

**GFSAC Meeting: May 13-15, 2025****Cover Page****1.28 Work-in-Progress, Transfer of Ownership and Capital Services***Paper: GFSAC/2025/05/13I***For Endorsement****No Discussion****Global Consultation Responses:**

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	27
No	1
Partially	5
No Comment	4
Total	37

Global Consultation Comments:

The respondent who disagreed with the Proposed Recommendations provided no comments to explain the reason for their disagreement.

Those who only partially agreed with the proposals mainly noted implementation concerns with respect to sourcing the data and measurement issues. One respondent commented:

"Agree in principle but it is hard to see how this can be implemented in practice. In reality work in progress values consist of many projects contracted to multiple providers, all starting and finishing at different times. The problem is, source data relating to these projects is bundled up so no information is available on them separately. As a result, it is impossible to know about timing of ownership change or valuation of each asset type within each project. We would imagine therefore, that in most cases we will need to adopt an approach where a contract of sale exists and regular ownership transfers are made from the work in progress "pool". We believe too that the producer will typically be recording stage/progress payments as part of their output and value added, so we need to maintain consistency."

Another respondent who partially agreed with the proposals suggested that flexibility in implementation should be allowed depending on country circumstances.



A few of those respondents who agreed with the Proposed Recommendation also noted implementation challenges. However, some also felt the proposals would simplify their GFS compilation, with one respondent stating:

"The recognition of work-in-progress assets would greatly simplify data collection: fiscal statistics are more likely to rely on readily available accounting data where the work-in-progress assets are reported as a type of fixed assets, typically without further information about their nature. Additionally, we find the alignment of nonfinancial asset classifications between GFSM and SNA important, as it would be problematic to estimate the consumption of fixed capital using the perpetual inventory method for multiple nonfinancial asset taxonomies."

Another noted:

"We agree with the recommendation, as it removes ambiguities in the application of the ownership transfer concept for incomplete assets and promotes uniformity in recording practices across countries."

Other respondents who agreed with the Proposed Recommendations emphasized in their rationales the importance of harmonization with the 2025 SNA and the positive impact on fiscal transparency and reporting.

Questions for GFSAC:

- Do you endorse the draft Notice of Decision?



GFS Notice of Decision

DRAFT

1.28 Work-in-progress, transfer of ownership and capital services

GFS Notice of Decision:

The guidance in the *GFSM 2014* update will be amended to record (i) all incomplete fixed assets as work-in-progress, (ii) the difference between the stage payments and the estimated value of the effective transfer of ownership as other accounts payable/receivable, and (iii) incomplete fixed assets produced on own account as work-in-progress, except where it is not practically possible.

The revisions will require an update of:

- the conceptual guidance in *GFSM 2014* (paras. 7.37, 7.80-7.83),
- references to the treatment of work-in-progress in individual asset categories such as on cultivated biological resources (GFS code 61131 – para. 7.62),

In addition, reference to the inclusion of advances for work that is in progress (para. 7.225) in other accounts receivable/payable (GFS codes 6208, 6218, 6228, 6308, 6318, and 6328) will be retained but expanded to also include the difference between the value of stage payments and the estimated value of the effective ownership transfer.

GFS Related Documents:

GFS Proposed Recommendations Document	GFSM PR 1.28
GFS Discussion Note	Not applicable
GFS Global Consultations	April 2025
Discussions at GFSAC Meeting(s)	To be added
SNA/BPM Related Documents:	
Guidance/Issue Note	SNA/BPM Action Point A.12
Global Consultation(s)	SNA: September 2023
Discussions at the AEG/BOPCOM¹ Meeting(s)	AEG: March 2023

¹ AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee