



Proposed Recommendations Document:

1.2 Treatment of Rent

Summary Details

Links to Related Guidance/Discussion/Issue Notes and Latest Manuals: AI.2 Treatment of Rent in the National Accounts Draft 2025 SNA and Draft BPM7	
Global Consultation(s):	SNA Consultation: May 2023
Discussions at the Advisory Expert Group on National Accounts (AEG) / Balance of Payments Committee (BOPCOM) Meeting(s):	AEG: July 2023 ; March 2023 ; October 2022
Discussions at GFSAC Meeting(s):	To be determined
Summary of Proposed Recommendations: <p>The proposed recommendation is to expand the definition of rent to include payments not only related to the rights to use land or in relation to mineral and energy resources, but also to include payments for the use of all nonproduced nonfinancial assets (regardless of their life span), while also maintaining the ability for users to identify rent paid/received on natural resources.</p>	

Background and Issues

1. In the *2008 SNA* and *GFSM 2014* rent is defined as the revenue receivable by the owners of a natural resource (the lessor or landlord) for putting the natural resource at the disposal of another institutional unit (a lessee or tenant) for use of the natural resource in production.¹ Both manuals go on to note that rent can be paid on both land and on subsoil assets, and there is further guidance on payments to exploit radio spectra, timber, fisheries and water.
2. However, the *2008 SNA* and *GFSM 2014* are both silent on how to record payments related to the use of intangible nonproduced assets, such as *contracts, leases and licenses*, and *goodwill and, marketing assets*². The SNA guidance note on the treatment of rent (AI.2) argued that the classification of

¹ See *2008 SNA* para. 7.154 and *GFSM 2014* para. 5.122.

² The draft *2025 SNA* has introduced a new category of nonproduced nonfinancial asset: crypto asset without a corresponding liability designed to act as a medium of exchange (CAWLM). Although these are nonproduced nonfinancial assets it [has been decided](#) that revenue from the lending of CAWLM does not meet the definition of rent

a payment as either rent or rental could be based on whether the underlying asset has been produced or not. Specifically, as nonproduced nonfinancial assets are not a result of productive activity (unlike fixed assets), income receivable by the owners of nonproduced nonfinancial assets should be included in the definition of rent. The broader definition was adopted in the draft 2025 SNA (para. 8.115), where rent is defined as: *“income receivable by the owner of a nonproduced natural resource or another nonproduced nonfinancial asset (the lessor or landlord) for putting the natural resource or another nonproduced nonfinancial asset at the disposal of another institutional unit (a lessee or tenant) for use of the asset in production.”*

3. The draft 2025 SNA introduces data as an intellectual property product asset (i.e., produced nonfinancial asset), where it is defined as: *“information content produced by accessing and observing phenomena; and recording and storing information elements from these phenomena in a digital format, which provide an economic benefit when used in productive activities. Data as an asset is data used in production for more than one year.”* Observable phenomena (OP), which are *“facts or situations whose characteristics or attributes may be recorded for the collection of data”*, are nonproduced assets with no value, except for when they are purchased. For example, companies may pay households for granting explicit consent to monitor their behavioral patterns on the internet. The draft 2025 SNA captures these payments as rent (regarding privacy as the implicit underlying asset), as outlined in guidance notes AI.2 and DZ.6.³

4. The draft 2025 SNA introduces two further changes in the treatment of rent: i) clarifying that payments made to economic owners by the user/extractor of a natural resource on the same basis as other corporations who are not users/extractors of a natural resource (i.e., a payment that is not specifically related to the use of the natural resource, such as taxes on production paid by all producers in the economy) should not be recorded as rent (draft 2025 SNA, para. 8.173); and ii) rent is included in the sum-of-costs approach (draft 2025 SNA, para. 7.142). In relation to the former, *GFSM 2014* (paras. 5.133 and 5.130) would seem to provide sufficient guidance. With respect to the sum-of-costs approach, this is discussed in [SNA Action Point A.8](#) which is summarized and addressed from a GFS perspective in *GFSM* research project 1.27.

Proposed Recommendations

5. The proposed recommendation is to extend the current definition of rent in *GFSM 2014* to include all payments related to the right to use any nonproduced nonfinancial assets under a lease arrangement for use in production. This would include payments for authorization to record information from observing OP, and assumes that data is included in the asset boundary of the updated *GFSM* (see *GFSM* research project 1.11), and is therefore subject to the outcome of this *GFSM* research project.

6. For analytical usefulness, the updated *GFSM* should include an ‘of which rent paid/received on natural resources’ category under Rent (GFS codes 1415 and 2814).

as the CAWLM are not lent for use in production. Instead, the lending has to be regarded as the creation of a new, financial asset, for which the revenue has to be classified as interest.

³ The full recommendations from SNA guidance note DZ.6 are addressed in *GFSM* research project 1.11.

Rationale for Proposed Recommendations

7. The proposed recommendations aim to harmonize the updated *GFSM* with the *2025 SNA*, a key objective of the *GFSM 2014* update process.

8. The proposed recommendation addresses the lack of guidance in *SNA 2008* and *GFSM 2014* on how to record payments for other types of nonproduced nonfinancial assets beyond land and natural resources already discussed in the manual. Although the *SNA* guidance note recognizes that there are some difficult conceptual issues, it recommends the option to record payments for all nonproduced, nonfinancial assets, made available for use in production, as rent as a pragmatic approach to the problem, and this recommendation is being implemented in the draft *2025 SNA*. Additionally, the recommendations emphasize the analytical benefit for users by allowing them to clearly identify rent related to natural resources.

Proposed Text for GFSM Update

9. The main change will be to adjust the text in *GFSM 2014* (para. 5.122) to be in line with the revised guidance in the draft *2025 SNA* (paras 8.115 and 8.163-8.174). This provides among other things, the following new, expanded definition of rent. Consequential changes should also be made to the guidance on leases, licenses, permits and other contracts in *GFSM 2014* Appendix 4.

Draft 2025 SNA (para. 8.164): Rent is the income receivable by the owner of a nonproduced natural resource or another nonproduced nonfinancial asset (the lessor or landlord) for putting the natural resource or another nonproduced nonfinancial asset at the disposal of another institutional unit (a lessee or tenant) for use of the natural resource or another nonproduced nonfinancial asset in production. Three particular cases of rent are considered: rent on land, and rent on mineral and energy resources, and rent on nonproduced nonfinancial assets other than natural resources. Rent on other nonproduced natural resources other than land and mineral and energy resources follows the pattern laid out by the first two instances.