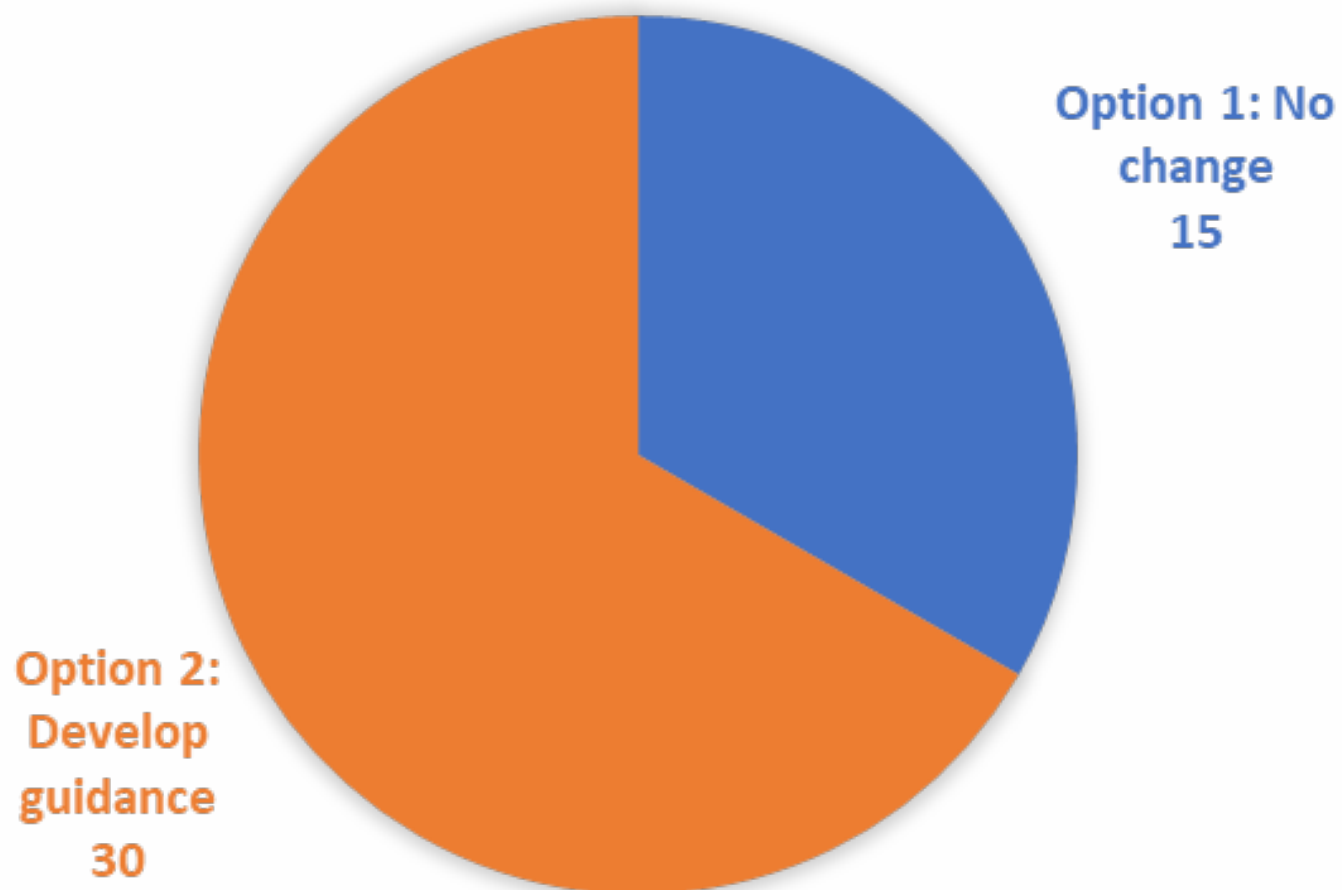
- “The decision tree is a good visual representation/tool in providing useful guidance on the correct classification of payments to government.” (Yes)
- “Even though decisions trees are very useful in principle in this case the tree should be more thoroughly developed to have only one precise decision tree.” (No)





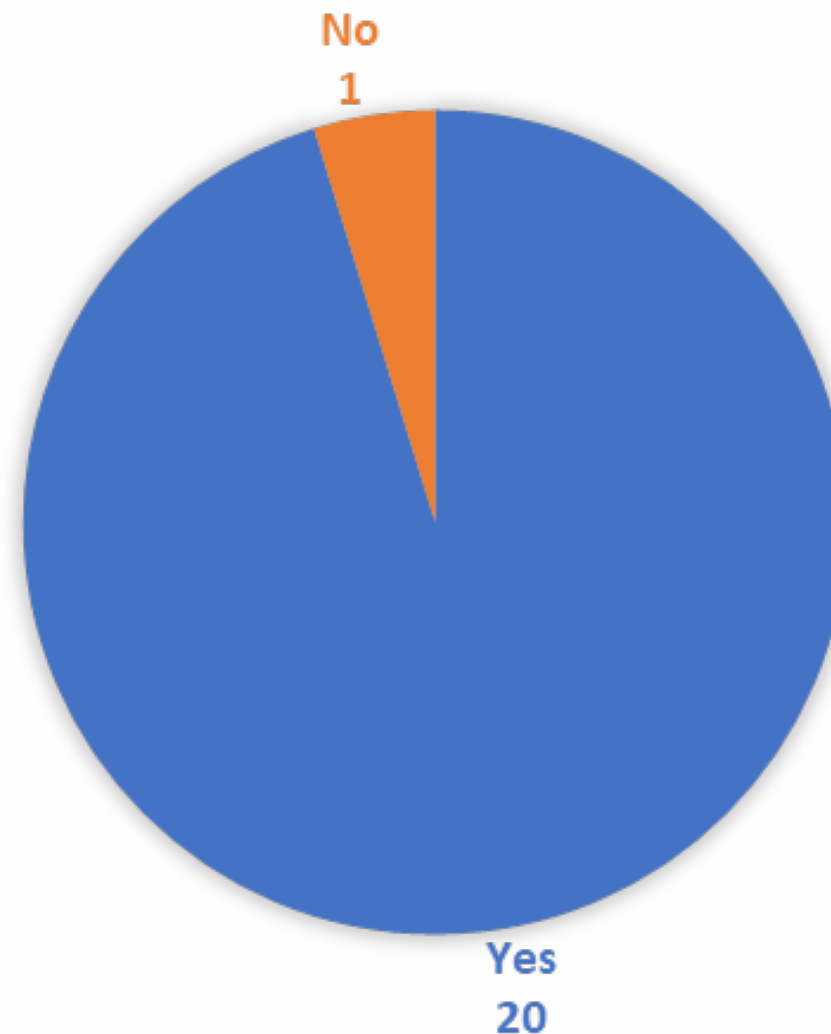
## Section IV: Rearrangement of transactions

- “there could be a significant benefit in providing additional guidance through examples on when transactions should be rearranged through government...”
- “Having a guidance on limited number of scenarios for rearranging will ...bring closer the approaches easing the comparison between the jurisdictions and through the time..”



## Section IV: Rearrangement of transactions (cont.)

Do you agree with all three of the scenarios outlined in the Guidance Note as appropriate for rearrangement?



## Section IV: Rearrangement of transactions (cont.)

**Additional transactions which may be suitable for re-routing - as suggested by respondents**

- paid parental leave scheme where payments are made to employees by employers on behalf of the government;
- workers compensation scheme where premiums are paid on behalf of employees by employers to public schemes;
- private school funding where the payments are rearranged to a different level of government;
- rerouting for green certificates, as a tax on the electricity suppliers and a subsidy to the renewable energy generators;
- social insurance payments;
- feed-in tariffs;
- energy price caps (with funding of price differences by the government);
- premiums collected by non-government public unit as a compulsory payment.

# Questions for the AEG and Committee

## **On Section I:**

- 1. In light of the inconclusive views of the global consultation, do members favor Option 3 (record as taxes all compulsory payments for licenses issues as part of a mandatory process), as recommended in the GN, or Option 2 (no change to conceptual guidance but provide further clarifications)?*
- 2. Do members have or favor any alternative proposals to address this area of the guidance note?*

## **On Section II:**

- 1. Do the members support the recommendation of the GN to introduce in the manuals both Option 2A (to clarify the definition of rent) and Option 2B (to clarify the treatment of permits to use natural resources)?*
- 2. How do members envisage to take forward this section of the GN given close links to GNs on treatment of rent and the split asset approach?*

### **On Section III:**

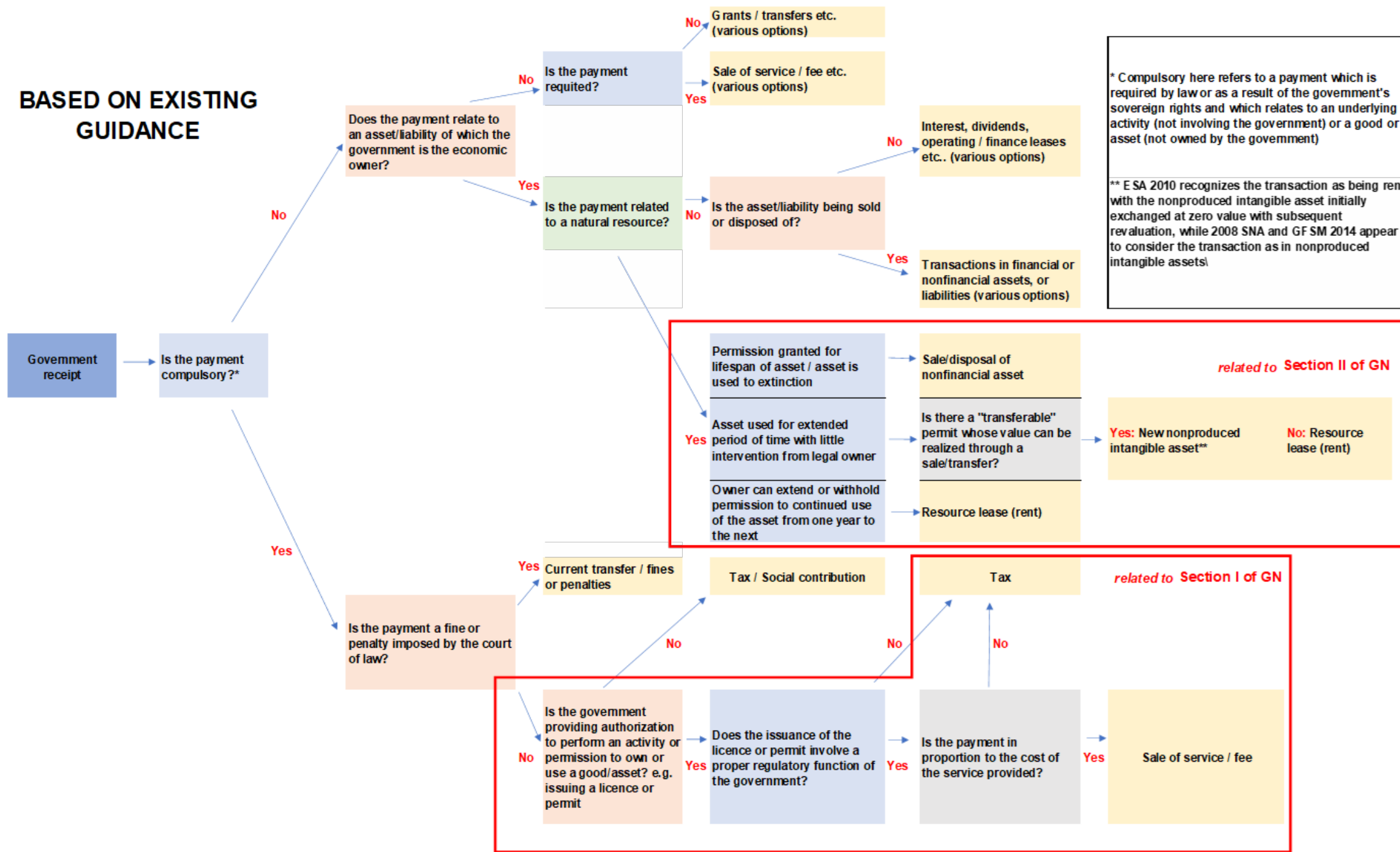
- 1. Do members support the recommendation of the GN to introduce in the manuals the decision tree?*
- 2. Do members support the refinement to the decision tree described in paragraph 19 of this note?*

### **On Section IV:**

- 1. Do members support the recommendation of the GN to develop and introduce in the manuals new guidance on the rearrangement of transactions through government accounts, in a limited number of scenarios?*
- 2. Do members have comments on the scenarios under which rearrangements through the government accounts are proposed?*

# Additional Slides

# BASED ON EXISTING GUIDANCE



\* Compulsory here refers to a payment which is required by law or as a result of the government's sovereign rights and which relates to an underlying activity (not involving the government) or a good or asset (not owned by the government)

\*\* E SA 2010 recognizes the transaction as being rent with the nonproduced intangible asset initially exchanged at zero value with subsequent revaluation, while 2008 SNA and GF SM 2014 appear to consider the transaction as in nonproduced intangible assets!