



Government Finance Statistics (GFS) Consultation on Nonresident Government Controlled Special Purpose Entities Used for Fiscal Purposes

We would appreciate your input and views on the proposed options for the statistical treatment of nonresident special purpose entities that are owned or controlled by government and are used for fiscal purposes. These options are being discussed in the context of the preparation of new guidance under the auspices of the ongoing work toward the update of [the Balance of Payments and International Investment Position Manual](#) and [the System of National Accounts, 2008](#).

Introduction

The current international statistical manuals require that any entity created by government under the laws of another jurisdiction (country) is treated as a separate nonresident institutional unit, even in cases where the entity does not meet the criteria to be an institutional unit. In those cases where the entity is a special purpose entity (SPE) conducting fiscal operations, then the flows and stock positions of that nonresident entity should be imputed in the government accounts ([GFSM 2014](#), §2.136-2.139).

The current statistical treatment preserves the residency principle applied across all the international statistical manuals, while ensuring that the fiscal activities of government are reflected in the government accounts, even if conducted by nonresident entities. However, the current treatment has some shortcomings which are explored in the [guidance note under consultation](#).

Background – Timeline

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| May 2021 | Draft guidance note was issued for initial public consultation |
| June 15, 2021 | Public consultation on draft guidance note closed |
| June 21-24, 2021 | BOPCOM* discussed draft guidance note |
| July 12-14, 2021 | AEG** discussed draft guidance note |

* *IMF Committee on Balance of Payments Statistics (BOPCOM)*

** *Advisory Expert Group on National Accounts (AEG)*

Options

The guidance note considers four possible options for the treatment of nonresident SPEs that are owned or controlled by government and are used for fiscal purposes:

- Option 1 Eliminate all imputations and consolidate SPE with controlling government¹
- Option 2 Maintain current treatment – imputation in government accounts of debt

¹ This option is the same treatment as currently followed for territorial enclaves (including embassies and military bases) which are physically located in other territories ([GFSM 2014](#), §2.9-2.10)

- as loans and expense/revenue as transfers, matched by equity transactions
- Option 3 Extend current treatment – to recognize nonresident entity revenue/expenditure as government revenue/expenditure, matched by equity transactions
- Option 3b Further extend current treatment – where the government debt liability is in the same instrument as the SPE debt liability (and not always treated as a loan)

The guidance note describes the four options including the rationale, as well as perceived strengths and weaknesses for each option. BOPCOM and AEG members broadly supported Option 3, and rejected Option 1, but emphasized the need to seek the views of the GFS community.

GFS Consultation Questions

We would like to note that gathering information on the current recording practices is an important step of the process; consequently, we have extended the questions beyond the purely methodological questions posed in the original public consultation.

Responses to the consultation should be emailed to STA-GFSAC@imf.org by Wednesday, August 25, 2021.

1. Has the government in your country/territory (or others that you are aware of) established an SPE abroad to conduct fiscal operations?

1a. If Yes, please provide details, and if known, provide information on the current recording in the Government Finance Statistics.

1b. If Yes, is the same treatment followed in the National Accounts and External Sector Statistics of your country/territory? If a different treatment is followed then please explain why.

2. Which of the options considered in the guidance note do you believe is the best treatment in macroeconomic statistics for government-controlled nonresident SPEs? Please explain why.

Option 1 Consolidate the concerned entity in government accounts (like territorial enclaves)

Option 2 Current treatment

Option 3 Enhanced imputations

Option 3b Enhanced imputations, extended to mirror SPE debt instrument in government accounts

3. In the event of Option 3 or 3b being chosen, do you foresee any practical difficulties in implementing the enhanced imputations? Please explain why.

4. In the event of Option 3 or 3b being chosen, do you have any comments on ways the enhanced imputations can be further improved/simplified? Please explain how.