



GFS Notice of Decision

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

GFS Notice of Decision¹:

The update to the *GFSM 2014* will:

- a. 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.
- b. 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.²

GFS Related Documents:

GFS Proposed Recommendations Document	GFSM PR 1.29
GFS Discussion Note	Not applicable
GFS Global Consultations	April 2025
Discussions at GFSAC Meeting(s)	May 2025
SNA/BPM Related Documents:	
Guidance/Issue Note	SNA/BPM GN WS.9 ; and Action point A.14 Clarification on costs of ownership transfer

¹ The final language used in the updated GFSM will be subject to review during the manual drafting phase to ensure consistency throughout the updated GFSM.

² 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.



STATISTICS

GFSM 2014 update

Global Consultation(s)	SNA: August 2022
Discussions at the AEG/BOPCOM ³ Meeting(s)	AEG: October 2022

³ AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee