

**Comments on draft SNA chapter:  
Chapter 9: The use of income account**

**Deadline for comments: 03 December 2006  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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This three-part template allows you to record your comments on draft chapter 9 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](mailto: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 organization of this chapter is better than the organization of the reference chapter, and the additional explanatory paragraphs are welcome and appropriate.

It is not possible to comment on the clarity with which the new recommendations were incorporated because the pension issue is the only relevant recommendation and apparently it is not yet resolved.

There are several issues regarding the uses of terms that exist in the reference chapter and still need to be clarified. For example, "final consumption" should be used rather than "consumption" to avoid any notion that intermediate consumption might be included. The term "taxation or other revenue" occurs several times but is quite vague and possibly misleading. In most cases it can simply be omitted. Revenue is not defined in the SNA, other revenue might include sales when compulsory transfers are probably intended, and expenditures can be financed by borrowing rather than revenue.

Nowhere in this chapter or chapter 8 is it stated why some transfers in kind are social transfers in kind and others are different types of transfers with the two categories of transfers being given quite different treatments in the System. The different treatments are crucial and a rationale should be given. Also, why are some transfers in kind to residents social transfers in kind and identical transfers to nonresidents are not social transfers in kind?

It would be very helpful to state prominently that Actual Final Consumption less Final Consumption Expenditure and Adjusted Disposable Income less Disposable Income both equal Social Transfers in Kind by definition. These equalities are referenced several times, but often not the fact that they are equal by definition. Considerable repetition could be

avoided or reduced with a prominent statement early in the chapter.

Additional suggestions are included in the PDF file.

## **Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 9, 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. Section C contains expanded text on the treatment of imputed expenditures including the treatment of income in kind and barter.

*Comment:*

Collecting references to imputed expenditures into a single, separate section is a good idea. Implementation, however, is always difficult. Paragraph 9.46 starts this section rather abruptly. One paragraph indicating why this section exists would be a great help. It is not clear whether this section should be about (1) imputed values of final consumption expenditures only, or should include imputed values of actual final consumption, (2) imputed transactions as well as imputed valuation of actual transactions, (3) rearrangements of actual flows, or (4) all difficult/unusual transactions related to final consumption. This section should be only repeating and emphasizing material in other chapters, and that point should be stated explicitly. Most importantly, the equivalent section in Chapter 3 should be referenced and care should be taken to use the same language. In particular, chapter 3 includes a section on "other payments in kind." Why are they excluded from this section?

Transfers in kind should be included. Given their importance in this chapter, their omission is surprising, especially social transfers in kind.

Sales of existing goods as negative expenditures are not imputed expenditure, unless made for in-kind compensation, in which case they most likely are barter. This section should be placed elsewhere.

2. Section C has more detail on the types of financial service paid for by households indirectly, which need to be identified and separated from transaction prices or interest flows.

*Comment:*

The updating of this section is good. Only a few minor editorial changes are suggested in the PDF file.

3. Section F describes the reconciliation between general government output and consumption expenditure.

*Comment:*

Adding this section is an excellent idea, but I think its presentation is a bit too simplified. More detailed comments are in the PDF file.

### **Part III. Other specific comments**

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](mailto: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>