



STATISTICS

IMF Government Finance Statistics Advisory Committee

Meeting in Brasilia, Brazil

May 13–15, 2025

Paper: GFSAC/2025/05/2A

Summary of Consultation Responses: Proposed Recommendations - Group 1

Prepared by the Statistics Department

INTERNATIONAL MONETARY FUND

Consultation on Proposed Recommendations for Updating the *GFSM 2014* Based on Changes Agreed for Implementation in the *2025 SNA* and *BPM7* (Group 1)

The consultation on eleven Proposed Recommendations for Updating the *Government Finance Statistics Manual 2014 (GFSM 2014)*¹ ran from March 6 - 28, 2025.

In total 36 responses were received from country authorities in 28 countries, as well as four independent GFS experts. In general, there was a good geographical spread of responses, although there were relatively few responses from countries in the Middle East and Central Asia.

The vast majority of respondents (83 percent) indicated that they were engaged in macroeconomic statistical compilation (predominantly of government finance statistics (GFS)) with the other respondents reporting they were users of GFS data. One respondent explicitly noted they were both compiler and user.

The below section provides summary information on the views of respondents with respect to the eleven Proposed Recommendations, Annex 1 provides more details on the responses received, and Annex 2 summarizes the comments made by respondents where they only partially agreed with a Proposed Recommendations document.

RESPONSES TO PROPOSED RECOMMENDATIONS

All eleven Proposed Recommendations were agreed for inclusion in the update of the GFS manual by the majority of respondents who expressed an opinion².

One Proposed Recommendation – ***PR 1.5 Treatment of external assets and related income declared under tax amnesty*** - was agreed unanimously by all respondents without any caveats.

For three Proposed Recommendations there was a single respondent who did not apparently agree with the proposal (by selecting “No”) but in two of these cases (***PR 1.9 Improving the recording of government-controlled nonresident SPEs*** and ***PR 1.19 Treatment of SPEs and Residency***) the comment was that the particular issue raised in the Proposed Recommendation was not relevant to the country of the respondent. On the third case (***PR 1.22 Treatment of Emissions Trading Schemes***) the respondent argued that a nonproduced asset needed to be recorded:

“In economic reality, emission permits owners treat them as nonproduced assets. On one hand they are a key figure for the production process because without them production would be reduced and even brought to zero. On the other hand, emission permits are a source of holding

¹ All eleven Proposed Recommendations were based on changes agreed for the *System of National Accounts 2025 (2025 SNA)* and the *Balance of Payments Manual 7 (BPM7)*.

² All analysis referenced in this section relates to those respondents who expressed an opinion on a Proposed Recommendation, excluding those who selected “no comment”.

gains for their owners due to their scarcity is only increasing over time, especially in a cap and trade scheme. So, if emissions permit are nonproduced assets for producers and they acquire them (for a price or for free) from the government its clear that the government should start to record some kind of nonproduced asset reflecting the income flow that could get from, e.g., auctioning the emission permits which at the end are a form to get a price for the air.”

For all Proposed Recommendations (except **PR 1.5 Treatment of external assets and related income declared under tax amnesty**) there were some respondents who responded that they only partially agreed with the proposals. In the majority of cases this was to highlight the practical challenges involved in implementing the proposals. However, in a few cases some more conceptual issues were raised, most notably with respect to **PR 1.4 Citizenship-by-Investment Programs**, **PR 1.22 Treatment of Emissions Trading Schemes** and **PR 1.24 Distinction between Taxes, Services and Other Flows** (see Annex 2 for more details). In addition, some of the respondents who agreed with a Proposed Recommendations document also included comments, sometimes highlighting implementation challenges.

All feedback from the consultation, including comments from those who agreed with the Proposed Recommendations, will be carefully considered when advancing each of the research projects and drafting Notices of Decision.

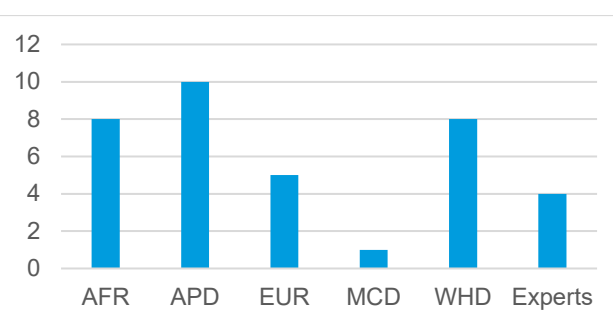
Annex 1: Detailed Responses

RESPONDENTS

Number of responses: 36

BY REGION

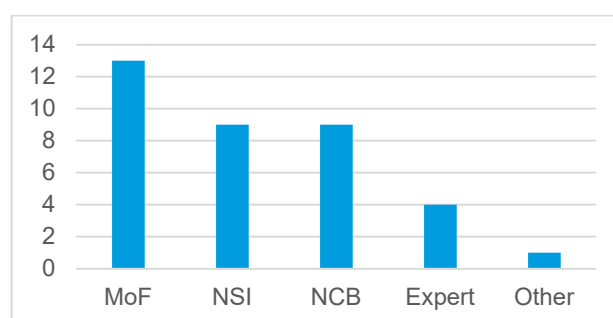
Region	Count
Country authorities in:	32*
Africa (AFR)	8
Asia & Pacific (APD)	10
Europe (EUR)	5
Middle East & Central Asia (MCD)	1
Western Hemisphere (WHD)	8
Individuals (Experts)	4
Total	36



* 32 responses were received from authorities in 28 different countries

BY ORGANIZATION

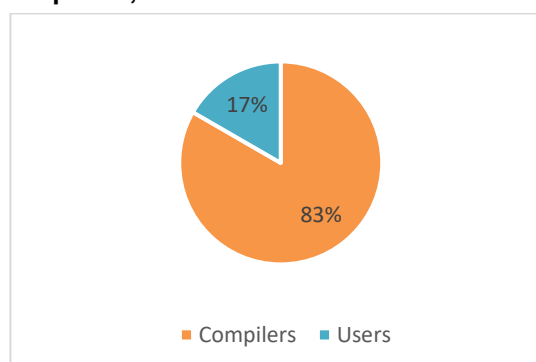
Institution	Count
Ministry of Finance (MoF)	13
Central Bank (NCB)	9
National Statistics Institute (NSI)	9
Other	1
Independent Expert (Expert)	4
Total	36



BY AREAS OF EXPERTISE / INTEREST

Question: What is your main interest in, and/or relationship with, Government Finance Statistics?

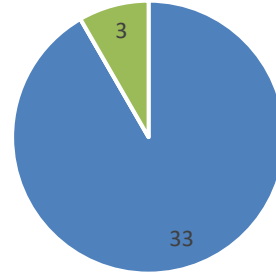
Main Interest	Count
GFS compilation	25
Compilation of other macroeconomic statistics (e.g., national accounts, balance of payments)	3
Policymaking	1
GFS analysis and use (e.g., analyst, academic)	3
Other (2 compilers, 1 user and compiler, 1 accountant)	4
Total	36



IEWS ON PROPOSED RECOMMENDATIONS

PR 1.2 Treatment of Rent

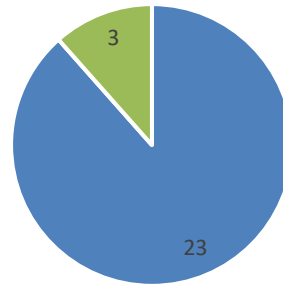
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	33
No	0
Partially	3
No Comment	0
Total	36



■ Yes ■ No ■ Partially

PR 1.4 Citizenship-by-Investment Programs

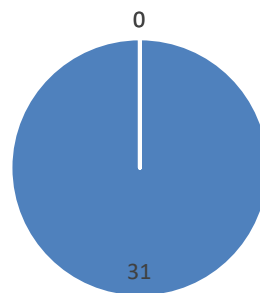
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	23
No	0
Partially	3
No Comment	10
Total	36



■ Yes ■ No ■ Partially

PR 1.5 Treatment of Assets and Related Income Declared under Tax Amnesty

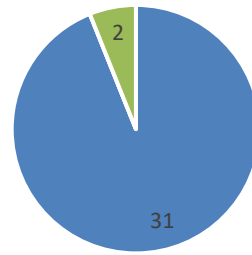
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	31
No	0
Partially	0
No Comment	5
Total	36



■ Yes ■ No ■ Partially

PR 1.6 Operating and Financial Leases

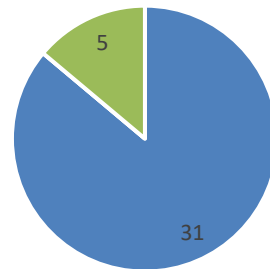
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	31
No	0
Partially	2
No Comment	3
Total	36



■ Yes ■ No ■ Partially

PR 1.7 Recording of Fines and Penalties

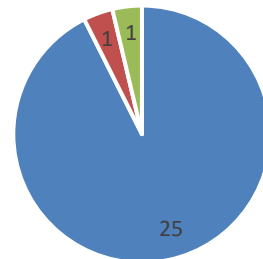
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	31
No	0
Partially	5
No Comment	0
Total	36



■ Yes ■ No ■ Partially

PR 1.9 Improving the Recording of Government-controlled Nonresident SPEs

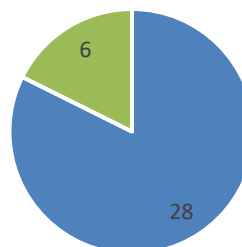
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	25
No	1
Partially	1
No Comment	9
Total	36



■ Yes ■ No ■ Partially

PR 1.11 Identifying, Valuing and Reporting Government Data Assets

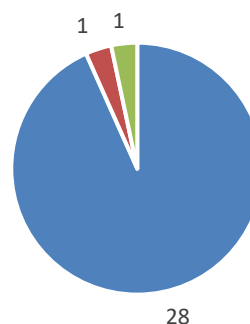
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	28
No	0
Partially	6
No Comment	2
Total	36



■ Yes ■ No ■ Partially

PR 1.19 Treatment of SPEs and Residency

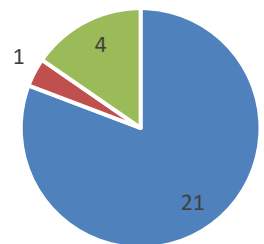
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	28
No	1
Partially	1
No Comment	6
Total	36



■ Yes ■ No ■ Partially

PR 1.22 Treatment of Emissions Trading Schemes

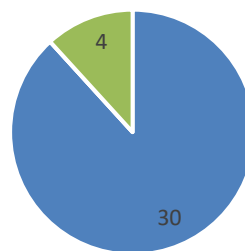
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	21
No	1
Partially	4
No Comment	10
Total	36



■ Yes ■ No ■ Partially

PR 1.23 Environmental Classifications within GFS

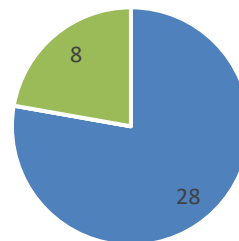
Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	30
No	0
Partially	4
No Comment	2
Total	36



■ Yes ■ No ■ Partially

PR 1.24 Distinction between Taxes, Services and Other Flows

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	28
No	0
Partially	8
No Comment	0
Total	36



■ Yes ■ No ■ Partially

Annex 2: Reasons for Partial Agreement with Proposals

Proposed Recommendation	Number of respondents indicating their partial agreement	Summary of rationales given for only partially agreeing to the Proposed Recommendation
<i>PR 1.2 Treatment of Rent</i>	3	<ul style="list-style-type: none"> • Suggest allowing some flexibility on presentation of breakdown items. • Highlight implementation challenges which may require phased implementation. • May be practically difficult to separate out receivables/payables for authorization to record observable phenomena from other revenue/expenditure.
<i>PR 1.4 Citizenship-by-Investment Programs</i>	3	<ul style="list-style-type: none"> • Concern over the discrepancy between the GFSM/SNA/BPM and the European System of Accounts (ESA) guidance – which highlights a divergence in the interpretation of what constitutes a compulsory payment. • Highlight diverging views in country authority, with some supporting the proposal but others suggesting instead to consider citizenship as a nonproduced nonfinancial asset.
<i>PR 1.5 Treatment of External Assets and Related Income Declared under Tax Amnesty</i>	0	<i>Not applicable</i>
<i>PR 1.6 Operating and Financial Leases</i>	2	<ul style="list-style-type: none"> • While not opposed to the concept would like to review the proposed additional practical guidance on the differences between IPSAS 43 on leases and the statistical treatment.

<i>PR 1.7 Recording of Fines and Penalties</i>	5	<ul style="list-style-type: none"> • “The reasoning behind splitting payments between current and capital transfers is acknowledged but the logic seems at odds with the treatment of the receipt of insurance claims for example, which are current transfers other than in exceptional circumstances.” Therefore, more guidance on what constitutes “major compensation payments” is requested. • “2025 SNA’s separation of transactions into punitive and compensatory is helpful but creates a separate problem of delineating between the two, which is made harder by the narrow and limited definition of payments of compensation in 2025 SNA para. 9.146-147. Consequently, the SNA guidance appears ill-suited for major multi-year tax and subsidy (incl. tax credit) disputes, e.g. in the context of large multinationals, whereby the court decisions or out-of-court settlements are neither exclusively punitive nor are they designed as a compensation for any damages in the sense of 2025 SNA.” Suggest that it would be helpful to include language similar to that in ESA 2010 para. 20.189 with respect to compensation and when a transaction is reversed. • “While it is clear that major compensation payments are to be recorded as capital transfers instead of current transfers, defining or quantifying what constitutes ‘major’ could pose a challenge to jurisdictions.” Suggest providing more comprehensive criteria and/or examples for ‘extensive damages’ that are to be classified as major compensation. • Suggest to clarify if “an ex-gratia payment that is not substantial enough to fully replace an asset but was voluntarily given to a jurisdiction as assistance (not an admission of liability) to help partially recover losses or damages to a property or resources, can be classified as part of the capital receivables.” • Highlight implementation challenges due to lack of data which may require some flexibility in implementation. • Will require some changes to current accounting rules and budget classifications.
<i>PR 1.9 Improving the Recording of Government-controlled Nonresident SPEs</i>	1	<ul style="list-style-type: none"> • No rationale provided.

PR 1.11 Identifying, Valuing and Reporting Government Data Assets	6	<ul style="list-style-type: none"> • Highlight the importance and need for practical guidance. • Concern of the practical challenges around data ownership and valuation and suggest therefore a flexible approach to implementation. • Believe more needs to be done in understanding the impact of fiscal aggregates from the reclassification of spending related to generating data assets from expense categories to transactions in data assets. • “There is significant flexibility – and thus material uncertainty – around how different countries would approach the capitalisation of administrative data and the knock-on consequence for the values of compensation of employees, use of goods and services, etc., and ultimately net operating balance arising from the likely application of the sum of costs approach. Although the issue is not dissimilar to research and development (R&D) in 2008 SNA / GFSM 2014, the scale of data formation is likely be significantly higher, to the point that it may make the split between current (operating balance) and capital (net investment) expenditure less meaningful in a conventional sense.” • Query as to the application of depreciation to data assets. • “We partially agree with expanding the GFSM 2014 asset boundary to include data as a fixed asset, as it aligns with evolving economic realities and the draft 2025 SNA. However, clear valuation methods and economic ownership criteria must first be established to ensure consistent and reliable fiscal reporting. Data assets, especially government-produced data, often lack market prices, are freely available, and do not always generate direct financial returns, making their classification as produced fixed assets challenging. Without a well-defined methodology for valuation and ownership, the inclusion of data in the asset boundary could lead to inconsistencies and misinterpretations in fiscal statistics. Therefore, further research and guidance should be developed before full implementation.”
PR 1.19 Treatment of SPEs and Residency	1	<ul style="list-style-type: none"> • Suggest that for governments with multiple SPEs involved in fiscal policy then they should be encouraged to report each separately.
PR 1.22 Treatment of Emissions Trading Schemes	4	<ul style="list-style-type: none"> • “While the proposed changes aim to harmonize the GFSM with the draft 2025 SNA and BPM7, the Eurostat various conceptual options in the ESA update framework—ranging from how free permits are treated to the timing and level (EU versus national) of the tax—highlight unresolved

		<p>contradictions that will require further discussion and research to ensure a coherent, comparable treatment across countries.”</p> <ul style="list-style-type: none"> • Highlight that aspects of this topic are still on the research agenda of the 2025 SNA / BPM7 and so agreement to proposals can only be partial. • “..the 2025 SNA treatment of the emissions trading schemes differs from that advocated by some national experts for conceptual reasons, and the discussion around the 2025 SNA implementation remains ongoing.” • “I generally agree with the recommendation that charges on pollution should be recorded as taxes but the proposal to record them under 11452 [<i>Other taxes on use of goods and on permission to use goods or perform activities</i>] could be reviewed against the possibility of recording these levies under excise taxes which are charged to inhibit deter practices.”
PR 1.23 Environmental Classifications within GFS	4	<ul style="list-style-type: none"> • Highlight concerns around data availability and consistency of classification of the “of which” categories. • “The proposed changes offer significant improvements in terms of environmental data visibility. Nonetheless, there is a clear contradiction between the desire for greater detail and the practical limitations imposed by existing source data. Compilers may face challenges in separating environmental transactions from broader fiscal data, a problem that calls for further investigation and additional guidance.” • “We broadly support the ‘of which’ approach as best suited for appending the economic classification. However, we would like to be assured that the outcome allows for comprehensive identification of climate-related spending (and financing). We accept that the System of Environmental-Economic Accounting Central Framework (SEEA CF, to be revised in 2028) should, in principle, cover the subject. But it is the public sector that often bears most of mitigation, adaptation and disaster-related spending, and in our experience, it is the core GFS and not the various other outputs that are more likely to be used in fiscal analysis and decision-making on a day-to-day basis. Thinking globally, the countries most affected by the climate change (and/or receiving climate finance) are also the ones less likely to be producing comprehensive SEEA CF data.” • “The rationale for the multiple “of which” categories in the economic classification is not clear – as the paper itself indicates, a cross-classification of “environmental” COFOGs and standard economic classification could in any case be derived.”

		<ul style="list-style-type: none"> • Will require some changes to current accounting rules and budget classifications.
PR 1.24 Distinction between Taxes, Services and Other Flows	8	<ul style="list-style-type: none"> • “From the point of view of GFS dissemination, the most important point to remember in our opinion is the impact of this recommendation on the tax burden (potentially material increase in certain countries), an important element from the point of view of users/policymakers.” • “Regarding the rearrangement of transactions, we have a strong reservation about example 1 – “Where government replaces a pre-existing scheme involving actual payments to and from government with a new scheme under which the payments, which provide a similar economic outcome, are made directly and not through government.” This reminds us of several examples where in country A taxes are deliberately not collected (revenue foregone, nonpayable tax credits – tax expenditures) from enterprises to support a strategic activity/sector and where in country A taxes are collected but subsidies are paid. Ceteris paribus, according to the GFSM prescriptions, revenues and expenses will be lower in country A, but the impact on fiscal balances (net operating balance, net lending/borrowing) will be the same.” • “Payments for services where the party has the option to acquire or not the service should not be treated as taxes (e.g., passports, driver licenses, etc.). The proposed treatment will have a major impact on the revenue structure of local governments, which rely on fees and sales of services as a major source of own revenues. Should specify that the proposed recommendation applies not only to administrative fees (1422) but also to incidental sales by non-market establishments (1423).” • Highlight that the new conceptual approach to record payments for mandatory licenses as taxes will create a break in time series. • Highlight need to define sufficiently “mandatory” noting that: “Accounting standards distinguish between licenses for discretionary activities and compulsory licences that are necessary for the entity to operate. The latter are classified as taxes. If the recording by default of all payments for mandatory non-transferrable government licenses/permits as taxes includes discretionary licences this will result in divergence between accounting standards and Government Finance Statistics.” • “With respect to mandatory permits and licenses, we support the default treatment as taxes on both conceptual and practical grounds. However, the 2025 SNA wording leaves space for interpretation. By way of example, a vehicle safety inspection – and by extension, a driving test - ensures both the safety of the driver undertaking the test/inspection and of others on the road. Simultaneously deciding how much of the charge is for the “service” element that benefits the payer directly and how

		<p>proportionate that element is to the cost is not a very practical test; in fact, less practical than the 2008 SNA approach which assumed regulation was required by default and only tested the proportionality of the charge. In the same way that GFSM 2014 paragraph presently lists the common examples of administrative fees (while allowing to classify them differently if strong arguments exist), it would be helpful for the upcoming GFSM to contain examples of common cases and/or examples of how the “sufficiently material”/ “not disproportionate” test is applied thereby illustrating the application of the 2025 SNA approach to borderline scenarios.”</p> <ul style="list-style-type: none"> • “We have reservations around the breadth of the guidance on rearrangement, specifically the statement “for instance, the government may mandate that certain economic units (e.g., fossil fuel based energy suppliers) make regular payments directly to other economic units (e.g., renewable energy suppliers).” By extension, government regulations may mandate that property developers support environmental and archaeological conservation; that airlines “subsidise” the development of sustainable aviation fuel (SAF); that retailers purchase sustainable packaging for the goods they sell, and so on. We take the view that unless the fiscal aggregates are being affected – for example, where property developers are also required to contribute to the local public infrastructure / public services – there should be no rearrangement in the above cases, both for practical reasons and to preserve the meaning of the tax burden indicator.” • “We partially agree, because for point two related to payments for the use or extraction of a natural resource over an extended period, there is not jurisdiction or application identified for the subnational governments.”
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