



# GFSAC Meeting: May 13-15, 2025

## Cover Page

### 1.29 Clarifications on the Treatment of Terminal Costs During Ownership Transfer for Different Types of Assets

Paper: GFSAC/2025/05/13J

## For Endorsement

### For Discussion

#### Global Consultation Responses:

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	25
No	2
Partially	2
No Comment	8
<b>Total</b>	<b>37</b>

#### Global Consultation Comments:

One respondent who disagreed with the Proposed Recommendations left no comments to explain their response, while the other stated:

*"I disagree with including the full SNA treatment in the updated GFS because GFS focuses on fiscal reporting, not detailed economic analysis. The SNA's complex guidance on capital services and ownership transfer costs isn't necessary for government financial statistics and could overcomplicate the framework. A simple cross-reference to the relevant SNA chapters would be more appropriate and maintain clarity in GFS."*

Those respondents who only partially agreed with the Proposed Recommendations noted potential challenges in implementation and proposed the need for detailed guidance in the manual.

Several of those who supported the Proposed Recommendations mentioned that the proposed approach was conceptually in line with accrual principles, and many highlighted the importance of harmonization with the 2025 SNA and BPM7. One respondent who supported the proposal also noted:



*"Adopting the recommendations here would improve alignment between accounting standard and GFS reporting practices for providers and would provide a more accurate picture of the asset's value and the associated costs over time."*

Another respondent who supported the Proposed Recommendations pointed out that:

*"...the estimates of terminal costs imputed at inception are likely to be materially inaccurate, particularly in relation to assets with a long life span and / or of some technologically novelty. There is also likely to be a variation in the accuracy of the estimates for similar assets across countries depending both on the design of the original asset (e.g. specific type of a nuclear reactor) and the technological approach to decommissioning. Consistently with para. 11.234 of 2025 SNA, we feel that GFSM should treat the need for reconciling the expected and actual terminal cost as a given and provide practical guidance on the recording of such reconciliation."*

### **Questions for GFSAC:**

- Do you agree to the explicit inclusion of the treatment when estimated terminal costs differ from actual terminal costs, based on 2025 SNA (para. 11.234)?
- Do you endorse the draft Notice of Decision?



## GFS Notice of Decision

**DRAFT**

### 1.29 Clarifications on the treatment of terminal costs during ownership transfer for different types of assets

**GFS Notice of Decision:**

The update to the *GFSM 2014* will:

- Maintain the *GFSM 2014* treatment of terminal costs being written off over the whole life of the asset, rather than being recognized only at the end of the asset's life. At the time of acquisition, terminal costs should therefore be estimated and included in the asset's valuation.
- Record a counterpart entry of provisions at the liability side when terminal costs are estimated and included in the asset's valuation. This will be reduced as the actual terminal cost value is provided over the life of the asset to avoid the negative value at the end of the asset's life.

Further, in line with [2025 SNA](#) (para. 11.234), where the cumulated depreciation does not cover all terminal costs (due to the challenges in predicting the terminal costs accurately) any amount not already covered by depreciation during the life of the asset is written off at the time the costs are incurred as depreciation. In such a case the remaining terminal costs will be recorded as acquisitions in nonfinancial assets at the time of incurrence but these will be "written off" through the simultaneous recording of an equivalent amount of depreciation.<sup>1</sup>

**GFS Related Documents:**

<b>GFS Proposed Recommendations Document</b>	<a href="#">GFSM PR 1.29</a>
<b>GFS Discussion Note</b>	Not applicable
<b>GFS Global Consultations</b>	<a href="#">April 2025</a>
<b>Discussions at GFSAC Meeting(s)</b>	To be added
<b>SNA/BPM Related Documents:</b>	
<b>Guidance/Issue Note</b>	<a href="#">SNA/BPM GN WS.9</a> ; and <a href="#">Action point A.14 Clarification on costs of ownership transfer</a>
<b>Global Consultation(s)</b>	SNA: <a href="#">August 2022</a>

<sup>1</sup> This clarification regarding the treatment when estimated terminal costs differ from actual terminal costs was implicitly in PR 1.29 but has been explicitly added in response to a comment received in the global consultation.



**Discussions at the AEG/BOPCOM<sup>2</sup> Meeting(s)**

AEG: [October 2022](#)

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<sup>2</sup> AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee