

# Second Progress Report to the Government Finance Statistics Advisory Committee (GFSAC) on GFS Engagement in the International Statistical Standards (ISS) Update Process

October 2021

## Key messages:

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- **Two consultations of the GFS community were launched with both receiving good engagement from GFSAC members/observers as well as the wider GFS community.** The consultations sought views on the preferred statistical treatment of (i) non-refundable payments under Citizenship-by-Investment programs, and (ii) nonresident government-controlled special purpose entities. Both consultations attracted detailed responses from over 30 respondents worldwide. The IMF Statistics Department is currently considering how best to incorporate and reflect the views of the GFS community in the update of the ISS. *GFSAC members and observers are invited to take note of the likelihood that similar consultations will be launched during the next six months to elicit the views of the GFS community on other draft guidance notes. The IMF thanks the GFSAC members/observers for their active participation in the consultations.*
- **The GFSAC website has been regularly updated to draw attention to the guidance notes of particular GFS relevance that have been released for global consultation.** The guidance notes are available through a single [internet page](#) devoted to the GFS engagement in the update to the ISS which can be accessed directly or through the [GFSAC website](#). GFSAC members and observers are notified by email when new guidance notes, or other documents, are posted on the internet page. *GFSAC members and observers are asked to note the facility of all GFS-relevant guidance notes being available on a single webpage and are encouraged to respond to the consultations on these guidance notes, providing opinions and highlighting any GFS issues or implications.*
- **Good progress continues to be made on topics of GFS relevance.** Thirty-eight topics from the research agendas of seven System of National Accounts (SNA) and Balance of Payments Manual (BPM) task teams have been identified as being of GFS relevance or priority. Global consultation on 19 of these topics has taken place, or is currently taking place, and draft guidance notes (and/or user testing) are under preparation for the other topics. *GFSAC members and observers are asked to note both the progress made and that further draft guidance notes of GFS relevance will be released for global consultation over the coming months.*

## Introduction

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**1. This is the second progress report to the GFSAC on the GFS engagement in the ISS update.**<sup>1</sup> The [first report](#) was published in early April 2021. Progress reports are being produced in accordance with the [strategy for the effective engagement of the GFS community in the ISS update](#), which was adopted by the GFSAC in December 2020 and which foresaw a biannual progress report. Reports are prepared by the GFSAC Secretariat, with inputs from the GFS experts appointed to the task teams, prior to being circulated to the GFSAC members and observers to inform on progress made and key activities ahead.

**2. This report refers to the progress made through the GFS engagement during the period April 2021 to September 2021.** During this period, the GFS experts within the SNA and BPM task teams<sup>2</sup> have continued to help advance the research topics under the purview of each task team. While GFS experts support all work of the task teams to which they are assigned, they have a particular focus on topics of GFS relevance and/or priority. In total, 38 such topics have been identified. Full details on all the GFS-priority and GFS-relevant issues are presented in summary format below, and in fuller detail in the appendixes.

**3. The report also looks ahead to the next six months (October 2021 – March 2022) and highlights upcoming activities of relevance to the GFSAC and the wider GFS community.** These upcoming activities principally relate to the remaining work of GFS experts within SNA/BPM task teams. However, it is anticipated that during the next six months work will also commence on advancing some of the additional GFS priority issues identified in the [strategy note](#) on the effective engagement of the GFS community in the ISS update.

**4. The progress report makes reference to GFS experts, the GFSAC, and the GFS community.** In the context of this report, GFS experts refers to those individuals who have been appointed to SNA/BPM task teams. The GFSAC consists of members and observers from both country authorities and international organizations, representing not only compilers of GFS but also the users of GFS. In contrast, the GFS community is a much wider concept, and the term is used to refer to all those with an interest in GFS, including relevant international organizations, country

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<sup>1</sup> More detailed information on the update to the SNA and the BPM can be found on dedicated pages of the [United Nations](#) and the [IMF](#) websites.

<sup>2</sup> The SNA and BPM task teams have been established through the IMF's Committee on Balance of Payments Statistics ([BOPCOM](#)) and the UN's Intersecretariat Working Group on National Accounts ([ISWGNA](#)) with support provided by the Advisory Expert Group on National Accounts ([AEG](#)).

statistical compilers, and users of fiscal statistics/data for analysis, policy making, and policy evaluation.

**5. The report follows the same standardized and concise structure as introduced in the first progress report.**<sup>3</sup> It starts with the key messages that draw attention to the main achievements of the last six months and next steps for the forthcoming six months. The following sections on progress achieved and upcoming activities expand on the key messages and provide additional details. Three appendixes include more detailed information, as follows: Appendix 1 includes the list of GFS experts; Appendix 2 presents a high-level timetable for the GFS-relevant research issues; and Appendix 3 encompasses information on the progress on each research topic, by SNA/BPM task team.

## Progress achieved

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**6. Of the 38 topics identified as being of GFS-priority or GFS-relevance, 19 have had draft guidance notes progressed to global consultation.** In total, 14 GFS-priority topics and 24 GFS-relevant topics were identified from within the SNA and BPM research agenda. Draft guidance notes are being prepared for 36 of these topics, with two (the collaborative compilers hub and digitalization of the statistical manuals) being addressed through tools that are being designed and built with the involvement of user input and testing.

**7. The GFSAC website has been regularly updated with links to global consultations on those topics which are of GFS-priority or GFS-relevance.** In addition to information on the global consultations, the [internet page](#) provides summary background information, including the GFSAC strategy for engagement in the ISS update, and the subsequent progress reports on the GFS engagement in the ISS update.

**8. Of the 14 GFS-priority topics, eight have progressed towards availability for global consultation, while 11 of the 24 GFS-relevant topics have reached global consultation.** The GFS Engagement Strategy Note identified GFS priority issues for advancement through the SNA/BPM task teams. Table 1 summarizes the priority issues and the progress status for these topics. It is expected that draft guidance notes related to all GFS-priority topics will have undergone global

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<sup>3</sup> The format of the report was initially set out in the "Operational Framework to Support the Effective Collaboration and Communication between/with GFS Experts and GFSAC during the First Phase of the Strategy for the Effective Engagement of the GFS Community in the ISS Update Process."

consultation by the end of 2021. Further details on GFS-priority and GFS-relevant issues and their current stage of advancement can be found in Appendixes 2 and 3.

**Table 1: Progress on GFS Priority Issues<sup>1</sup> Being Advanced Through SNA/BPM Task Teams**

<b>Issue<sup>1</sup> [Guidance Note (GN) reference]</b>	<b>SNA/BPM Task Team (TT)</b>	<b>Progress Status</b>
Financial vs Operating Leases [C.5.1 & C.5.2]	Current Account (CATT)	<b>1 GN approved and 1 GN consulted</b> – GN C.5.1 approved by BOPCOM and global consultation on GN C.5.2 concluded in August 2021
Treatment of Unlisted Equity [D.2]	Direct Investment (DITT)	<b>1 GN consulted</b> – global consultation on GN will conclude on October 22, 2021
Public-Private Partnerships [D.8]	Direct Investment (DITT)	<b>GN approved</b> – GN approved by BOPCOM
Recording of Retained Earnings [F.2 & D.16]	Financial Payments & Systems (FITT) with DITT	<b>2 GNs consulted</b> – global consultation on GN F.2 concluded in June 2021, and global consultation on GN D.16 will conclude on October 25, 2021
Wider Use of Fair Value for Loans (including nonperforming loans) [F.9]	Financial Payments & Systems (FITT)	<b>1 GN consulted</b> – global consultation on GN will conclude on October 20, 2021
Debt Concessionality (low-interest and interest-free loans) [F.15]	Financial Payments & Systems (FITT)	<b>GN in draft</b> – global consultation on GN expected to take place in October 2021
Depletion of Natural Resources [WS.2(1) & WS.2(2)]	Wellbeing & Sustainability (WSTT)	<b>1 GN consulted and 1 GN in draft</b> – global consultation on GN WS.2(1) concluded in September 2021, and global consultation on GN WS.2(2) expected to take place in October 2021
Valuation of Natural Resource Assets (including biological assets) [WS.2(3) & WS.2(2)]	Wellbeing & Sustainability (WSTT)	<b>GNs in draft</b> – global consultation on GNs expected in last quarter of 2021
Pollution Permits [WS.2(8)]	Wellbeing & Sustainability (WSTT)	<b>GN in draft</b> – global consultation on GN expected in last quarter of 2021
Climate Change / Environmental – functional expenditure [WS.2(5)]	Wellbeing & Sustainability (WSTT)	<b>GN in draft</b> – global consultation on GN expected in last quarter of 2021
Alignment of Terms and Definitions [CM.D]	Communication (CMTT)	<b>GN in draft</b> – global consultation on GN expected in last quarter of 2021

1. Issues are those listed in Table 1 of the [Strategy Note](#). More details on the status of individual issues can be found in Appendix 3.

**9. There was good engagement from the GFS community on consultations seeking GFS views on two guidance notes.** Following a request from the BOPCOM, the GFSAC Secretariat prepared two [GFS-specific consultations](#) on (i) how to record nonrefundable payments made to

government under a Citizenship-by-Investment (CBI) program, and (ii) how to treat nonresident government-controlled special purpose entities (SPEs) used for fiscal purposes. These topics had been selected for GFS consultations due to the GFS relevance of the issues and due partially inconclusive nature of discussions within the balance of payments and national accounts communities. The consultations ran from July 30, 2021 to August 25, 2021 and despite being conducted during a peak holiday period, they each received over 30 detailed responses from respondents with a broad global coverage.

**10. The consultation on nonresident government-controlled SPEs identified strong support for continuing to treat the SPE as a nonresident entity but with enhanced imputations in the accounts of the controlling government.** The consultation responses revealed a clear majority view as to the most appropriate treatment of nonresident government-controlled SPEs. However, it was noteworthy that the consultation found little evidence for significant use of such SPEs by governments, with only three consultation respondents able to provide examples of such SPEs. Further details of the consultation responses can be found in Box 1.

**Box 1: Consultation responses on nonresident government-controlled SPEs**

- Over three quarters of the respondents<sup>1</sup> to the GFS consultation favored continuing to treat nonresident government-controlled SPEs used for fiscal purposes as nonresident institutional units but with enhanced imputations to better reflect the fiscal activities of these SPEs.
- Of those respondents who supported the introduction of enhanced imputations for nonresident government-controlled SPEs a significant majority favored the extended treatment which would mirror the SPE debt instrument in the government accounts, rather than recording the imputed government debt as simply a loan to the SPE.
- A minority of respondents (around twenty per cent) favored not treating the SPE as a separate nonresident institutional unit, but instead consolidating the SPE into the controlling government accounts.

1. There were 30 respondents who provided an opinion on the treatment of nonresident government-controlled SPEs.

**11. By contrast, the consultation on nonrefundable payments to government under CBI schemes highlighted a split of views in the GFS community between treatment of the revenue as taxes or non-taxes.** Respondents who viewed the government revenue as taxes tended to focus on the payments being out of all proportion to the cost to government of providing citizenship, while respondents who argued for a non-tax revenue highlighted that the payments could not be

considered compulsory in nature and so did not meet the definition for a tax. For many of those countries which operate relevant CBI programs the resultant revenue is large and of macroeconomic significance. It was noteworthy therefore that respondents from countries which operate relevant CBI programs all favored treatment of the contributions to government as non-tax revenue. Further details of the consultation responses can be found in Box 2. Given the lack of consensus from the GFS consultation further discussions will take place between national accounts, balance of payments, and GFS experts at the IMF, about how to reflect the topics in the updates to the BPM6<sup>4</sup> and the 2008 SNA<sup>5</sup>.

### Box 2: Consultation responses on nonrefundable payments under CBI programs

- Just under three-fifths of the respondents<sup>1</sup> to the government finance statistics (GFS) consultation favored a tax recording for large nonrefundable payments made to government under a CBI program.
- A significant minority of respondents (just over one third) favored a non-tax recording for large nonrefundable payments made to government under a CBI program.
- The remaining responses (around 5 percent) suggested that it was inappropriate to adopt a single recording for all CBI programs and argued for a case-by-case assessment of the payments.
- Those respondents from countries with CBI schemes involving large nonrefundable payments all favored treatment of these contributions to government as non-tax revenue, although there were some differences in exactly what type of non-tax revenue should be recorded.
- There was little consensus from respondents on either what type of tax should be recorded (if a tax treatment is followed) or what type of transfer should be recorded (if a transfer treatment is followed).

1. There were 33 respondents who provided an opinion on the treatment of nonrefundable payments under CBI programs.

## Upcoming activities

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**12. It is expected that over the next six months (October 2021 – March 2022) discussions on the research topics of the SNA and BPM task teams will conclude.** As noted in the previous section, there are 19 topics of GFS-priority and GFS-relevance where the guidance note has not yet

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<sup>4</sup> Balance of Payments and International Investment Position Manual: Sixth Edition (BPM6)

<sup>5</sup> System of National Accounts 2008 (SNA 2008)

been released for global consultation. However, for many of these topics discussions are already well advanced and most topics identified as of GFS-priority or GFS-relevance should reach global consultation before the end of 2021, and GFSAC and the wider GFS community are encouraged to engage in these SNA and BPM consultations.

**13. Where it is identified that there will be significant value-added to a topic through a GFS-specific consultation the GFSAC Secretariat will use the same approach as followed for the two GFS consultations in August.** At this stage no specific topics have been identified for GFS consultation but consultations will be considered for those issues of GFS relevance where (i) it is requested by BOPCOM or AEG, (ii) there is a split of views within the SNA and BPM consultations and discussions, and/or (iii) the proposed approach would have major implications for GFS analysis and/or compilation. In these cases, the GFSAC Secretariat may reach out to GFSAC members and observers, as well as the wider GFS community, through the issuance of a GFS-focused consultation.

**14. The AEG recommended, in its April 2021 meeting, that a proposal be prepared on the further conceptual alignment between accounting and statistical standards.** This recommendation followed a presentation in the meeting by the Chair of the International Public Sector Accounting Standards Board (IPSASB) in which a number of potential areas for alignment were highlighted. The areas identified included provisions, decommissioning costs, employee benefits and research & development. Many of these topics overlap with GFS-priority topics identified, within the GFS Engagement Strategy, as being outside the topics currently being advanced in the SNA and BPM task teams. The United Nations Statistics Division (UNSD) is currently considering how best to take forward this recommendation.

**15. GFS priority issues, which are not included in the research topics of existing SNA/BPM task teams, and which do not imply conceptual changes to the macroeconomic statistical framework, are to be progressed.** The second phase of the GFS Engagement Strategy envisages that some GFS topics will be addressed through the GFSAC research agenda. Possible topics for this approach include clarification on the distinction between taxes, administrative fees, and other non-tax revenue; clarification on the recording of transactions between governments and public corporations; and clarification on the time of recording of capital transfers. Following the success of the recent GFS consultations, it is proposed that topics in the GFSAC research agenda may be progressed in a similar manner to that adopted by the BPM task teams, namely, by preparing guidance notes which are then shared with the GFS community for consultation, prior to discussion and/or written consultation with the GFSAC.

## Appendix 1: GFS Experts by SNA/BPM Task Team

ISS Task Teams	GFS Experts
Globalization (GZTT)	Phil Stokoe (IMF/GO) Laura Wahrig (Eurostat) <i>Additional participants in topic-specific sub-teams:</i> Martim Assunção and Floris Jansen (Eurostat)
Wellbeing and Sustainability Task Team (WSTT)	Philippe De Rougemont (Eurostat) João Carlos Fonseca (IPSASB) Philippe Samborski (Canada/GFSAC) Phil Stokoe (IMF/GO)
Communication (CMTT)	David Bailey (IMF/GO) João Carlos Fonseca (IPSASB)
Balance of Payments Task Team (BPTT)	Sagé De Clerck (IMF(FAD)/GFSAC) Philippe De Rougemont (Eurostat) Héctor Hernández (IMF/GO) <i>Additional participants in topic-specific sub-teams:</i> Martim Assunção and Floris Jansen (Eurostat)
Current Account Task Team (CATT)	David Bailey (IMF/GO) João Carlos Fonseca (IPSASB) Laura Wahrig (Eurostat) <i>Additional participants in topic-specific sub-teams:</i> Martim Assunção and Floris Jansen (Eurostat)
Direct Investment Task Team (DITT)	Bruno Da Rocha (IMF/GO) Philippe De Rougemont (Eurostat) Mei Ling (Indonesia/GFSAC) <i>Additional participants in topic-specific sub-teams:</i> Martim Assunção and Floris Jansen (Eurostat)
Financial and Payments Systems Task Team (FITT)	Nabila Akhazzan (IMF/GO) <i>up to March 15, 2021</i> Phil Stokoe (IMF/GO) <i>from March 15, 2021</i> Philippe De Rougemont (Eurostat) João Carlos Fonseca (IPSASB) <i>Additional participants in topic-specific sub-teams:</i> David Bailey (IMF/GO), Martim Assunção and Floris Jansen (Eurostat)



## Appendix 2: Expected<sup>1</sup> Timeline for Development of GFS Priority and Relevant Issues (August 2021 – February 2022)

Guidance Note		GFS Relevance <sup>2</sup>	Task Team	Status <sup>3</sup>	August <sup>4</sup>	September <sup>4</sup>	October <sup>4</sup>	November <sup>4</sup>	December <sup>4</sup>	January <sup>4</sup>	February <sup>4</sup>
B.8	Recording citizenship by investment programs	GFS Relevant Issue	BPTT	draft GN	GFS Consultation						
B.9	Treatment of tax amnesty	GFS Relevant Issue	BPTT	draft GN							
B.12	Treatment of illiquid equity in international organizations in the IIP	GFS Relevant Issue	BPTT	draft GN	Global Consultation			(BOPCOM) / (AEG)			
C.5.1	Statistical impact of the change in treatment of operating leases in business accounting	<b>GFS Priority Issue</b>	CATT	completed							
C.5.2	Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	<b>GFS Priority Issue</b>	CATT	draft GN	Global Consultation			(BOPCOM) / (AEG)			
C.8	Recording penalties and fines	GFS Relevant Issue	CATT	draft GN							
CM.A	Collaborative compilers hub	GFS Relevant Issue	CMTT	in progress	Build and User testing						
CM.B	Digitalization of the SNA, and related manuals, handbooks, and guides	GFS Relevant Issue	CMTT	in progress	Build and User testing						
CM.1	An assessment framework to measure alignment with the international economic statistical standards	GFS Relevant Issue	CMTT	in progress		Global Consultation					
CM.2	Terminology and branding of the international macroeconomic statistical standards	<b>GFS Priority Issue</b>	CMTT	in progress		Global Consultation					
CM.3	A taxonomy for communicating economic statistics, products, and product updates	GFS Relevant Issue	CMTT	in progress		Global Consultation					
D.2	Valuation of unlisted equity in direct investment	<b>GFS Priority Issue</b>	DITT	in progress	TT Review	Global Consultation	BOPCOM / AEG				

Guidance Note		GFS Relevance <sup>2</sup>	Task Team	Status <sup>3</sup>	August <sup>4</sup>	September <sup>4</sup>	October <sup>4</sup>	November <sup>4</sup>	December <sup>4</sup>	January <sup>4</sup>	February <sup>4</sup>
D.5	Eliminating imputations for an entity owned or controlled by general government that is used for fiscal purposes	GFS Relevant Issue	DITT	draft GN	GFS Consultation						
D.8	Public-private partnerships (PPPs)	<b>GFS Priority Issue</b>	DITT	completed							
D.16	Treatment of retained earnings	<b>GFS Priority Issue</b>	DITT	in progress	TT Review	Global Consultation	BOPCOM / AEG				
D.17	Identifying superdividends and establishing the borderline between dividends and withdrawal of equity in context of direct investment	GFS Relevant Issue	DITT	draft GN							
F.2	Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships	<b>GFS Priority Issue</b>	FITT	draft GN			Feasibility Testing				BOPCOM / AEG
F.3	Reverse transactions	GFS Relevant Issue	FITT	completed							
F.4	Financial derivatives by type	GFS Relevant Issue	FITT	draft GN							
F.6	Non-bank financial intermediation	GFS Relevant Issue	FITT	draft GN							
F.8	Valuation of debt securities at both market and nominal value	GFS Relevant Issue	FITT	completed							
F.9	Valuation of loans (fair value)	<b>GFS Priority Issue</b>	FITT	draft GN	Global Consultation		BOPCOM / AEG				
F.10	Treatment of cash collateral	GFS Relevant Issue	FITT	draft GN							
F.14	Treatment of factoring transactions	GFS Relevant Issue	FITT	in progress		Global Consultation	BOPCOM / AEG				
F.15	Debt concessionality	<b>GFS Priority Issue</b>	FITT	in progress			Global Consultation	(BOPCOM) / (AEG)			
G.4	Treatment of SPEs and residency	GFS Relevant Issue	GZTT	draft GN	Global Consultation			(BOPCOM) / (AEG)			

Guidance Note		GFS Relevance <sup>2</sup>	Task Team	Status <sup>3</sup>	August <sup>4</sup>	September <sup>4</sup>	October <sup>4</sup>	November <sup>4</sup>	December <sup>4</sup>	January <sup>4</sup>	February <sup>4</sup>
G.5	Economic ownership and recording of IPP	GFS Relevant Issue	GZTT	in progress	TT review			AEG	Global Consultation		
WS.2(1)	Refining economic ownership of natural resources	GFS Relevant Issue	WSTT	draft GN	Global Consultation						
WS.2(2)	Accounting for biological resources	<b>GFS Priority Issue</b>	WSTT	in progress	TT review			AEG	Global Consultation		
WS.2(3)	Stronger guidance on valuation methods including net present value (NPV) calculations	<b>GFS Priority Issue</b>	WSTT	in progress	TT review			AEG	Global Consultation		
WS.2(5)	SEEA classifications	<b>GFS Priority Issue</b>	WSTT	in progress	TT review						
WS.2(6)	Recording of the 'regular' environmental taxes and subsidies in the SNA&SEEA	GFS Relevant Issue	WSTT	in progress	TT review						
WS.2(7)	Distinction between recording a tax or a services transaction	GFS Relevant Issue	WSTT	in progress	TT review						
WS.2(8)	Recording of pollution permits	<b>GFS Priority Issue</b>	WSTT	in progress	TT review			AEG	Global Consultation		
WS.2(9)	Recording of provisions	<b>GFS Priority Issue</b>	WSTT	in progress	TT review						
WS.2(10)	Recording of depletion – <i>subsumed in guidance notes WS.2(1) and WS.2(2)</i>	<b>GFS Priority Issue</b>	WSTT								
WS.2(11)	Accounting for renewable energy resources	GFS Relevant Issue	WSTT	in progress	TT review			AEG			
WS.4	Labor, human capital, and education	GFS Relevant Issue	WSTT	draft GN	Global Consultation						
WS.5	Health and social conditions	GFS Relevant Issue	WSTT	in progress		Global Consultation					

1. All dates are indicative and based on latest available information; dates may change (either earlier or later) and new activities may be added or existing activities removed.

2. A GFS "Priority Issue" indicates that it is referenced in the, while a GFS "Relevant Issue" is any other issue being discussed in the Task Team which has been considered to be of particular relevance to GFS.

3. "completed" indicates that the GN has been approved; "draft GN" indicates that a draft version of the GN has been released for consultation; "in progress" means that no GN has yet been released on the topic.

4. AEG refers to the [Advisory Expert Group](#) for the national accounts, and BOPCOM to the IMF's [Committee on Balance of Payments Statistics](#). In general, these are used to indicate when topics are expected to be discussed in meetings of the AEG or BOPCOM, but when AEG or BOPCOM are in parentheses (e.g., (AEG)) this indicates when draft GNs are expected to be considered by AEG, or BOPCOM, through written consultation.

## Appendix 3a: Balance of Payments Task Team (BPTT) research topics

### GFS Priority and GFS Relevant Research Topics

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
B.8	Recording citizenship by investment programs <sup>2</sup>	Global consultation ( <a href="#">August 2021</a> , <a href="#">June 2021</a> )	Relevant Issue	<p>An initial global consultation closed on June 15, 2021. Results of the consultation and subsequent BOPCOM discussions revealed a broadly even split of views between treating nonrefundable payments to government under citizenship by investment programs as taxes or transfers.</p> <p>Subsequently, a consultation of the GFS community was held over August 2021. However, the consultation results revealed a lack of consensus as to whether to treat the payments to government as tax revenue or non-tax revenue.</p>
B.9	Treatment of tax amnesty	Global consultation ( <a href="#">February 2021</a> )	Relevant Issue	Global consultation on draft GN closed on February 1, 2021. BOPCOM supported GN recommendations but requested further consultation with AEG prior to approving by written procedure.
B.12	Treatment of illiquid equity in international organizations in the IIP	Global consultation ( <a href="#">August 2021</a> )	Relevant Issue	Global consultation on draft GN closed on August 16, 2021. The GN and results of the global consultation are proposed to be discussed by BOPCOM through written consultation.
B.13	<i>Considering separate institutional units of SPEs that are resident in a different territory to that of their owners</i>		<i>Relevant Issue</i>	<i>Drafting of GN being led by Direct Investment Task Team (DITT) under GN D.5 – see Appendix 3d.</i>

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
B.17	<i>Emission (pollution) permits</i>		<i>Priority Issue</i>	<i>Drafting of GN being led by Wellbeing and Sustainability Task Team (WSTT) under GN WS.2(8) – see Appendix 3g.</i>

1. A GFS “Priority Issue” indicates that it is referenced in the [GFSAC Strategy Note](#), while a GFS “Relevant Issue” is any other issue being discussed in the Task Team which has been considered to be of particular relevance to GFS.

2. This topic was not included in the First GFSAC Progress Report as a GFS “Priority Issue” or GFS “Relevant Issue”, but it has subsequently emerged to be of GFS relevance and so has been added to this list.

### Other BPTT Topics

- B.1 Nationality concept
- B.2 Standardized definition of net international reserves/revisit reserves-related liabilities definition
- B.3 Treatment of currency unions [*global consultation closed on August 16, 2021*]
- B.4 Reconciliation between flows and stocks [*GN approved*]
- B.6 Sustainable finance: Integrating Climate Change Risks into External Sector Statistics
- B.7 Arrears in IIP [*global consultation closed on August 16, 2021*]
- B.10 Auxiliary reconciliation tables
- B.11 *Other economic flows on insurance and pension reserves [topic dropped from research topic list]*
- B.14 Treatment of digital economy [*being led by Digitalization Task Team*]
- B.15 Sectorization of Multi-National Enterprises (MNES) [*being led by Globalization Task Team*]

## Appendix 3b: Current Account Task Team (CATT) research topics

### GFS Priority and GFS Relevant Research Topics

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
C.5.1	Statistical impact of the change in treatment of operating leases in business accounting	Global consultation ( <a href="#">October 2020</a> )	Priority Issue	Global consultation on draft guidance note closed on October 19, 2020. GN approved by BOPCOM. GN recommends <u>not</u> to change the statistical manuals to align with IFRS 16, but instead to provide more practical advice on how to compile leasing data in accordance with statistical manuals.  Will be combined with GN C.5.2 once approved.
C.5.2	Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	Global consultation ( <a href="#">August 2021</a> )	Priority Issue	Global consultation on draft GN closed on August 16, 2021. The GN and results of the global consultation are proposed to be discussed by BOPCOM and AEG through written consultation.
C.8	Recording penalties and fines	Global consultation ( <a href="#">February 2021</a> )	Relevant Issue	Global consultation on draft GN closed on February 9, 2021. BOPCOM requested further refinement to the GN recommendations and consultation with AEG, after which the GN could be approved by BOPCOM through written procedure.

1. A GFS “Priority Issue” indicates that it is referenced in the [GFSAC Strategy Note](#), while a GFS “Relevant Issue” is any other issue being discussed in the Task Team which has been considered to be of particular relevance to GFS.

### Other CATT Topics

- C.1 Recording transactor based components of services *[GN approved]*
- C.2 Goods, services, and investment income accounts by enterprise characteristics *[GN approved]*
- C.3 International trade classified by currency (including for trade linked to long term trade credits and advances) *[global consultation closed on May 31, 2021]*

- C.4 Merchenting and factoryless producers; clarifying negative exports in merchanting; Merchanting of services *[global consultation closes on October 20, 2021]*
- C.6 Trade in services classification *[global consultation closed on May 31, 2021]*
- C.7 Treatment of travel packages, health related travel, and taxes and fees on passenger tickets *[global consultation closed on February 1, 2021]*
- C.9 Valuation of trade under long term contracts
- C.10 *FISIM [topic dropped from research topic list]*
- C.11 Valuation of imports and exports (CIF-FOB adjustment) *[being led by Globalization Task Team]*

## Appendix 3c: Communications Task Team (CMTT) research topics

### GFS Priority and GFS Relevant Research Topics

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
CM.A	Collaborative compilers hub		Relevant Issue	The hub is being developed by IMF through an iterative approach which involves frequent user consultation and testing. An initial version of the hub, based on user feedback, is currently being built and the initial version is expected to go live before the end of 2021.
CM.B	Digitalization of the SNA, and related manuals, handbooks, and guides		Relevant Issue	The digitalization of the manuals is being led by the UN Statistics Division, and is in the early stages of progress.
CM.1 <sup>2</sup>	An assessment framework to measure alignment with the international economic statistical standards <sup>2</sup>		Relevant Issue	AEG discussed the draft GN during their July 2021 meeting. The GN is expected to go out for global consultation during the last quarter of 2021.
CM.2 <sup>2</sup>	Terminology and branding of the international macroeconomic statistical standards <sup>2</sup>		Priority Issue	AEG discussed the draft GN note during their July 2021 meeting. The GN is expected to go out for global consultation during the last quarter of 2021.
CM.3 <sup>2</sup>	A taxonomy for communicating economic statistics, products, and product updates <sup>2</sup>		Relevant Issue	AEG discussed the draft GN during their July 2021 meeting. The GN is expected to go out for global consultation during the last quarter of 2021.

1. A GFS “Priority Issue” indicates that it is referenced in the [GFSAC Strategy Note](#), while a GFS “Relevant Issue” is any other issue being discussed in the Task Team which has been considered to be of particular relevance to GFS.

2. Titles and numbering of guidance notes have been amended since the last GFSAC Progress Report.



## Appendix 3d: Direct Investment Task Team (DITT) research topics

### GFS Priority and GFS Relevant Research Topics

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
D.2	Valuation of unlisted equity in direct investment	Global Consultation ( <a href="#">October 2021</a> )	Priority Issue	Global consultation of draft GN will close on October 22, 2021. After which the GN will be discussed in the October 2021 joint BOPCOM/AEG meeting.
D.5	Eliminating imputations for an entity owned or controlled by general government that is used for fiscal purposes	Global consultation ( <a href="#">August 2021</a> , <a href="#">June 2021</a> )	Relevant Issue	<p>An initial global consultation closed on June 15, 2021. The GN was subsequently discussed in the June 2021 BOPCOM and July 2021 AEG meetings. Results of the consultation and BOPCOM / AEG discussions revealed strong support for maintaining the current treatment as nonresident units, but with enhanced imputations in the government accounts.</p> <p>Subsequently, a consultation of the GFS community was held over August 2021, with similarly strong support for introducing enhanced imputations in the government accounts, including to mirror the SPE debt instrument(s).</p>
D.8	Public-private partnerships (PPPs)	Global consultation ( <a href="#">June 2021</a> )	Priority Issue	<p>Global consultation on draft GN note closed on June 15, 2021. The draft GN was discussed at the June 2021 BOPCOM meeting and the GN approved.</p> <p>The GN recommends including additional conceptual guidance on cross-border PPPs within the <i>BPM7</i>, with further compilation guidance in the <i>BPM7 Compilation Guide</i>.</p>
D.16	Treatment of retained earnings		Priority Issue	Global consultation of draft GN will close on October 25, 2021. After which the GN will be discussed in the October 2021 joint BOPCOM/AEG meeting.

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
D.17	Identifying superdividends and establishing the borderline between dividends and withdrawal of equity in the context of Direct Investment	Global consultation ( <a href="#">February 2021</a> )	Relevant Issue	Global consultation on draft GN closed on February 9, 2021. BOPCOM indicated general support for the recommendation (A3), to not apply the superdividend concept to accumulated reserves from ordinary earnings for direct investment enterprises (only), but requested further consultation with AEG. BOPCOM also identified an important crossover with GNs on retained earnings (F.2 and D.16). A final decision will be taken following consideration of the AEG consultation and discussion on F.2 and D.16.

1. A GFS “Priority Issue” indicates that it is referenced in the [GFSAC Strategy Note](#), while a GFS “Relevant Issue” is any other issue being discussed in the Task Team which has been considered to be of particular relevance to GFS.

#### Other DITT Topics

- D.1 Compiling statistics of greenfield investments and extension of capacity *[global consultation closed on February 1, 2021]*
- D.3 Treatment of collective investment institutions *[global consultation closed on February 9, 2021]*
- D.4 Corporate inversion *[global consultation closed on February 9, 2021]*
- D.6 Ultimate investing economy / ultimate host economy and pass-through funds *[GN approved]*
- D.7 Sectoral breakdown of direct investment (DI) *[GN approved]*
- D.9 Reconciling BPM-based direct investment and AMNE statistics *[GN approved]*
- D.10 Defining the boundaries of DI, including whether DI relationships can be achieved other than by economic ownership of equity
- D.11 Removing debt between affiliated insurance corporations and pension funds from DI *[global consultation closed on August 16, 2021]*
- D.12 Including intra-concern (between affiliates) derivatives in direct investment *[GN approved]*
- D.14 Financial conduits *[global consultation closed on August 16, 2021]*
- D.15 Treatment of payments made by nonresident affiliated enterprises on behalf of DI enterprises
- D.18 Cash pooling in direct investment *[global consultation closed on August 16, 2021]*

## Appendix 3e: Financial and Payments Systems Task Team (FITT) research topics

### GFS Priority and GFS Relevant Research Topics

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
F.2	Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships	Global Consultation ( <a href="#">June 2021</a> )	Priority Issue	<p>Global consultation on draft GN closed on June 19, 2021. The GN was subsequently discussed in the June 2021 BOPCOM and July 2021 AEG meetings. Results of the consultation and BOPCOM/ AEG discussions revealed a diversity of views but with a majority favoring inclusion of additional supplementary information on retained earnings (Option 2).</p> <p>A final decision will be taken following the outcome of GN D.16 and feasibility testing. In addition, it is proposed to develop a separate GN on the treatment of share buybacks.</p>
F.3	Reverse transactions	Global Consultation ( <a href="#">February 2021</a> )	Relevant Issue	<p>Global consultation of draft GN closed on February 1, 2021. GN was approved by BOPCOM and AEG. <a href="#">Final GN</a> posted on June 2021.</p> <p>The GN recommends maintaining the existing methodological framework in BPM6 and 2008 SNA, but to provide additional clarification on the recording of short (negative) positions. It also supports the current treatment of recording payments of manufactured dividends/interest as negative credit for the security borrower.</p>
F.4	Financial derivatives by type	Global Consultation ( <a href="#">May 2021</a> )	Relevant Issue	<p>Global consultation on draft GN closed on May 31, 2021. The GN was subsequently discussed in the June 2021 BOPCOM and July 2021 AEG meetings.</p> <p>Results of the consultation and BOPCOM/ AEG discussions revealed broad support for the GN</p>

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
				recommendations, including a new breakdown of financial derivatives by market risk category, instrument, and trading venue / clearing type. The latter two breakdowns being as supplementary items.
F.6	Capturing non-bank financial intermediation in the System of National Accounts and the External Sector Statistics	Global Consultation ( <a href="#">June 2021</a> )	Relevant Issue	Global consultation on draft GN closed on June 19, 2021. The GN was subsequently discussed in the June 2021 BOPCOM and July 2021 AEG meetings.  Results of the consultation and BOPCOM / AEG discussions revealed broad support for the GN recommendations, including further breakdowns of financial corporations in the <i>BPM</i> and <i>SNA</i> , as supplementary items.
F.8	Valuation of debt securities at both market and nominal value	Global Consultation ( <a href="#">October 2020</a> )	Relevant Issue	Global consultation on draft guidance note closed on October 19, 2020. Guidance note approved by BOPCOM.  The guidance note proposes strengthened guidance on presenting stocks of debt securities at nominal value for liabilities and introducing a supplementary table in the BPM to show the reconciliation between debt securities valued at nominal and market value for liabilities. It also recommends clarifying across all statistical manuals the definition of nominal value
F.9	Valuation of loans (fair value)	Global Consultation ( <a href="#">October 2021</a> )	Priority Issue	Global consultation of draft GN will close on October 20, 2021. After which the GN will be discussed in the October 2021 joint BOPCOM/AEG meeting.
F.10	Treatment of cash collateral	Global Consultation ( <a href="#">February 2021</a> )	Relevant Issue	Global consultation of draft GN closed on February 10, 2021. The GN was subsequently discussed in the February 2021 BOPCOM meeting.

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
				The draft GN recommends the classification all cash-collateral related liabilities as deposits. The global consultation responses reflected mixed views on this proposal, and BOPCOM requested further consultation with AEG prior to the drafting of an updated guidance note.
F.14	Treatment of factoring transactions		Relevant Issue	Draft GN is under development by the FITT. Following which it is planned that the GN will go out for global consultation and BOPCOM review by written consultation.
F.15	Debt concessionality		Priority Issue	Draft GN is under development by the FITT. Following which it is planned that the GN will go out for global consultation and BOPCOM review by written consultation.

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### Other FITT Topics

- F.1 More disaggregated definition of the financial sector and financial instruments
- F.5 Treatment of credit default swaps *[GN approved]*
- F.7 Impact of FINTECH and other financial innovations
- F.12 Covering hybrid insurance and pension products *[global consultation closes on October 22, 2021]*
- F.13 Measurement of margins on buying and selling of financial instruments
- F.16 Subscription rights *[global consultation closed on May 31, 2021]*
- F.17 Treatment of Master Risk Participation Agreements
- F.18 Treatment of crypto assets in macroeconomic statistics

## Appendix 3f: Globalization Task Team (GZTT) research topics

### GFS Priority and GFS Relevant Research Topics

Issue no.	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
G.4	Treatment of special purpose entities (SPEs) and residency	Global Consultation ( <a href="#">August 2021</a> )	Relevant Issue	Global consultation of draft GN closed on August 14, 2021.  The guidance note recommends leaving the core SNA and BPM framework unchanged but collecting supplemental information on SPEs. The GN does not specifically address the treatment of government-controlled SPEs. This is addressed through the DITT GN D.5.
G.5	Economic ownership and recording of intellectual property products (IPP)		Relevant Issue	Draft of guidance note is under development by GZTT. Following which it will go out for global consultation.

1. A GFS “Priority Issue” indicates that it is referenced in the [GFSAC Strategy Note](#), while a GFS “Relevant Issue” is any other issue being discussed in the Task Team which has been considered to be of particular relevance to GFS.

### Other GZTT Topics

- G.1 Valuation of imports and exports (CIF-FOB adjustment) [*global consultation closed on April 26, 2021*]
- G.2 Treatment of Multi-National Enterprises (MNEs) and intra-MNE flows [*global consultation closed on August 14, 2021*]
- G.3 Transfer pricing within MNE group
- G.6 Merchanting and factoryless goods producers and recording of their transactions
- G.7 Global value chains and trade in value-added
- G.8 Typology of global production arrangements
- G.9 Payments for “knowledge-based” capital

## Appendix 3g: Wellbeing and Sustainability (WSTT) research topics

### GFS Priority and GFS Relevant Research Topics

Issue no. <sup>2</sup>	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
WS.2(1)	Refining economic ownership and depletion of natural resources	Global Consultation ( <a href="#">September 2021</a> )	Relevant Issue	Global consultation of draft GN (under reference WS.6) closed on September 10, 2021.
WS.2(2)	Accounting for biological resources		Priority Issue	Draft guidance note under development by WSTT, prior to being considered by AEG.
WS.2(3)	Stronger guidance on valuation methods including net present value (NPV) calculations		Priority Issue	Draft guidance note is being considered by AEG, prior to global consultation.
WS.2(5)	SEEA classifications		Priority Issue	Draft guidance note under development by WSTT, prior to being considered by AEG.
WS.2(6)	Recording of the 'regular' environmental taxes and subsidies in the SNA&SEEA		Relevant Issue	Draft guidance note under development by WSTT, prior to being considered by AEG.
WS.2(7)	Distinction between recording a tax or a services transaction		Relevant Issue	Draft guidance note under development by WSTT, prior to being considered by AEG.
WS.2(8)	Recording of pollution permits		Priority Issue	Draft guidance note is being considered by AEG, prior to global consultation.
WS.2(9)	Recording of provisions		Priority Issue	Draft guidance note is being considered by AEG, prior to global consultation.

Issue no. <sup>2</sup>	Description	Documents	GFS Relevance <sup>1</sup>	Current Status
WS.2(10)	Recording of depletion		Priority Issue	This issue is now being covered within the guidance note for issue WS.2(1) and WS.2(2).
WS.2(11)	Accounting for renewable energy resources		Relevant Issue	Draft guidance note under development by WSTT, prior to being considered by AEG.
WS.4	Labor, human capital, and education	Global Consultation ( <a href="#">October 2021</a> )	Relevant Issue	Global consultation of draft GN closed on October 1, 2021.
WS.5	Health and social conditions		Relevant Issue	Draft guidance note is being considered by AEG, prior to global consultation.

1. A GFS “Priority Issue” indicates that it is referenced in the [GFSAC Strategy Note](#), while a GFS “Relevant Issue” is any other issue being discussed in the Task Team which has been considered to be of particular relevance to GFS.

2. Consultations are being issued using different identifiers than those used in this table.

### Other WSTT Topics

WS.1 Unpaid household service work [*global consultation (under reference WS.3) closed on September 10, 2021*]

WS.2(4) Recording of losses

WS.3 Distribution of household income, consumption, saving and wealth [*global consultation (under reference WS.2) closed on September 10, 2021*]

WS.6 Broader framework