

**Comments on draft SNA chapter:
Chapter 7: The distribution of income accounts**

**Deadline for comments: 15 April 2007
Send comments to: sna@un.org**

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This three-part template allows you to record your comments on draft chapter 7 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

Save this template and send it as an attachment to the following e-mail address: sna@un.org

Part I: General comments

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated (30 words or less).

Comment:

The new recommendations (employees stock options, super-dividends, standardized guarantees, etc) have been clearly incorporated in the new chapter.

Part II: Comments on specific draft paragraphs or passages (*to follow soon*)

In your review of draft chapter 7, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. There are some changes in the text of section B on compensation of employees received from the ILO. Do you have any questions on the changes?

Comment:

We could not identify the changes mentioned in the version of chapter 7 that is on the website. Is it possible to highlight the changes?

2. In sections C and D, there are some changes in the text on taxes and subsidies suggested by the IMF and OECD staff responsible for classifying tax statistics. Do you have any questions on the changes?

Comment:

We could not identify the changes mentioned in the version of chapter 7 that is on the website. Is it possible to highlight the changes?

3. Section E, on property income, is expanded in keeping with AEG recommendations (see the Note by the editor). Do you find the new text clear enough? . It is proposed to introduce a heading, Investment income, under property income (equal to property income less rent) to facilitate consistency with the BPM. Do you have any comments on this proposal?

Comment:

The aggregate "investment income" including interest, dividends, and other property income has been introduced. On the contrary the investment aggregate does not appear in table 7.8.

4. It is proposed (section E.5) to use the expression "after-tax rent" instead of "net rent" to facilitate consistency with the SEEA. Do you have any comments on this?

Comment:

"After tax rent" is clearer than "net rent" and consistent with the SEEA

Part III. Other specific comments

7.5 The sentence after the italics says "Neither compensation of employees nor taxes on production include any income tax". This is wrong. Compensation of employees does include taxes on income.

7.13 The old (deleted) paragraph 7.9 gave valuable information on the content of the net operating surplus for non-market government units (zero by definition). This paragraph should be reintroduced.

7.37 (b) Is it really necessary to split between "social security schemes" and "other schemes"? The SNA 93 distinguishes only actual social contributions (D121) and imputed social contributions (D122) which should be enough.

7.56 Why is a new entry created for social security, under compensation of employees? The entries of old SNA: actual (D121) and imputed (D122) should be sufficient.

7.58 Why is the category "imputed employer contributions" limited to pension schemes? There are other schemes than pension schemes for which there should be imputed contributions.

7.76 The new AEG recommendation on taxes unlikely to be collected is not well reflected in this paragraph. In fact this paragraph is left unchanged, starting by "In some countries and for some taxes....This gives the impression of an exceptional problem whereas this phenomenon is more or less common to all countries. We propose to include the following sentence: "In practice, taxes (and social contributions) evidenced by declarations and assessments but unlikely to be collected should be neutralized in the same accounting period by subtracting their amounts from the total amounts of taxes (and social contributions) or by a capital transfer from general government to the relevant sectors".

7.85 In the discussions leading to ESA 95 the scope of taxes on products was extended to include stamp taxes on legal documents or cheques, car registration taxes and taxes on housing services. Extending the scope of taxes on products in the SNA to include these taxes is worth considering.

7.86 c This paragraph should include a description of mobile-phone-type licences. So a new item should be introduced that takes into account the AEG decision.

7.101 An explanation of accrual interest and its application in the system for various financial instruments is essential and the old paragraphs 7.94 to 7.111 should be reintroduced.

7.106 The introduction of super-dividends is a major improvement of the system. We would be in favor of going a step further which would be the extension of the concept of reinvested earnings. This extension would concern public and private quasi corporations, public corporations and private corporations when the units are publicly controlled or when there is a single owner with controlling interest (at least 50%).

7.115 The paragraph says for non-life policies the investment income on technical provisions is treated as income attributable to the policy holder. The scope of technical provisions to which this paragraph refers is unclear, in particular are equalization provisions included?

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comments directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make very detailed comments please send a message to sna@un.org requesting to receive a version of the draft chapter permitting you to comment. To optimize your commenting tools please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>