



Thirty-Fifth Meeting of the IMF Committee on Balance of Payments Statistics

Washington, D.C.
February 22–25, 2021

BOPCOM VM1—21/02.1
For discussion

B.9 Treatment of External Assets and Related Income Declared Under Tax Amnesty in External Sector Statistics: Outcome of the Public Consultation

Prepared by the Balance of Payments Task Team (BPTT)

INTERNATIONAL MONETARY FUND

B.9 Treatment of External Assets and Related Income Declared Under Tax Amnesty in External Sector Statistics: Outcome of the Public Consultation¹

The public consultation showed wide support for the proposed recommendation to provide additional guidance on the recording of tax amnesty related transactions on an accrual basis. Further, a majority of respondents agreed that the incorporation of an analytical Box and simplified examples in the seventh edition of the Balance of Payments and International Investment Position Manual could be helpful in bringing further clarity on the treatment of external assets/income declared under tax amnesty in external sector statistics.

In the light of the wide agreement received during the public consultation, the Guidance Note is proposed to be considered by the Committee for final decision. A summary of the survey responses is presented below.

1. **Most respondents strongly welcomed the proposed recommendation to provide additional guidance on the recording of tax amnesty related transactions on an accrual basis.** In general, respondents supported the need for such guidance to ensure consistency across countries as each country uses tax amnesty agreements for multiple purposes following different arrangements. There were suggestions to make it clear that the Guidance Note (GN) is only concerned with the possible use of information gathered from tax amnesties to repolate external assets/income of residents.

2. **Many of the respondents agreed that the incorporation of an analytical box/examples in the *Balance of Payments and International Investment Position Manual, seventh edition (BPM7)* will be helpful in bringing further clarity on the treatment of external assets/income declared under tax amnesty in the ESS.** In general, examples presented in the annexes of the GN were considered useful by a large number of respondents. However, the need for providing guidance on the collection of required data or proxies (in case the required data are not available) was highlighted. There is a broad consensus for including an analytical box and simplified versions of examples in the *BPM7* (a few suggested presenting the examples in the *BPM7 Compilation Guide*) to provide necessary guidance to the compilers and to ensure consistency in the treatment of macroeconomic statistics. It is underscored that after the release of the BPM, there is a lag of around five years for the publication of the compilation guide, whereas compilers have immediate needs.

3. **Overall, the survey showed broad support for the recommendation to repolate backward data into historic series and its analytical use for the ESS.** The respondents overwhelmingly agreed that the historic series pertaining to transactions of tax amnesty should be revised backwards to ensure smooth reconciliation of positions and transactions without using the "other changes in volume" category. Nevertheless, some respondents feared that too many revisions could diminish the credibility of the compiling agency and imply serious burden to the compilers.

¹ Prepared by Emma Angulo, Antonio Galicia, and Venkat Josyula (IMF). Twenty-three respondents reported to the public consultation survey.