Chapter IV

Classification

Introduction

Organization of the major components of government operation can provide the overall framework for analysis of whether the government has met its spending and lending needs from normally available resources without borrowing or drawing down balances accumulated in the past. Each major component, however, is made up of many different kinds of programs, transactions, and policy instruments which affect different groups of people in different ways for different purposes. Neither revenue, grants, expenditure, lending minus repayments, nor financing extracts funds from or injects funds into the rest of the economy or world with a single, homogeneous, effect upon the level, composition, and distribution of domestic income, product, wealth, and demand. The task of classification is to identify basic similarities in government operations and to organize the hundreds or thousands of individual transactions and programs within the major components into relatively homogeneous categories which can serve to indicate the nature, composition, and impact of revenue, grants, expenditure, lending minus repayments, financing, and debt.

Within the major components, transactions are classified by the kind of activity or market segment outside government upon which they impact, by changing supply-demand relationships through addition of a tax or subsidy element, by competing for goods and services in the marketplace, or by injecting and absorbing claims and liabilities in financial markets. Taxes are classified by the types of activity upon which the tax is levied: the tax base, that is, income, payrolls, sales, property, imports, etc. Current nontax revenues are classified by the nature of the inflow, that is, property income, sales proceeds, fines, or donations. Capital revenues are classified by the type of capital asset sold. Grants are distinguished by whether they come from domestic governments or from governments or international institutions abroad and whether they are for current or capital purposes. Expenditures are classified both by economic character and by function. Economically, expenditures are classified by whether they are current or capital, whether required or unrequired, if required for what kinds of goods and services, and if unrequired whether to resident or nonresident, to government or nongovernment, to enterprise or nonenterprise. Expenditures and lending minus repayments are classified by function in accordance with the main purpose or function for which they are made, that is, defense, education, health, etc. A cross-classification of expenditures is also set forth, showing the interaction of function and economic character, for example, the relative importance of wages or transfers in education and health expenditures. Financing and debt are classified both by the type of debt instrument used—security or nonsecurity, long-term or short-term—and by the type of debt holder—resident or nonresident, government or nongovernment, bank or nonbank, enterprise or nonenterprise. Debt is classified also by maturity.

The classification of transactions in accordance with any arrangement of basic similarities is hampered by several elements:

1) Whatever classification is decided upon, some transactions will be found to fit quite well into more than one category, sharing several characteristics which in the abstract appear clearly distinguishable. Decisions in such cases should be guided by a judgment as to the basic nature of the activities and the primacy of some aspects of the operation over others.

2) Accounting, administrative, or legal arrangements may organize available data along lines quite different from those necessary for analytical purposes. For purposes of accountability and financial control, for example, expenditure may be reported by object purchased and organizational unit making the outlay. To compile analytically useful data, formal accounting categories may have to be further disaggregated and recombined, following analytical criteria rather than legal or administrative ones.

3) Categories founded on general experience sometimes fail to provide for the separate listing
of items important at a particular time and place. The solution to this problem is found in showing a separate listing on an ad hoc basis for important items not included in the standard classification.

The following sections present classifications for revenue and grants, expenditure and lending minus repayments, financing, and debt. Tables of classifications are supplemented by descriptions of each category, and in the case of revenue by an alphabetical listing of particular taxes and other revenue items showing where they would be classified. The chapter concludes with an illustrative set of classification keys or working tables, identifying the classifications assigned to different items in the government accounts so as to facilitate consistent classification in future years.

The classifications are meant to be generally applicable to all governments and levels of government and to consolidated general government as a whole. Separate classifications for nonfinancial public enterprises are presented in Chapter VI, as they present different classification issues not encountered in the case of government.

IV.A. Revenue and Grants

While in principle one might wish to classify revenue items by the sectors and branches of production from which they are derived, unsettled questions on the shifting and incidence of taxation make this impractical. Instead revenues are divided between taxes—compulsory, unrequired, nonrepayable payments to government—and nontax revenues. Taxes are classified according to the nature of the base on which the tax is levied or the kind of action which creates the liability, for example, importation, sale, or income.

This is a relatively identifiable characteristic of a tax, defined by law, and provides an indication of the economic process by which the revenue from each tax, constituting an additional cost element in supply-demand relationships, arises. All taxes, including inheritance taxes and nonrecurrent capital levies, classified as capital transfers in the SNA, are classified as current revenue in this Manual. Tax revenues collected on a combination of several tax bases are allocated, if possible, to the bases upon which they are collected, or to the predominant tax base, or classified with other taxes in Table A (7). Interest and penalties collected for late payment or nonpayment of taxes are classified with each tax if identifiable, with other taxes (7) if not identifiable by tax category, and with nontax revenues if not identifiable as arising from taxes.

Current nontax revenues are classified by their nature, whether property income, sales proceeds and fees, fines, or private donations. Capital revenues include proceeds from the sale of various kinds of capital assets and voluntary contributions for capital purposes from nongovernmental sources. Grants—unrequired, nonreparable, noncompulsory government receipts from other governments or international institutions—are classified by whether they are from within the country or from abroad and whether for current or capital purposes. Separate memorandum items are provided for grants received in kind (28).

The classification of revenue and grants is presented in Table A and this is followed by a description of each category in Section IV.A.1. To facilitate assignment of particular taxes and other revenue items to their appropriate category a list of taxes and other revenue items is presented in Section IV.A.2 organized by category. This is supplemented in Section IV.A.3 with an alphabetical listing of taxes and other revenue items and the categories to which they would be assigned. While this should assist in the assignment of taxes and other revenue items to particular categories, terminology varies widely and care is necessary to ascertain that each item in fact accords with the definition of the category under which it may be listed.

While tax classifications in Table A are organized into seven major groupings of general applicability, rearrangements may be found useful for particular analytical purposes. Thus, all taxes, and nontax revenues, collected from major export industries, for example, could be gathered into a separate grouping, for which a memorandum item is provided (21), as could all revenues from abroad (23).
### Table A. Government Revenue and Grants

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Table A (continued). Government Revenue and Grants

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20.1. Current
20.2. Capital

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| 30.2.1. | Current               |
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| 30.3.   | Total grants from supranational authorities to member countries \((19+28.3)\)\(^3\) |
| 30.3.1. | Current               |
| 30.3.2. | Capital               |
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\(^1\)To be eliminated in consolidation of national government and general government.
\(^2\)Other than from supranational authorities to member countries.
\(^3\)To be eliminated in consolidation of general government.
IV.A.1. Description of Categories

I. Total revenue and grants (II + VII)

II. Total revenue (III + VI)

III. Current revenue (IV + V)

IV. Tax revenue

Taxes are defined as compulsory, unre quired, nonrepayable payments to government. Re quired or voluntary payments to government, other than grants from other governments or international institutions, would be shown as current nontax revenue or, if for capital purposes or capital sales, as capital revenue. Compulsory but repayable payments to government, including compulsory lending to government or refundable "taxes" designed to be repaid when appropriate for countercyclical purposes, would be shown as part of government financing, as would their repayment. Also included in taxes are any collections of fees and charges out of all proportion to the cost or distribution of government service provided to the payer.

I. Taxes on income, profits, and capital gains

Taxes levied on the actual or presumptive net income of individuals and profits of enterprises are covered. Included also are taxes levied on capital gains, whether realized on land sales, on securities, or on other assets.

This category is distinguished from taxes on gross income or gross sales by the deduction of the costs of producing the income, and, in the case of individuals, of personal deductions and exemptions, personalizing the tax.

The heading includes any taxes on income from property, land, and real estate which are levied on the basis of a presumed net income as part of an income tax. However, it does not include property taxes levied upon the basis of a presumed rental value. Also included are taxes on various bases which are predominantly on income or profits, and taxes on gains from gambling or on any other form of selected income. It does not cover social security contributions based on gross pay, payroll, or the number of employees (2). However, it does include social security contributions based on personal income after deductions and personal exemptions. A personal tax set on the basis of actual or presumptive income would also be included here, whether graduated or set at the minimum income tax. However, other personal taxes not connected with income, such as poll, head, or capitation taxes, would be reported as poll taxes (7.1).

The main subdivision of this heading is between taxes paid by individuals and households (1.1) and by corporate and other enterprises (1.2). Corporate income taxes, as distinct from individual income taxes, are levied on the enterprise as an entity and not on the individuals who own it. Individual and corporate income taxes may each be the subject of separate legislation. Income taxes should be included in the other unallocable category (1.3) only when the revenue from corporate and individual taxpayers cannot be separately identified.

In allocating revenue receipts between individual and corporate categories practical difficulties may arise in the following cases:

1. Where partnerships are treated in special circumstances by taxation authorities as incorporated enterprises, or alternatively as individuals, the receipts should be allocated as if such partnerships were in fact incorporated enterprises or individuals.

2. Where no reliable data on withholding taxes (especially those on payments to nonresidents) are available for making a breakdown between corporate and other taxpayers, the total of such receipts should be left unallocated and reported under other unallocable taxes on income, profits, and capital gains (1.3).

3. Any deductions from gross tax receipts as a result of refunds under imputation systems, as where corporate tax payments may be credited against the tax liabilities of shareholders, should be deducted if possible from the category of the shareholders, that is, individual income taxes (1.1) if
the shareholders are individuals and corporate tax receipts (1.2) if the shareholders are other corporations.

(4) Where schedular income taxes are levied, based on a schedule of tax rates varying with the kind of source or activity from which the income is derived, such as rents, royalties, dividends, and interest, and the tax administration does not distinguish between corporate and individual taxpayers, each tax should be reported under other unallocable taxes on income, profits, and capital gains (1.3). This practice should be followed also with respect to schedular taxes distinguishing income only by type of activity, such as farming, when it cannot be determined whether the tax is paid by individuals or corporate enterprises.

(5) Taxes on the profits of institutions, if identifiable, should be classified according to whether they are levied under the individual or corporate income tax.

Where taxes are set to yield the government some percentage of profits on mineral extraction, and royalty payments are counted toward this percentage, such royalty payments are classified with the covering profits taxes.

2. Social security contributions

Included here are all compulsory payments made by insured persons, or their employers, to government institutions providing social security welfare benefits in order to acquire or maintain eligibility for these benefits, provided these contributions are levied as a function of pay, payroll, or the number of employees, irrespective of whether the contributions are directly proportional to eligible earnings, progressive, or not charged beyond a certain maximum level of pay. Social security contributions based on net income personalized by adjustments for personal deductions and exemptions are classified as individual income taxes (1.1). When income is used as a proxy for gross wages, however, as for the self-employed, receipts are included here. Taxes on other bases, such as goods and services, which are earmarked for social security expenditures are not shown here but are classified according to their respective tax bases.

The heading does not include voluntary contributions paid to social security schemes by persons who are not legally required or bound to make such contributions; when separately identifiable, these should be shown in other nontax revenues (12). Also excluded from this heading are contributions to insurance schemes, provident funds, pension funds, friendly societies, or other savings schemes which are not social security schemes as defined in Section 1.F. Provident funds are arrangements under which the contributions of each employee and of his employer on his behalf are kept in a separate account earning interest and withdrawable under specific circumstances. Pension funds are separately organized schemes negotiated between employees and employers, rather than imposed by government, and carrying provisions for different contributions and benefits, sometimes more directly tied to salary levels and length of service than under social security schemes. Employee contributions to government employee pension, insurance, and welfare funds invested entirely with the employing government and hence classified within government are included in category 11 in Table A. Employee contributions to funds classified outside government are not included in government finance statistics. Government employee contributions to a general or separate social security scheme should be shown here.

This category does not include imputed contributions representing welfare benefits paid direct by employers to their employees or former employees or their representatives, nor imputed government contributions to unfunded government pension or welfare schemes for future payments to government employees. Government employer payments of social security contributions in respect of their employees received from the same level of government should not be included here but should be noted as a memorandum item (25).

Contributions are divided into those of employees (2.1), employers (2.2), self-employed or non-employed (2.3), and contributions unallocable among these categories (2.4). Employees are defined for this purpose as all persons engaged in activities of business units, government bodies, private nonprofit institutions, or other paid employment, except the proprietors and their unpaid family members in the case of unincorporated businesses. Members of the armed forces are included, irrespective of the duration and type of their service, if they contribute to social security schemes. The contributions of employers are defined as their payments to social security schemes on account of their employees.
3. **Taxes on payroll and work force**

Covered here are taxes collected from employers, employees, or the self-employed either as a proportion of payroll or as a fixed amount per person, and which are not earmarked for social security expenditure. Examples of taxes classified here are the unearmarked national insurance surcharge and the former selective employment tax in the United Kingdom, the former Swedish payroll tax, and that part of the Austrian and German *Gewerbesteuer* based on payroll.

4. **Taxes on property**

Taxes on use, ownership, or transfer of wealth, movable or immovable property are covered here, whether levied at regular intervals, once and for all, or on the occasion of transfer. Included in addition to recurrent taxes on immovable property or on net wealth, therefore, are taxes on changes in ownership of property through inheritance, gift, or other transactions, and one-time betterment levies and special levies on capital. Excluded are taxes on capital gains resulting from sale of a property (1.1, 1.2, or 1.3), and taxes on use of, permission to use, goods or to perform activities (5.5). Taxes on, or in respect of, the use of property present a number of borderline cases, and are classified either here or elsewhere as follows:

**Included**

1. Taxes on immovable property levied on the basis of a presumed rental value or in terms of other characteristics of the property, such as size and location as an indication of rental or capital value, should be classified as recurrent taxes on immovable property (4.1);
2. Recurrent taxes on net wealth including immovable property, as recurrent taxes on net wealth (4.2);
3. Taxes levied on the occasion of an increase in the value of property because permission to develop has been granted or local facilities have been improved, as nonrecurrent taxes on property (4.5);
4. Taxes on change of ownership, as estate, inheritance, and gift taxes (4.3) or taxes on financial and capital transactions (4.4);

**Excluded**

5. Taxes on immovable property levied on the basis of a presumed net income, as income taxes along with taxes on income and capital gains derived from property (1.1, 1.2, or 1.3);
6. Taxes on use of property for residence, payable by either proprietor or tenant, which take account of the user’s personal situation, such as pay, dependents, etc. (as in France), as taxes on income (1.1, 1.2, or 1.3);
7. Taxes on construction, enlargement, or alteration of either all buildings or of those beyond a specified value or density, as taxes on use of goods or on permission to use goods or to perform activities (5.5);
8. Taxes on use of one’s own property for special trading purposes such as selling alcohol, tobacco, or meat, as taxes on use of goods or on permission to use goods or to perform activities (5.5); and
9. Taxes on exploitation of land resources owned by others (e.g., extraction taxes on mining), as other taxes not elsewhere classified (7.3).

4.1. **Recurrent taxes on immovable property**

Taxes levied regularly in respect of the use or ownership of immovable property are classified here, whether levied on proprietors or tenants or both. These taxes are levied on land, as well as on any building on the land, in the form of a percentage of an assessed property value based on a notional rental income, sales price, or capitalized yield, or in terms of other characteristics of real property, such as size, location, etc., from which is derived a presumed rental or capital value. Unlike the taxes on net wealth (4.2), debts are usually not taken into account in the assessment of taxes on immovable property.
4.2. Recurrent taxes on net wealth
Taxes levied regularly on net wealth, that is, taxes on a wide range of movable and immovable property net of debt, are included under this heading. They are further subdivided into taxes levied on individuals (4.2.1), and those levied on corporate or other enterprises (4.2.2) as an entity rather than on the individuals who own them. If separate data exist for taxes on net wealth paid by institutions they should be grouped with payments by corporations.

4.3. Estate, inheritance, and gift taxes
This heading covers taxes on gifts and on transfer of property at death. The rates of such taxes are either proportional or progressive and they are levied on a base measured by the value of the transferred asset. In the transfer of property at death, estate taxes are based on the size of the total estate and inheritance taxes on the share of individual recipients and their relationship to the deceased.¹

4.4. Taxes on financial and capital transactions
This covers taxes levied in respect of particular transactions or activities involving property rather than goods and services. It applies to taxes on changes in ownership of property other than through inheritance or as a gift. The rates of such taxes are generally either proportional or progressive and they are levied on a base measured by the value of the transferred asset. This category does not include taxes levied in respect of the use of goods or property (5.5), on capital gains (1.1, 1.2, or 1.3), on wealth (4.2), or once and for all charges on property or wealth (4.5). This heading also covers taxes on financial transactions such as taxes on checks and taxes on the issue, transfer, purchase, and sale of securities as well as taxes levied on specific legal transactions such as validation of contracts and on the sale of immovable property. It does not cover court charges (9). It is distinguished from general and selective taxes on goods and services (5) by the character of the asset being transferred. It also excludes general stamp taxes (7.2).

4.5. Nonrecurrent taxes on property
This heading covers once and for all, as distinct from recurrent, levies on wealth and immovable property. It covers taxes on net wealth which are normally levied to meet emergency expenditures or for redistribution purposes. It includes nonrecurrent taxes on immovable property, such as betterment levies and betterment cesses, which are levied to take account of increases in land values due to permission given to develop or to the provision of additional local facilities by government. It also includes taxes on the revaluation of capital and any once and for all taxes on particular items of property.²

4.6. Other recurrent taxes on property
This includes any recurrent taxes on property not covered in categories 4.1 through 4.4, such as recurrent gross taxes on personal property, jewelry, cattle, livestock, particular items of property, and external signs of wealth. Taxes on use of particular movable property, such as motor vehicles and guns, are classified in 5.5.2 and 5.5.3, respectively.

5. Domestic taxes on goods and services
All taxes and duties levied on the production, extraction, sale, transfer, leasing, or delivery of goods and rendering of services, or in respect of the use of goods, or permission to use goods or to perform activities, are covered. The heading thus includes single-stage taxes or multistage cumulative taxes, all general sales taxes, whether levied at manufacturer/production, wholesale, or retail levels, value-added taxes, excises, as well as taxes on use of motor vehicles or other goods or permission to perform certain activities. Borderline cases between this heading and headings on property are discussed under taxes on property (4) above. This category includes all taxes other than those on

¹Under SNA (7.80) such taxes are treated as capital transfers; however, they are treated here as government tax revenue.
²See note 1, above.
international trade (6) levied on transactions in goods and services, on the basis of such intrinsic characteristics as value, weight, strength, etc. Taxes collected upon importation or at the border are nonetheless classified here if the tax liability does not result solely from the fact that the goods have crossed the border but is applicable to domestic goods or transactions as well. Also included are taxes on the extraction, processing, or production of minerals and other products.

5.1. General sales taxes, turnover, or value-added taxes

All taxes other than import and export duties (6.1 and 6.2) levied on the sale, leasing, transfer, delivery, or production of a wide range of goods and the rendering of a wide range of services, irrespective of whether the goods are domestically produced or imported, and irrespective of the stage of production or distribution at which the taxes are levied, are included in this heading. It thus covers multistage cumulative taxes, value-added taxes, and sales or turnover taxes. Receipts from border adjustments in respect of such taxes when goods are imported are added to gross receipts for this category, and repayments of such taxes when goods are exported are deducted.

Borderline cases arise between this heading and the heading for taxes on particular goods (5.2) when taxes are levied on a large number of goods and should be resolved on the basis of the predominant character of the tax and its revenues.

5.2. Excises

This category includes taxes levied on particular products, or on a limited range of products, which are not classifiable under general taxes (5.1), fiscal monopolies (5.3), import duties (6.1), or export duties (6.2). They may be imposed at any stage of production or distribution and may be assessed either by reference to the weight, strength, or quantity of the product, or by reference to the value. Thus, special taxes on, for example, sugar, beetroot, matches, and chocolates, and taxes at varying rates on a certain range of goods, as well as those levied in most countries on tobacco products, beverages, motor fuel, and hydrocarbon oils, are included in this heading. A borderline case arises between this heading and taxes on specific services (5.4) in respect of taxes on electricity, gas, and energy, all of which are included here.

5.3. Profits of fiscal monopolies

This category covers the profits of fiscal monopolies transferred to government. Fiscal monopolies are nonfinancial public enterprises exercising a monopoly over the production or distribution of tobacco, alcoholic beverages, salt, matches, playing cards, and, in some cases, petroleum and agricultural products, to raise the government revenues which in other countries are gathered through taxes on dealings in such commodities by private business units. Fiscal monopolies reflect the use of the taxing power of government by way of the exercise of monopoly powers. The government monopoly may be exercised at the production stage or, as in the case of government-owned and government-controlled liquor stores, at a distribution stage. A product may be subject in one country to both an excise and a fiscal monopoly and in another to only an excise, only a fiscal monopoly, or neither.

Fiscal monopolies are distinguished from public utilities such as rail transport, electricity, post offices, and other communications, which may enjoy a monopoly or quasi-monopoly position but not for the primary purpose of raising revenue for government. Profits or surpluses generated by such other public enterprises and transferred to the government are considered as non-tax revenue (8.2), as are profits from state lotteries. Fiscal monopoly profits are to be distinguished from export and import monopoly profits (6.3) transferred from marketing boards or other enterprises dealing with international trade.

In computing the profits of fiscal monopolies, expenditures for other purposes, for example, social purposes, incurred by them are not deducted but are shown as expenditures carried out on behalf of the government in an agency capacity. Because of their large-scale sales to the public, fiscal monopolies are generally classified as public enterprises. Only that part of their profits transferred to government is included here, the reserves retained by them not being shown. Amounts are shown when transferred to the government.

5.4. Taxes on specific services

All taxes levied on payments for specific services, such as taxes on transport charges, insurance premiums, entertainment, restaurants, and advertising charges, are included here. If, however, they
form part of a general tax on goods and services, they come under general sales taxes (5.1). Included here also are taxes levied on gambling and betting stakes for horse races, football pools, lotteries, etc., which may be collected either from the gambler as a percentage of his stake, or from organized betting activities or lotteries as a percentage of their gross income. Taxes on entry to casinos, races, etc., are also classified as selective taxes on services. Taxes on individual gains from football pools or other gambling proceeds are classified as taxes on income and capital gains of individuals (1.1). Profits transferred to government from state lotteries, on the other hand, are regarded as nontax revenues (8.2). Taxes on checks and on the issue, transfer, or redemption of securities are classified as taxes on financial and capital transactions (4.4), and stamp taxes whose proceeds cannot be assigned to taxes on services or on other transactions should be shown under stamp taxes (7.2). Taxes on electricity, gas, and energy are included under excises (5.2).

5.5. Taxes on use of goods or on permission to use goods or to perform activities

Taxes that are levied in respect of the use of goods as distinct from taxes on the goods themselves are classified here. Unlike the latter, they are not normally assessed on the value of the goods. This heading also covers taxes on use to perform certain activities. As taxes are by nature unrequited, this heading does not cover fees for the provision of a service, whether compulsory fees for provision of a regulatory service, such as passport fees or court fees, or voluntary charges for the provision of a nonregulatory service, such as museum admission fees, or school or hospital charges, which are regarded as nontax revenue (9), unless such fees are out of all proportion to the cost or distribution of the government service provided to the payer.

5.5.1. Business and professional licenses

This includes taxes on permission to carry on a business in general, or a particular business or profession. It would thus cover general business taxes or licenses levied in a fixed amount, on a schedule according to the kind of business, or on the basis of various indicators such as floor space, installed horsepower, capital, shipping tonnage, etc. It would not cover business taxes levied on gross sales, which would be classified under 5.1. Taxes or licenses for particular kinds of businesses would include permission to sell alcohol or meat, in general or in a particular location, or to carry passengers by bus to certain areas, gambling licenses, street vendor licenses, livestock trading licenses, film distribution licenses, slaughterhouse licenses, etc.

These taxes may be levied at regular intervals, usually annually. This category includes also nonrecurrent taxes levied on the use of goods or on permission to perform activities, and taxes levied each time goods are used. Thus, once and for all payments for permission to sell liquor or tobacco, or to set up betting shops, are also included.

5.5.2. Motor vehicle taxes

This covers all vehicle license taxes, but not taxes on property or net wealth which include automobiles.

5.5.3. Other taxes on use of goods or on permission to use goods or to perform activities

This would include other taxes on use of goods and on permission to use goods or to perform activities which may not be connected with a business or profession, such as taxes on permission to hunt, shoot, or fish, and taxes on the ownership of dogs. It includes radio and television licenses, unless the public authorities provide general broadcasting services, in which case it is considered payment for a nonregulatory service and would appear under 9. Also included here are any collections of fees and charges out of all proportion to the cost or distribution of government services to the payer.

5.6. Other taxes on goods and services

This would include all other taxes on goods and services not classified above, such as severance taxes on the extraction of minerals. When such taxes are fixed at a specific percentage of the gross value of production and royalties are counted as payment toward this percentage, such royalties should be classified with this tax.
6. Taxes on international trade and transactions

6.1. Import duties

This covers all levies collected on goods because they are entering the country. It includes levies for purposes of revenue or protection, whether on a specific or an ad valorem basis, so long as they are restricted by law to imported products. Excluded are taxes on all or particular goods sold or consumed in the country which are levied on imports only because they fall into this wider category. Such taxes would be shown under 5.1 or 5.2, and, in addition, as a memorandum item for domestic taxes on goods collected at import, under 22.

6.1.1. Customs duties

This comprises only those duties levied under the customs tariff schedule and its annexes including surtaxes which are based on the tariff schedule.

6.1.2. Other import charges

This covers such other charges on imports as consular fees, tonnage charges, statistical taxes, fiscal duties, surtaxes not based on the customs tariff schedule, etc., so long as their basis of taxation is importation.

6.2. Export duties

Export duties include all levies based on the fact that goods are being shipped out of the country. Rebates on exported goods comprising repayments of previously paid general consumption taxes, excises, or import duties should be deducted from the gross receipts of the respective taxes as appropriate and not from receipts in this category.

6.3. Profits of export or import monopolies

Monopolies of particular exports or imports are utilized in some countries to raise the government revenue which is elsewhere gathered through taxes on private business units' exports, imports, or dealings in foreign exchange. When this is the case, profits remitted to government by export or import marketing boards, or other enterprises exercising such a monopoly, are considered to be taxes on international trade and transactions and should be shown here. Such profits should be shown when they are transferred to the government and should not include the retained reserves of such marketing boards or enterprises. When profits received from export or import marketing boards or enterprises do not represent export or import monopoly profits, they should be shown under nontax revenues (8.2). This category does not include profits transferred to the government from marketing boards dealing in commodities domestically, outside of international trade; such profits should be shown under nontax revenues (8.2) or, if fiscal monopolies, under 5.3.

6.4. Exchange profits

When the monopoly powers of government or monetary authorities are exercised to extract a margin between the purchase and sale price of foreign exchange, other than to cover administrative costs, the revenue derived constitutes a compulsory levy exacted in indeterminate proportions from both purchaser and seller of foreign exchange. It is the common equivalent of an import duty and export duty levied in a single exchange rate system or of a tax on the sale or purchase of foreign exchange. Like the profits of fiscal monopolies and import or export monopolies transferred to government, it represents the exercise of monopoly powers for tax purposes and is included in tax revenues when received by government.

This category does not include any transfer to government of exchange profits realized other than as a result of maintenance of an exchange rate differential, which would be classified as nontax revenue (8.2). Also excluded from this category are any transfers to government of unrealized revaluation profits, which are in the nature of a book entry resulting from revaluation of foreign exchange or gold holdings. Any transfer to government of such unrealized revaluation profits, or losses, should be shown as financing from the monetary authorities (D.2.4). Any government transfers to monetary authorities or other financial institutions to cover losses on the purchase and sale of foreign exchange are classified as subsidies to financial institutions (C.3.1.2) and are included in government expenditures.
6.5. **Exchange taxes**

Taxes that are levied upon either the sale or purchase of foreign exchange, or both, whether at a unified exchange rate or at different exchange rates, are shown in this category. They constitute a levy on *payment* for exports, imports, or invisibles rather than a tax on the importation or exportation itself. Also included here, therefore, would be taxes on remittances abroad if levied on the purchase of foreign exchange for this purpose. They would otherwise be shown under 6.6.

6.6. **Other taxes on international trade and transactions**

This category includes other taxes levied on various aspects of international trade and transactions, such as taxes exclusively or predominantly on travel abroad, taxes on insurance abroad or on investment abroad, and taxes on remittances abroad unless levied on the purchase of foreign exchange for this purpose (6.5).

7. **Other taxes**

Covered here are taxes levied on a base or bases other than those described under the headings above or on bases which could not be regarded as predominantly the same as those headings. Also included are unidentified taxes and interest and penalties collected for late payment or nonpayment of taxes but not identifiable by tax category.

7.1. **Poll taxes**

This includes taxes on persons which are not based on income or presumptive income and are sometimes referred to as poll taxes, head taxes, or capitation taxes. Personal taxes based on actual or on presumptive income should be shown under taxes on income (1.1).

7.2. **Stamp taxes**

This includes stamp taxes that do not fall exclusively or predominantly on a single class of transactions or activities, described above. Examples would be revenues from the sale of stamps required to be affixed to contracts, admission tickets, checks, and sales receipts which cannot be separately identified. Revenues from the sale of stamps assignable to a single category, such as liquor and cigarettes, for example, would be shown as taxes on those products (excises, 5.2, or services, 5.4).

7.3. **Other taxes not elsewhere classified**

Included here are all taxes that fit into none of the categories above, such as an expenditure tax, which is levied on purchases but is personalized by the application of personal deductions and exemptions. Also shown here are taxes levied on a combination of several tax bases, with revenues that cannot be readily allocated to each tax base or to one predominant tax base. However, this heading should not include such residual categories as revenues collected on previous years' assessments. Such collections should be distributed by tax category if at all possible. Interest and penalties collected for late payment or nonpayment of taxes are included here if not identified and allocated by tax category.

V. **Nontax revenue**

Current nontax revenue includes all required, nonrepayable government receipts other than from capital sales, all fines and penalties other than for noncompliance with taxes, and all voluntary, unrequired, nonrepayable, current government receipts other than from governmental sources. This category does not include, therefore, government receipts from taxes, grants, borrowing, repayment of previous government lending, sales of fixed capital assets, of stocks, land and intangible assets, and gifts from nongovernmental sources for capital purposes.

8. **Entrepreneurial and property income**

This includes all government income arising from government ownership of property, enterprises, financial assets, or intangible assets and from the cash operating surpluses of departmental enterprise sales to the public yielding a surplus. Receipts in this category may take the form of dividends, interest, land rents, royalties, withdrawals from entrepreneurial income, or the cash operating surplus of departmental enterprises. This category does not include government receipts from the return of capital, coming from either capital sales (13, 14, 15) or the repayment of equity or lending (C.8, C.9).
8.1. Cash operating surpluses of departmental enterprise sales to the public with a surplus

The cash operating surpluses on sales to the public by departmental enterprises, described in Section I.H, constitute entrepreneurial or property income to government. Calculation of such a cash operating surplus or deficit is described in Section II.H and Working Table 7. It is equal to a departmental enterprise’s operating revenue on sales to the public minus corresponding operating expenditure, and should not take into account the cost of any goods or services provided to the rest of the parent government, depreciation charges, and any outlays for capital, interest, or debt repayment. This is referred to as the cash operating surplus or deficit since noncash expenses, such as depreciation of fixed capital assets and purchases not yet paid for, and noncash revenues, such as sales not yet paid for, are not included in its calculation. When any part of the identifiable operating costs of a departmental enterprise’s sales to the public comes through its payments to the rest of the parent government or expenditure for it or on its behalf by another part of the parent government, such payments should be netted against the departmental enterprise’s sales to the public and excluded from gross government expenditures.

The deficits of departmental enterprises showing a cash operating deficit on sales to the public are shown under expenditures; they are not subtracted from surpluses shown here. This category does not include sales proceeds from government provision of nonindustrial goods and services, such as the provision of services of a regulatory or nonregulatory character or sales of goods incidental to the usual social or community activities of government departments or agencies, which are shown under 9. Government-owned or government-controlled enterprises which are corporate or selling to the public on a large scale are classified as public enterprises and their operations are not included here. Their transfers of profit to government would be shown under 8.2.

Operations of ancillary departmental enterprises, providing goods and services mainly to other parts of the parent government, should not be shown as generating an operating surplus as a result of sales within government. Only their cash operating surpluses from sales to the public should be shown here. When sales to the public and their corresponding operating expenditures cannot be separately identified, both expenditures and receipts should be shown on a gross basis, with receipts classified under 9. Additional efforts to identify the costs of such departmental enterprise sales to the public are warranted, however, when the sales are of significant proportions.

8.2. From nonfinancial public enterprises and public financial institutions

This subdivision encompasses income, other than taxes, actually received by the government from nonfinancial public enterprises and public financial institutions, as defined in Sections I.I and I.J. Excluded, however, are receipts from fiscal monopolies (5.3), export or import monopolies (6.3), entities engaged in monopoly purchase and sale of foreign exchange at different rates (6.4), and any transfers to government of unrealized profits on revaluation of foreign exchange or gold holdings, which are shown as financing (D.2.4).

Taxes paid by public enterprises would appear under the appropriate tax revenue category. Repayment of loans or equity to government would be shown under lending minus repayments (C.8.2, C.8.3), and contributions for capital purposes would be classified as transfers from nongovernmental sources for capital purposes (16). Other payments to government, however, whether termed contributions to government, dividends, profit sharing, withdrawals from entrepreneurial income, interest, land rents, or royalties would be included in this category.

Profits of central banks transferred to government would also be shown in this category. This category would also include any profits derived from operation of the monetary authorities’ function outside the central bank. Seigniorage profits, therefore, should be shown here, whether coming from the central bank or from some part of government classified as carrying out monetary authorities’ functions. Any profits realized on the monopoly sale and purchase of foreign exchange at differential rates, other than to cover administrative costs, by a unit or account and transferred to government as such would not be shown here but in 6.4. Exchange profits forming a part of central bank profits, however, would not be separated and would be included here. Any central bank transfers to government of amounts which do not arise from profits realized on central bank operations, such as unrealized revaluation profits arising as a book entry from the revaluation of foreign exchange or gold holdings, should not be included here but as financing from the central bank, as the expansionary effects of government expenditure of such unrealized profits most closely resemble those arising from
central bank lending to government. If such revaluation profits are incorporated in central bank profits transferred to government, they should be separated and shown as financing from the central bank.

Also included in this category are the profits of state lotteries transferred to the government. Taxes on lottery stakes would be shown under taxes on specific services (5.4) and taxes on lottery winnings under taxes on income (1.1).

8.3. Other property income

This category includes all property income received from the private sector, other governments, and the rest of the world. Included are dividends, interest, land rents, royalties, and any other forms of property income, other than payments received from nonfinancial public enterprises and public financial institutions. Dividends include all income received from equity securities and other forms of participation in the ownership of enterprises and cooperatives. Interest encompasses payments received on bank deposits, other deposits, bills, bonds, and loans.

Land rent includes payment for use of land for agricultural or other purposes and, in accordance with the SNA, is treated as property income. Rent received for buildings, machinery, equipment, etc., is considered as payment for a commodity-type service and not property income. When land rent cannot be distinguished from rent from buildings, the payment should be classified with the predominant element. Rent on buildings, etc., would be reflected in 8.1 if received by a departmental enterprise, in 8.2 if included in the profits of public enterprises, and in 9 if received by any other part of government.

Royalties are payments for concessions or for the use of patented or copyrighted materials. They frequently are paid for the rights to mineral exploitation and may be a part of a government's method of deriving taxes and other revenue from the production of minerals. When taxes on mineral production are established as a certain percentage of profits or of the value of production, and both royalties and taxes are counted toward that percentage, royalty payments counted toward that percentage should be classified with the profits tax, production tax, or export tax which sets the minimum government percentage and includes the royalties as payment.

9. Administrative fees and charges, and nonindustrial and incidental sales

This heading covers on a gross basis receipts of fees and charges paid in exchange for noncapital goods and services which are not of an industrial nature, as described in Section I.H, and receipts from departmental enterprise sales to the public whose costs are not separately identifiable.

This category includes both payments in exchange for goods and services of a nonregulatory nature and compulsory payments for regulatory services, such as driver's licenses, passports and court fees, which are "obligatory and unavoidable in the only circumstances in which they are useful" (SNA, 7.65). In the SNA, compulsory fees for regulatory services are shown separately from other sales and charges and are not considered to represent a payment for purposes of private consumption.

Radio and television licenses are included here if the public authorities provide general broadcasting services (they would otherwise be in 5.5.3). Fees and charges out of all proportion to the cost or distribution of government services provided to the payer are classified as taxes rather than in this category.

Included here are sales incidental to the usual social or community activities of government departments and agencies, such as timber from forest preserves, products made at vocational schools, seeds from experimental farms, and postcards and art reproductions sold by museums. Such sales are not isolated as an industrial activity and the unit making the sale is not considered a departmental enterprise.

Also included in this category are payments for services considered to be nonindustrial or noncommercial in character if provided by government departments or by nonprofit institutions within government. This would encompass fees at government hospitals and clinics, tuition fees at government schools, and admission fees to government museums, parks, and cultural and recreational facilities which are not organized as public enterprises. Rents on buildings, equipment, etc., though not land rents, collected by government departments would be included here, if this activity is not administered by a departmental enterprise, as in small-scale rentals to government employees, or by
a public enterprise, as in larger-scale housing projects. Land rents are classified as property income (8). When rents from buildings and equipment cannot be distinguished from land rents, they should be classified with the predominant element.

When departmental enterprises provide goods and services both to the public and to other parts of the parent government, and the costs of their sales to the public cannot be separately identified (for netting against receipts and inclusion in categories 8.1 or C.3.1.3), their receipts from sales to the public should be shown here on a gross basis. Additional efforts should be made to identify the costs of such departmental enterprise sales to the public, however, when such sales are of significant proportions.

10. Fines and forfeits

Included in this category are fines, penalties, and forfeits which are not attributable to infringements relating to taxes, in which case the revenue would be included with the tax concerned or, if not separately identifiable, with other tax revenue (7). Traffic fines would be included here. Fines, penalties, and forfeits which are not separately identifiable as relating to taxes or other causes should be included here.

11. Contributions to government employee pension and welfare funds within government

Government employee pension or welfare funds which are invested entirely with the employing government are classified not as social security funds or a part of the insurance and pension funds subsector but as a part of the employer’s sector, that is, government (Section I.F). Included in this heading are proceeds from employee contributions for support of such funds in government and any employer contributions from other levels of government. Unlike social security schemes, such pension, insurance, or welfare funds are separately organized schemes for specific groups, negotiated between employees and employers rather than imposed by government, and carrying provisions for different contributions and benefits, sometimes more directly tied to salary levels and length of service than under social security schemes. Government employee contributions to a general or separate social security scheme should be shown as social security contributions (2.1). Funds reaching government from pension, insurance, or welfare funds outside government, or from provident funds, in which the contributions of each participant and of his employer on his behalf are kept in a separate account earning interest and withdrawable under specified circumstances, should be shown as government financing from other financial institutions (D.4.1).

Excluded also from this category are any receipts reaching employee pension, insurance, and welfare funds from taxes, grants, or borrowing, or from employer contributions from the same level of government, which would be eliminated in consolidation in any case as intragovernmental transactions.

Under the SNA, when a government provides pension, insurance, or welfare benefits to its employees in the absence of separate government pension, insurance, and welfare funds, government contributions to unfunded employee pension, insurance, or welfare schemes are imputed in order to reflect the future cost to the government, in benefits provided to employees or retirees, of employment in the current period. No such imputations are made in government finance statistics; transactions registered are restricted to those in which a payment actually takes place and in which one of the transactors, for example, the employee, is outside the government being measured.

11.1. Employees

Contributions by government employees to pension or welfare funds within government are included here, whether they come from employees of the same level of government or of another level of government.

11.2. Employer contributions from other levels of government

When a pension or welfare fund within government covers also employees of another level of government, for example, a state government employees’ pension fund covering also local government employees, employer contributions received from the other level of government would be included here. Such contributions would be eliminated in the consolidation of data for general government.
12. Other nontax revenue

Included in this category are current nontax revenues that do not fit into any of the other categories listed. Gifts and voluntary donations from the private sector, including voluntary social security contributions when they can be isolated from the compulsory contributions of heading 2, would thus be shown here. Also included here are the proceeds of sales of used goods, scraps, and wastes. This category may also contain nontax revenues that cannot be separately identified. Not included are gifts, transfers, or donations from other levels of government, from governments abroad, or from international institutions, which are classified as grants (17, 18, 19, 20), and gifts from nongovernmental sources for capital purposes (16). Also excluded are contributions from nonfinancial public enterprises and public financial institutions, which are shown under property income (8.2).

VI. Capital revenue

13. Sales of fixed capital assets

This category covers government sales of fixed capital assets including residential and nonresidential buildings and other construction, transport equipment, machinery, and other equipment. Excluded are nonreproducible tangible assets such as land, minerals, etc., small tools, spare parts and equipment of small value, durable goods acquired for military purposes, and all military buildings except dependent housing. This category includes only fixed capital assets held for government use. The capital assets of public enterprises are considered to be held by the government only through ownership of equity in the public enterprise. Sales of equity are not shown here but in lending minus repayments (C.8, C.9).

14. Sales of stocks

Included here are government sales of stocks of strategic materials, emergency stocks, and stabilization stocks sold by market regulatory organizations within government, that is, unincorporated organizations without large-scale sales to the public, and stocks, grains, and other commodities of special importance to the nation. Also included, in unusual cases, are sales of large quantities of surplus goods of other kinds. Where sales of such stocks of materials are made by industrial or commercial units, whether nonfinancial public enterprises or departmental enterprises, they are not included here. Government stocks do not include ordinary stores or inventories awaiting use by government. Sales of used goods, scraps, and wastes should not be shown here but under 12.

15. Sales of land and intangible assets

Included here are sales of land, forests, inland waters, and subsoil deposits but not structures or similar construction works situated thereon. Where the value of land cannot be separated from the value of the structure sold, the entire amount should be shown as the sale of the predominant element. Intangible assets are assets that are not matched by liabilities and therefore do not represent claims on others. This includes rights to exploit mineral deposits and fishing grounds, other concessions and leases in respect to land, patents, copyrights, and trademarks.

16. Capital transfers from nongovernmental sources

This category covers government receipts of voluntary, unrequired, nonrepayable payments from nongovernmental sources for capital purposes. Capital transfers, as distinguished from unrequired current transfers, from nongovernmental sources are generally made out of wealth at infrequent intervals for the purpose of financing capital formation, long-term expenditure, or the acquisition of wealth. It may thus include capital transfers for the construction or purchase of hospitals, schools, museums, theaters, cultural centers, or other government capital facilities or capital equipment. Gifts received in kind, in the form of land or buildings, for example, should not be shown here but as a memorandum item (29). Included here are capital transfers in money from individuals, private nonprofit institutions, nongovernmental foundations, corporate and private quasi-corporate enterprises, and any other source except governments and international institutions, whose gifts would be shown as grants under 17, 18, 19, or 20. This category does not include the repayment of loans or equity to government, which would be shown under lending minus repayments (C.8, C.9).
16.1. From residents
This covers capital transfer payments from individuals, private nonprofit institutions serving individuals, and enterprises that are resident in the territory of the economy, as defined in Section III.J.

16.2. From abroad
This heading covers capital transfer payments from individuals, nonprofit institutions serving individuals, and enterprises that are nonresidents of the territory of the economy, as described in Section III.J.

VII. Grants
Grants include all nonrepayable unrequired payments received from other governments or international institutions. Grants encompass reparations and gifts given for particular projects or programs, for general budget support, or for any other purpose (see Section III.C). The term grants is utilized here to refer to transfers between governments or international institutions. Grants in kind, for example those received in the form of civil or military equipment, materials, technical assistance or donor government construction of facilities, with no payment to the recipient government, are not included here but under a memorandum item for grants in kind (28).

17. From abroad
This category includes grants received from foreign governments, international agencies, or other official donors, but not grants from supranational authorities to member countries, which are shown separately under 19, nor grants to supranational authorities from their headquarters, shown under 20. Included here are grants from all international bodies in which the members are governments, other than supranational authorities and enterprises. Such international bodies are not considered to be residents of any national economy, including that in which they are located or conduct their affairs. Grants from abroad may be received in foreign exchange or in national currency from the deposits of foreign governments or international development institutions. Grants in foreign exchange should be shown when received by the government, regardless of when the funds are utilized. Grants received from foreign governments' or international institutions' holdings of national currency should be recorded when the government receives the funds withdrawn from such deposits, and not when the deposits are generated. Such deposits originate mainly from sales in the country of commodities received under aid programs and from national currency payments of interest and amortization on previous loans from foreign governments or international development institutions.

17.1. Current
Current grants are those made for purposes of current expenditure or for general or indeterminate purposes including both current and capital expenditure. When either donor or recipient considers the transfer to be of a capital nature, it should be treated as a capital transfer. All grants for the acquisition of military equipment, facilities, or services are included here.

17.2. Capital
This heading covers grants made for the purpose of paying for the acquisition or construction of new or existing durable goods with a normal life of more than one year and more than a minimum significant value, to be used for nonmilitary productive purposes. This would thus include money grants for the construction of roads, dams, irrigation works, hospitals, schools, a stadium, cultural or recreational centers, or other buildings, or the acquisition of other capital equipment. Grants for the acquisition of military equipment or the construction of military facilities are not included here but under current grants in 17.1. Capital grants do not include the cancellation of debts by a creditor or confiscations of property, as no payments occur.

18. From other levels of national government
This heading includes all unrequired, nonrepayable payments for any purpose received by the government from other levels of national government. It should not include intergovernmental receipts of loans, which would appear under financing. Transfers included may be for general support
of the receiving government, for support of specific government functions, or to cover a share of activities administered by the receiving government. The remission of funds collected by one government for another in an agency capacity, as discussed in Section II.G, should not be shown as receipt of a grant by the beneficiary government but as its direct receipt of revenue. Any grants between levels of government should appear in the statistics for the particular level of government but would be eliminated in consolidation of the general government as a whole. The distinction between current (18.1) and capital (18.2) grants should follow the criteria described in 17.1 and 17.2, above.

19. From supranational authorities to member countries
This heading covers all unrequited, nonrepayable payments, for whatever purpose, received by the government from supranational authorities as defined in Section I.G. The distinction between current (19.1) and capital (19.2) grants should follow the criteria described in 17.1 and 17.2 above.

20. To supranational authorities from their headquarters
This heading includes the net flow of unrequited, nonrepayable payments, for whatever purpose, to supranational authorities operating in each member country, as defined in Section I.G, from their headquarters. It generally serves as the balancing item for all supranational authorities' payments and receipts in each country. Net transfers to headquarters from supranational authorities in a member country would be shown as expenditure of supranational authorities and general government (C.3.5.3 and C.7.2.3). Any possible distinction between net current and capital grants (20.1 and 20.2) should follow the criteria described in 17.1 and 17.2 above and embrace both grants received and transfers paid. Residual flows for indeterminate purposes should be classified as current.

Memorandum items:

21. Revenue from principal exports
While this Manual classifies taxes primarily by their base and nontax revenues by the nature of the flow, it is frequently useful also, for economic analysis purposes, to compile supplementary data for government revenues received from or through particular industries or activities, quite apart from any conclusion as to the ultimate incidence of these revenues. Such data are especially significant, and usually less difficult to compile, for government revenues deriving from a major export commodity. Thus, government revenues derived from petroleum exports, for example, might encompass corporate income taxes paid by the oil companies, royalties paid to the government, any export taxes, customs duties paid on oil company imports, any exchange profits derived from purchases of foreign exchange from the oil companies, and profits remitted to the government by government-owned oil companies. Revenues from other export commodities might include profits remitted to government by an export marketing board. To complete this heading, total tax and nontax revenues should be shown for the particular export commodity with the component tax and nontax revenue items listed beneath.

22. Domestic taxes on goods collected at import
In some instances taxes levied on the production, sale, etc., of goods within a country may be collected mainly or significantly on imports as they enter the country, sometimes in conjunction with customs collection. Though such taxes should not be classified as import taxes unless they are levied on goods solely because they are entering the country, their collection at entry is of special significance. It may indicate the relative absence of domestic production of the products covered, a concentration of tax collection facilities at customs, or the collection of such taxes on particular imported goods. To distinguish all taxes collected at import from those collected by facilities throughout the country, it is sometimes useful to group with import taxes such taxes on goods collected at import. To permit such regrouping, it is useful to enter again in this item the proceeds of all domestic taxes on goods, whether general or selective, which are collected at customs or upon entry into the country.

23. Revenue from abroad (other than grants)
For purposes of analysis, it may be useful in some countries to distinguish that part of government revenue received from abroad, that is, from nonresidents as defined in Section III.J. This can
then be combined with separate statistics on payments to and from abroad through grants, borrowing, expenditure, and lending minus repayments to calculate the government's direct involvement in the balance of payments, as discussed in Section III.G. Revenue from abroad to be included in this category would include various taxes, royalties, dividends, interest, fees, fines, nonindustrial and incidental sales, sales of capital assets, transfers from nongovernmental sources, and any other revenues received from nonresidents.

24. Cash operating surpluses of departmental enterprise sales to the public with a surplus
(same as 8.1)

24.1. Operating revenue of departmental enterprise sales to the public with a surplus

24.2. Less: Operating expenditure of departmental enterprise sales to the public with a surplus.

The calculation of cash operating surpluses of departmental enterprise sales to the public in 8.1, above, is based on those departmental enterprises whose sales to the public yield a cash operating surplus; the cash operating deficits of departmental enterprises yielding a cash operating deficit on sales to the public are shown as government subsidies in expenditures (C.3.1.3). To determine the cash operating surplus or deficit of departmental enterprise sales to the public it is necessary to calculate their operating revenue on sales to the public minus their corresponding operating expenditure as shown in Working Table 7 of Section II.H. The operating revenue and identifiable related operating expenditures from which cash operating surpluses were calculated are entered in memorandum items 24.1 and 24.2, respectively. Similar memorandum entries are made in C.14.1 and C.14.2 for the operating revenues and corresponding operating expenditures of departmental enterprise sales to the public yielding cash operating deficits. It is possible, therefore, to arrive at overall totals representing the operating revenue of sales to the public and identifiable related costs of all departmental enterprises. While this should not be aggregated with other government revenue and expenditure, it may present a useful indicator of the magnitude of some government operations and may be viewed in conjunction with some data available for nonfinancial public enterprises.

As noted in Working Table 7, when any part of the identifiable operating costs of a departmental enterprise's sales to the public comes through its payments to the rest of the parent government or expenditure for it or on its behalf by another part of the parent government, such payments should be netted against the departmental enterprise's sales to the public and excluded from gross government expenditure. Sales to the public for which operating costs are not separately identifiable are not included here but are shown on a gross basis in revenues (9), with related operating costs included on a gross basis in government expenditure (C.1).

25. Receipts of government employer contributions to social security from the same level of government (not included above, same as C.12)

Social security schemes' receipts of employer contributions from government agencies or departments operating at the same level of government do not appear in the statistics for the government; they are eliminated in consolidation as transactions that take place between one part of the government, or of the level of government, and another (Section II.K.1.2). For various purposes, however, it is useful to obtain statistics also for these contributions. They should be entered in this category whether made to social security schemes operating within the same government or to social security funds organized and operating separately but at the same level of government. Receipts of employer contributions paid by other levels of government should not be shown here but included in social security contributions (2.2). They would be shown also in separate memorandum items to data for each level of government presenting the various categories of receipts and payments to be eliminated in the consolidation of data for general government.

26. Taxes collected as agents for other governments (not included above)

Taxes collected by one government on behalf of another are shown only in the statistics of the beneficiary government (Section II.F). It is often useful to know, however, not only where the proceeds are eventually received, but also at which level of government collection takes place. Proceeds
of taxes collected in an agency capacity by the government to which the table relates, therefore, should be entered in this category. This item would be entered in the statistics for each level of government collecting taxes in an agency capacity; in consolidated statistics for general government it would appear as the total of all taxes collected by governments in an agency capacity.

27. **Taxes collected by other governments as agents (included above)**

This category covers those tax revenues already included in the tax statistics and which were collected by another government as agent for the government or governments to which the table relates. Identification of such agency revenues provides additional useful information on the tax system and tax collection.

**Grants and transfers in kind**

Because they involve no payment in money or debt instruments flowing out in return, grants or transfers of goods and services received by a government in kind are not included in cash-based government finance statistics. Such grants or transfers from abroad or from other levels of government may contribute to consumption or capital formation in the recipient country or region, however, and for purposes of analysis are included here as memorandum items. Transactions should be recorded at the time of delivery of the goods or provision of the services and at the valuation set by the donor.

28. **Grants in kind received (not included above)**

This heading includes unrequited, nonrepayable flows of goods and services received in kind by a government from other governments and international institutions. Similar flows received in the form of money would be classified under grants (17, 18, 19, 20).

28.1. **Grants in kind from abroad**

This covers such flows in kind from other governments abroad and international institutions other than from supranational authorities, as defined in Section I.G, to member countries, or to supranational authorities from their headquarters. Included here are such flows in kind from all international bodies, other than enterprises and supranational authorities, in which the members are governments; such international institutions are not considered to be residents of any national economy, including that in which they are located or conduct their affairs.

28.1.1. **Current grants in kind**

Included here are goods and services received for current use rather than for the formation of capital to be used for productive purposes for a period of more than one year. This may comprise, for example, relief aid, food, technical assistance, training within the country or abroad, and new or used military equipment.

28.1.2. **Capital grants in kind**

This category covers grants in kind of new or existing durable goods, with a normal life of more than one year and more than a minimum significant value, to be used for nonmilitary productive purposes. Direct construction by a donor government or international institution of roads, dams, irrigation works, hospitals, schools, a stadium, cultural or recreational centers, or other buildings would be included here, as would donations of other capital equipment. Grants in kind of new or used military equipment, or construction of military facilities, however, would not be shown here but under current grants in kind in 28.1.1.

28.2. **Grants in kind from other levels of national government**

Included here are unrequited, nonrepayable flows of goods and services from other levels of national government received in kind by the government itself rather than by individuals, enterprises, or institutions in its geographic area. While there may be numerous joint, reciprocal, or overlapping activities performed by different levels of national government in the same geographic area, this category covers only receipt by one government from another of goods and services upon which a value is placed but no quid pro quo required. Receipt from other governments of services for
which payment is made or reciprocal services provided, would not be included here but under expenditure as payment for either the services received or the services provided in return. The distinction between current (28.2.1) and capital (28.2.2) grants in kind should follow the criteria described in 28.1.1 and 28.1.2, above.

28.3. Grants in kind from supranational authorities to member countries

This category covers unrequited, nonrepayable flows of goods and services received in kind by the government itself, rather than by its residents, from supranational authorities, as defined in Section I.G. The distinction between current and capital grants in kind should follow the criteria described in 28.1.1 and 28.1.2, above.

28.4. Grants in kind to supranational authorities from their headquarters

This category covers unrequited, nonrepayable flows of goods and services received in kind by supranational authorities operating in the country, as defined in Section I.G, from their headquarters. The distinction between current and capital grants in kind should follow the criteria described in 28.1.1 and 28.2.1, above.

29. Transfers in kind from nongovernmental sources (not included above)

Under this heading are included all voluntary, unrequited, nonrepayable contributions of goods and services received by the government in kind from nongovernmental sources. It covers such flows from individuals, private nonprofit institutions, nongovernmental foundations, corporate and quasicorporate enterprises, and any other source except governments and international institutions, whose gifts of goods and services in kind would be shown under 28. Similar flows from nongovernmental sources received in the form of money would be classified under 12 if current and 16 if capital.

29.1. From residents

This heading covers such flows in kind reaching government from individuals, private nonprofit institutions serving individuals, and enterprises which are resident in the territory of the economy, as defined in Section III.J.

29.1.1. Current

This category includes such flows to government of goods and services for current use rather than for the formation of capital to be used for productive purposes for a period of more than one year. Examples would include contributions to government, for relief purposes, of food, blankets, and medical supplies, and gifts to government of manufactured items, other than capital goods, from enterprises. Valuation of many such flows may be difficult.

29.1.2. Capital

Covered here are such flows to the government of new or existing durable goods, with a normal life of more than one year and more than a minimum significant value, to be used for productive purposes. Examples would include gifts to the government of buildings, capital equipment, and museums. Also included are all gifts of land and intangible assets such as patents and copyrights, since units that engage in transactions in land and such intangible assets are considered for this purpose to be residents of the economy in which the land is located or the intangible assets located.

29.2. From abroad

This heading covers voluntary, unrequited, nonrepayable flows of goods and services to government from individuals, private nonprofit bodies serving individuals, and enterprises which are nonresidents of the territory of the economy as described in Section III.J. The distinction between current and capital transfers in kind from nongovernmental sources should follow the same criteria described in 29.1.1 and 29.1.2.

30. Total grants received in cash and in kind (VII + 28)

This heading includes all unrequited, nonrepayable flows of money, capital assets, goods, or services received by a government from other governments and international institutions. It is the
sum of categories VII, grants received in cash, and 28, grants in kind received. Its classification by source (30.1, 30.2, 30.3, and 30.4) follows the criteria in categories 17, 18, 19, 20 and 28, as does the distinction between current and capital.

31. **Total revenue, grants received in cash, and grants received in kind (I + 28)**
   This heading is the sum of category I, total revenue and grants received in cash, and category 28, grants in kind received.

IVA.2. List of Taxes and Other Revenue Items by Category

1. *Taxes on income, profits, and capital gains*

1.1. **Individual**
   General taxes: personal income tax, individual income tax, income tax, individual pay-as-you-earns (PAYE) taxes, and withholding taxes
   Surtaxes: personal income tax surcharge, development tax on individual income, austerity tax on personal income, additional tax, complementary tax, and defense tax on personal income
   Schedular taxes on: wages and salaries, dividends, interest, rents, royalties, pensions, annuities, commercial profits tax, and profits tax
   Taxes levied by industrial origin: agricultural income tax, forestry and fishing taxes, professional taxes, taxes on noncommercial income, and plantation income tax
   Tax on individual capital gains
   Graduated personal tax, minimum personal income tax, minimum tax, and *minimum fiscal* (when based on a level of income)

1.2. **Corporate**
   General taxes: corporate income tax, corporate profits tax, company income tax, and company tax
   Surtaxes: excess profits tax, corporate surtax, complementary tax on corporate profits, supplementary tax on corporate profits, corporate profits surtax, additional tax on corporate profits, development tax on corporate profits, taxes on family or closely held corporations, austerity tax, and defense tax on corporate income
   Schedular taxes (with rates based on kind of income) on: dividends, rents, royalties, interest, and noncommercial income
   Taxes levied by industrial origin: agricultural income tax, plantation income tax, tax on mining companies, tax on commercial and industrial profits, tax on petroleum companies, taxes on non-commercial income, and taxes on fishing and forestry
   Tax on corporate capital gains

1.3. **Other unallocable taxes on income, profits, and capital gains**
   Schedular taxes, agricultural income taxes, taxes withheld on dividends paid to nonresidents, withholding taxes, and any other taxes on net income and profits when allocation of revenue between individuals and corporations is unknown

2. *Social security contributions*
   Contributions to particular social security funds or schemes

3. *Taxes on payroll and work force*
   General: payroll tax, selective employment tax, *taxe sur les salaires, taxe forfaitaire à la charge des employeurs, versement forfaitaire à la charge des employeurs, contribution forfaitaire à la charge des employeurs, impôt sur la somme des salaires*, apprenticeship tax, *taxe patronale et d'aprentissage*
   Selective: seamen’s tax (Denmark) and tax on dockside labor (Australia)
   Earmarked: *Salario-Educação* (Brazil), Community Development Bank Tax (Costa Rica)
4. Taxes on property

4.1. Recurrent taxes on immovable property
Real estate tax, property tax, real property tax, land tax, site value tax, tax on unimproved urban land, tax on vacant lots, building tax, improvements tax, tax on rental value, land rates, property rates, tax on developed urban property, unbuilt ground tax, tax on mortmain property (taxe des biens de mainmorte), tax on agricultural property, improved property tax, and urban property tax

4.2. Recurrent taxes on net wealth

4.2.1. Individual
Net wealth tax, general wealth tax, capital tax, impôt sur la fortune, additional wealth tax, and real estate and property taxes when debt owed is deductible from value of property

4.2.2. Corporate
Same as above when levied on corporations

4.3. Estate, inheritance, and gift taxes
Death duties, estate taxes, estate duties, succession taxes, inheritance taxes, bequest taxes, gift taxes, taxes on donations, and taxes on legacies

4.4. Taxes on financial and capital transactions
Property transfer tax, land transfer tax, real property transfer tax, fixed assets transfer tax, land transfer tax, capital transfer tax, real estate transfer tax, securities transaction tax, securities issues tax, share capital creation tax, bourse tax, brokerage tax, registration tax (excludes recurrent registration taxes such as business licenses classified under 5.5), bill of exchange tax, tax on checks, bank debits tax, bank transfers tax, mortgage tax, and real property acquisition tax

4.5. Nonrecurrent taxes on property
Betterment tax, betterment levy, improvement tax, special assessment, and special charges

4.6. Other recurrent taxes on property
Livestock tax, cattle taxes, general property taxes, and personal property taxes (without deduction for debt)

5. Domestic taxes on goods and services

5.1. General sales, turnover, or value-added taxes
Turnover tax, cascade tax, value-added tax, taxe sur le chiffre d'affaires, general consumption tax, general gross receipts tax, transaction tax, single tax, retail sales tax, manufacturers' sales tax, wholesale sales tax, general commodity tax, purchase tax, and general transactions tax

5.2. Excises
Alcoholic beverage excise tax, tobacco excise tax, specific commodities tax, and taxes on electricity, gas, and energy

5.3. Profits of fiscal monopolies
Alcoholic beverages, tobacco and tobacco products, petroleum products, matches, and salt

5.4. Taxes on specific services
Transportation taxes, sea travel tax, air travel tax (if not predominantly foreign), bus travel tax, and rail travel tax
   Telephone tax
   Insurance premium tax
Entertainment tax, amusement tax, admission tax, cinema tax, theater tax, tax on sporting events, restaurant tax, restaurant service tax, hotel tax, sojourn tax, and tourism tax
Advertising tax, display tax, and tax on outdoor advertising
Taxes on betting and gambling, taxes on betting pools, taxes on football pools, taxes on wagers, racing tax, lottery wagers tax, and lottery stakes tax

5.5. **Taxes on use of goods or on permission to use goods or to perform activities**

5.5.1. **Business and professional licenses**
Business licenses, vendors' licenses, market licenses, alcoholic beverage sale taxes or licenses, tobacco sale licenses, business registration taxes or fees, professional licenses, physicians' licenses, accountants' licenses, lawyers' licenses, bookmakers' licenses, and betting shop licenses
Shipping registration licenses and taxes (based on ship or its tonnage; taxes on freight tonnage are classified as international trade taxes)

5.5.2. **Motor vehicle taxes**
Motor vehicle taxes, motor vehicle registration tax, and motor vehicle license tax

5.5.3. **Other taxes on use of goods or on permission to use goods or to perform activities**
Hunting licenses, firearms licenses, fishing licenses, dog licenses, and radio and television licenses (when public authorities do not provide general broadcasting services)

5.6. **Other taxes on goods and services**
Severance taxes, cess on agricultural production

6. **Taxes on international trade and transactions**

6.1. **Import duties**
Taxes on imports

6.1.1. **Customs duties**
Duties in tariff schedule, surtaxes based on tariff schedule

6.1.2. **Other import charges**
Fiscal duties, fiscal charges, consular fees, consular charges, consular duties, surtax on imports (not based on tariff schedule), additional tax on imports, taxe complémentaire à l'importation, stabilization tax, statistical tax, equalization tax, defense levy on imports, development tax on imports, regulatory tax, and tonnage taxes (based on weight of import)

6.2. **Export duties**
General export taxes and duties, specific export duties, miscellaneous such as research tax, and quality control tax on exports

6.3. **Profits of export or import monopolies**
Profits of export or import monopoly marketing boards transferred to government

6.4. **Exchange profits**

6.5. **Exchange taxes**
Foreign exchange purchase tax

6.6. **Other taxes on international trade and transactions**
Travel tax predominantly on foreign travel, interest equalization tax
7. Other taxes

7.1. Poll taxes
Poll tax, head tax, capitation tax, personal tax, basic tax, civic tax, and minimum personal tax (when not based on actual or presumptive income)

7.2. Stamp taxes
Stamp duties whose revenues are not differentiated by type of transactions, also stamped paper

7.3. Other taxes not elsewhere classified
Expenditure tax, tax fines not allocable by tax, and tax refunds not allocable by tax

V. Nontax revenue

8. Entrepreneurial and property income

8.1. Cash operating surpluses of departmental enterprise sales to the public with a surplus
Munitions factories, government printing offices, construction units, navy dockyards, government restaurant services, and units with minor rental of housing

8.2. From nonfinancial public enterprises and public financial institutions
Net profits or interest transferred from post office, central bank, national or state lotteries, electric company, national airline, dock authority, and monetary authorities (seigniorage)

8.3. Other property income
Other royalties, interest, dividends, and land rent

9. Administrative fees and charges, nonindustrial and incidental sales
At government hospitals, schools, admission fees, passport fees, television and radio licenses (when public authorities provide general broadcasting services), driver's licenses, court fees, judicial fees, and museum fees
Sales of forest preserves' timber, school products, experimental station seeds and produce, and museum postcards and art reproductions
Rents of buildings, machinery, and equipment

10. Fines and forfeits
Traffic fines, criminal fines, court fines, judicial fines, and other fines and forfeits not on taxes

11. Contributions to government employee pension and welfare funds within government
Employee contributions to general government employee welfare or retirement fund, employee contributions to armed forces retirement fund, teacher contributions to teachers' retirement fund (if invested with government), and employer contributions from other levels of government

12. Other nontax revenue
Private contributions, donations, or gifts to government (excluding grants from abroad and from other levels of government and donations for capital purposes), and voluntary contributions to social security; also sales of used goods, scraps, and wastes

VI. Capital revenue

13. Sales of fixed capital assets
Sales of existing physical assets such as buildings, equipment, ships, planes, and trucks

14. Sales of stocks
Stocks of strategic materials or grain, emergency stocks, and stabilizaton stocks
15. Sales of land and intangible assets
   Land, mining rights, and fishing rights

16. Capital transfers from nongovernmental sources
   Donations from nongovernmental sources for acquisition of schools, hospitals, other buildings, equipment, or land

IV.A.3. Alphabetical List of Taxes and Other Revenue Items

Additional tax
   On corporate income, 1.2
   On imports, 6.1.2
   On individual income, 1.1

Administrative fees and charges, 9
Administrative fees, 9
Admission tax, 5.4
Advertising tax, 5.4
Agricultural income tax
   Paid by corporations, 1.2
   Paid by individuals, 1.1
Agricultural property, taxes on, 4.1
Air travel tax (if not predominantly foreign), 5.4
Alcoholic beverages, excise taxes on, 5.2
Alcoholic beverages, fiscal monopolies selling, 5.3
Alcoholic beverages, taxes or licenses on sale of, 5.5.1

Amusement tax, 5.4
Annuities, tax on, 1.1
Apprenticeship tax, 3
Apprentissage, taxe d', 3
Austerity tax
   On corporate profits, 1.2
   On individual incomes, 1.1

Bank debits tax, 4.4
Bank transfers tax, 4.4
Basic tax, 7.1
Bequests tax, 4.3
Betterment levy, 4.5
Betterment tax, 4.5
Betting and gambling, taxes on, 5.4
Betting pools, taxes on, 5.4
Betting shop licenses, 5.5.1
Bill of exchange tax, 4.4
Bookmakers' licenses, 5.5.1
Bourse tax, 4.4
Brokerage tax, 4.4
Building tax, 4.1
Buildings, sales of, 13
Bus travel tax, 5.4
Business licenses, 5.5.1
Business registration tax, 5.5.1

Capital gains taxes
   Paid by corporations, 1.2
   Paid by individuals, 1.1
Capital tax
   Paid by corporations, 4.2.2
   Paid by individuals, 4.2.1
Capital transfer tax, 4.4
Capitation tax, 7.1
Cascade tax, 5.1
Cash operating surpluses of departmental enterprise sales to the public, 8.1
Cattle taxes, 4.6
Central banks, profits, 8.2
Cess, 5.6 or 6.2
Charges, administrative, 9
Chiffre d' affaires, taxe sur le, 5.1
Cinema taxes, 5.4
Civic tax, 7.1
Closely held corporations, tax on, 1.2
Commercial and industrial profits tax
   Paid by corporations, 1.2
   Paid by individuals, 1.1
Commercial profits tax
   Paid by corporations, 1.2
   Paid by individuals, 1.1
Commodity tax
   On broad ranges of commodities, 5.1
   On specific items, 5.2
Company income tax, 1.2
Company tax, 1.2
Complementary tax
   On corporate profits, 1.2
   On individual income, 1.1
Consular charges, 6.1.2
Consular duties, 6.1.2
Consular fees, 6.1.2
Consumption tax, general, 5.1
Contribution forcfaite à la charge des employeurs, 3
Contributions to government employee welfare or pension funds within government, 11
Contributions from nongovernmental sources to government
   For capital purposes, 16
   For current purposes, 12
Contributions to social security
  Paid by employee, 2.1
  Paid by employer, 2.2
  Paid by self-employed, 2.3
  Voluntary contributions, 12
Corporate income tax, 1.2
Corporate profits surtax, 1.2
Corporate profits tax, 1.2
Corporate surtax, 1.2
Corporation tax, 1.2
Court fees, 9
Court fines, 10
Customs duties, 6.1.1

Death taxes, death duties, 4.3
Defense tax
  On corporation income, 1.2
  On imports, 6.1.2
  On individual income, 1.1
Departmental enterprises, cash operating surpluses on sales to the public, 8.1
Developed urban property tax, 4.1
Development tax
  On corporate profits, 1.2
  On imports, 6.1.2
  On individual income, 1.1
Dividends
  Received from other than public enterprises, 8.3
  Received from public enterprises, 8.2
Dividends, taxes on
  Paid by corporations, 1.2
  Paid by individuals, 1.1
Dog taxes, dog licenses, 5.5.3
Donations from nongovernmental sources to government
  For capital purposes, 16
  For current purposes, 12

Electricity tax, 5.2
Emergency stocks, sales of, 14
Employer contributions from other levels of government to government employee pension and welfare funds within government, 11
Employers' payroll taxes, 3
Employment tax (selective employment tax), 3
Energy tax, 5.2
Entertainment tax, 5.4
Entrepreneurial income, withdrawals from, 8.2
Equalization tax (on imports), 6.1.2
Estate duties, estate taxes, 4.3
Excess profits tax, 1.2
Exchange profits, 6.4
Exchange taxes, 6.5

Excises, 5.2
Expenditure tax, 7.3
Export duties, export taxes, 6.2
Export monopolies, transferred profits of, 6.3
Fees, 9
Fines, judicial, 10
Fines (related to particular taxes), relevant tax category
  Fines on taxes not allocable by tax, 7.3
  Firearms licenses, 5.5.3
  Fiscal charges on imports, 6.1.2
  Fiscal duties on imports, 6.1.2
  Fiscal monopolies, profits of, 5.3
Fishing and forestry
  Taxes on corporate profits, 1.2
  Taxes on individual incomes, 1.1
Fishing licenses, 5.5.3
Fixed assets transfer tax, 4.4
Football pools, taxes on, 5.4
Foreign exchange purchase tax, 6.5
Forestry (see fishing and forestry)
Forfeits, 10
Fortune, impôt sur la
  Versé par entreprises, 4.2.2
  Versé par ménages, 4.2.1
Gambling, taxes on, 5.4
Gas tax, 5.2
General consumption tax, 5.1
General sales taxes, 5.1
General wealth tax
  On corporations, 4.2.2
  On individuals, 4.2.1
Gift tax, 4.3
Gifts to government from nongovernmental sources
  For capital purposes, 16
  For current purposes, 12
Graduated personal tax, 1.1
Grains, sales of, 14
Gross receipts tax, general, 5.1
Ground tax, unbuilt, 4.1

Head tax (when not based on income), 7.1
Hotel tax, 5.4
Hunting licenses, 5.5.3
Import duties, 6.1
Imports, surtax on, 6.1.2
Imports, taxes on, 6.1
Improved property tax, 4.1
Improvements taxes, 4.1
Income, taxes on net, 1
Individual capital gains, tax on, 1.1
Individual income tax, 1.1
Inheritance taxes, 4.3
Insurance, taxes on, 5.4
Insurance premium tax, 5.4
Intangible assets, sales of, 15
Interest, taxes on
  Paid by corporations, 1.2
  Paid by individuals, 1.1
Interest equalization tax, 6.6
Interest received by government
  Received from other than public enterprises, 8.3
  Received from public enterprises, 8.2
Judicial fees, 9
Judicial fines, 10
Land, sale of, 15
Land, taxes on, 4.1
Land rates, 4.1
Land rent, government income from, 8.3
Land transfer tax, 4.4
Legacies, tax on, 4.3
Livestock tax, 4.6
Lotteries, profits of national or state, 8.2
Lotteries, taxes on stakes, 5.4
Lotteries, taxes on winnings, 1.1
Manufacturers' sales tax, 5.1
Market licenses, 5.5.1
Marketing board, profits of export or import monopoly, 6.3
Minimum personal tax (when based on income), 1.1
Minimum personal tax (when not based on income), 7.1
Mining companies, tax on, 1.2
Monetary authorities, transferred profits of, 8.2
Mortgage tax, 4.4
Mortmain property, tax on, 4.1
Motor vehicle licenses, 5.5.2
Motor vehicle registration, 5.5.2
Motor vehicle taxes, 5.5.2
Museum fees and sales, 9
National lotteries, profits of, 8.2
Net income, taxes on
  Paid by corporations, 1.2
  Paid by individuals, 1.1
Net property, taxes on
  Paid by corporations, 4.2.2
  Paid by individuals, 4.2.1
Net wealth, taxes on
  Paid by corporations, 4.2.2
  Paid by individuals, 4.2.1
Net worth, taxes on (see net wealth)
Noncommercial income, taxes on
  Paid by corporations, 1.2
  Paid by individuals, 1.1
Operating surpluses of departmental enterprise sales to the public, cash, 8.1
Passport fees, 9
Patronale et d'apprentissage, taxe, 3
Pay-as-you-earn taxes (PAYE) on individuals, 1.1
Payroll tax, 3
Pension funds, contributions to (within government), 11
Pensions, taxes on, 1.1
Personal income tax, 1.1
Personal property tax (gross), 4.6
Personal property tax (net), 4.2.1
Personal tax (when not based on income), 7.1
Petroleum companies, tax on, 1.2
Plantation tax
  Based on income of corporations, 1.2
  Based on income of individuals, 1.1
  Based on land, 4.1
Poll tax, 7.1
Professional taxes (based on income or presumed income), 1.1
Profits, taxes on
  Paid by corporations, 1.2
  Paid by individuals, 1.1
Property, government income from, 8.2 or 8.3
Property, taxes on, 4
Property rates, 4.1
Property tax (based on real estate), 4.1
Property transfers, tax on, 4.4
Purchase tax, 5.1
Quality control tax (on exports), 6.2
Racing tax, 5.4
Radio licenses
  When public authorities do not provide broadcasting services, 5.5.3
  When public authorities provide broadcasting services, 9
Rail travel, tax on (domestic), 5.4
Real estate tax, 4.1
Real estate transfer tax, 4.4
Real property acquisition tax, 4.4
Real property tax, 4.1
Real property transfer tax, 4.4
Registration tax (of property), 4.4
Registration taxes or fees (of businesses), 5.5.1
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IV.B. Expenditure and Lending Minus Repayments

The classification of expenditure follows two main lines: the purpose or function toward which the expenditure is directed, and the economic characteristic of the transactions by which it is carried out. Lending minus repayments, which itself forms an economic category, can be classified also by the function for which the lending is undertaken. The functional classification presented in Table B (Section IV.B.1) can thus be applied to total expenditure, particular categories of expenditure, such
as current or capital expenditure, or lending minus repayments, lending and repayments separately, or total expenditure plus the use of grants received in kind, as analytical needs require. The economic classification of expenditure and lending minus repayments is presented in Table C (Section IV.B.2). Combining the functional and economic classifications, an illustrative cross-classification incorporating major categories of each is presented as Table B/C in Section IV.B.3.

IV.B.1. Functional Classification

The functional classification of government expenditure and lending minus repayments utilized in this Manual (Table B) is that of the Classification of the Functions of Government (COFOG) published by the Statistical Office of the United Nations.3

The classification contains three levels of detail-major groups (1 to 14), groups, and subgroups. The major groups may be thought of as broad objectives of government, while the groups and subgroups detail the means by which these broad objectives are achieved. There are 14 major groups, 61 groups and 127 subgroups. Two of the 61 groups are undivided major groups and 36 of the 127 subgroups are undivided groups. The third level of detail—subgroups—is intended to serve as a guide to the exact contents of the groups and is not shown in Table B, Classification of the Functions of Government.

Uses

The value of functional classifications is shown by their extensive use in developing and developed countries alike. Functional classifications permit trends in government outlays on particular functions to be examined over time and thus aid in forecasting future expenditures. It should be noted that conventional government accounts are not usually suitable for these purposes since they reflect the organizational structure of government; time series may therefore be distorted by organizational changes. For example, a government may establish a new department that brings together some of the programs previously administered by several departments or at several levels of government.

Functional classifications are also useful for making intercountry comparisons of the extent to which governments are involved in economic and social functions. Just as they help to neutralize organizational changes in government within a country, so are they also indifferent to organizational differences between countries. In one country, for example, all functions connected with water supply may be undertaken by a single government agency, while elsewhere they may be distributed among departments dealing with environment, housing, and industrial development. In a functional classification these various units can all be brought together in a “water-supply” function.

Units of Classification

The units of classification are, in principle at least, individual transactions. This means that each purchase, wage payment, transfer, loan disbursement, or other outlay should be assigned a COFOG code according to the function that the transaction serves. It is recommended that this principle should be strictly followed with regard to capital and current transfers and lending minus repayments. For most other outlays, however, it will generally not be possible to use transactions as units of classification. Instead, COFOG codes will have to be assigned to agencies, program units, bureaus, and similar units within government departments. All outlays by a particular unit (other than transfers and acquisition of assets) will then be assigned that unit’s COFOG code.

When government bodies rather than transactions are used as classification units, it may happen that the smallest bodies that can be identified in the government accounts may perform more than one COFOG function. It may sometimes be possible to apportion outlays of multifunction bodies among COFOG functions by reference to the proportion of work-months devoted to the different functions, but, more commonly, the best that can be done is to assign all outlays by multifunction units to whichever function appears to account for the largest part of total outlays.

Problems in Identifying Functions

Most government outlays can unambiguously be assigned to a single function in the classification but occasionally some judgment is called for. Difficulties sometimes arise with regard to subsidies and loans of benefit to enterprises or establishments in agriculture or in manufacturing or in other functional categories. The purpose behind such government support may be, for example, to assure availability of capacity to build naval vessels considered vital to national defense or to retain the support of important groups such as farmers or miners or to provide continuing employment to workers in undervalued hospitals. These purposes are not to be confused with functions as the term is used here. A government subsidy to shipyards is classified to function 11.2.0, “manufacturing affairs and services”; loans to farmers are classified to function 10.1.3, “farm price and income affairs and services”; subsidies to coal mines are classified to 9.11.1, “coal mining affairs and services”; and grants to hospitals are classified to the appropriate subgroup of 5.1, “hospital affairs and services.” An exception to this rule applies to programs, subsidies, loans, or grants designed chiefly to increase employment opportunities in general, by removing discrimination based on sex or bias against the handicapped, for example. Such programs do not focus on a single COFOG major group. They include programs to increase employment in depressed or underdeveloped regions. These programs are classified under function 13.5.0, “general labor affairs and services.” All have a substantial employment component.

For some kinds of analysis, it may be useful to classify government outlays according to certain broad purposes such as “support for defense-related industries,” “reduction of unemployment in manufacturing,” or even “maintenance of political support.” Since COFOG is not designed for such analyses, outlays on these broad purposes can only be identified by the use of memorandum items. These items would need to be tailored for individual countries and for particular kinds of analysis, and it is not, therefore, appropriate to recommend a standard set of memorandum items for international reporting.

Related Classifications

There are two other international classifications that cover areas related to COFOG. These are the International Standard Industrial Classification of all Economic Activities (ISIC)\textsuperscript{4} and the International Standard Classification of all Goods and Services (ICGS).\textsuperscript{5}

ISIC is a classification of production units according to their kind of activity. COFOG is in practice very similar; in principle, its unit of classification is the individual transaction, but the unit will often be the same as for ISIC for many types of outlays, and the criteria of classification—function in the case of COFOG and activity for ISIC—are conceptually rather similar. However, COFOG is more appropriate than ISIC for classifying government expenditures because the list of functions in COFOG is more detailed than the ISIC list of activities and has been drawn up specifically to take account of the range and diversity of government activities.

The links between COFOG and ICGS are less close. ICGS deals with goods and services, that is, with the output of producers, and is clearly not applicable to disbursements such as transfers, subsidies, or social security benefits, since they are neither goods nor services.

Types of Government Functions

The functions performed by governments can be viewed as falling under four headings.

(1) General governmental services (major groups 1–3). This heading includes those activities required for the government of the country that cannot be associated with services to persons or to business. It includes overall fiscal services, general personnel policies, centralized purchasing and supply services, the conduct of external affairs, defense activities, and public order and safety. These services, which are indispensable to the existence of an organized state, cannot be allocated to particular groups of beneficiaries.

\textsuperscript{4}United Nations publication, Sales No. E 68.XVII.8 (New York, 1968).
(2) **Community and social services** (major groups 4-8). This heading includes the services supplied to the community and to households and persons directly. It includes education services, health services, social security and welfare services, housing services, community development, sanitary services, and recreational and cultural services. Some of the services in "housing and community amenity affairs and services" (major group 7) might be more appropriately classified as economic services. For example, water and sanitary services serve both homes and businesses but it is taken that the main thrust of such expenditures is toward the satisfaction of the needs of households.

(3) **Economic services** (major groups 9-13). This heading covers government expenditures associated with the regulation, and more efficient operation, of business. It includes such government objectives as economic development, the redressing of regional imbalances, and the creation of employment opportunities. Examples of services rendered to industries by general government bodies are research, trade promotion, results of geological surveys, and inspection and regulation of particular industry groups. The classification of economic services largely follows the industry breakdown of ISIC.

(4) **Other functions** (major group 14). This heading contains interest charges and underwriting costs of the public debt and transfers of a general nature to other organs of government. Payments of interest reflect the fact that past expenditures were financed by borrowing rather than by taxation. These payments are not related to current activities and cannot be regarded as being in respect of a particular type of service. Similarly, transfers of a general nature to other organs of government are not identifiable as for a particular type of service by the paying government. When statistics of the levels and bodies of government are consolidated, the payment and receipt of these transfers will, of course, disappear.

**Treatment of Administrative Expenditures**

Administrative expenditures should be included in the functional grouping (at the most detailed level possible) of the activities administered. Administrative expenditures which cannot be separated by function are to be included in the "not elsewhere classified" (n.e.c.) categories at the subgroup or group levels as appropriate.

If administrative expenditures overlap two or more major groups, an attempt should be made in all cases to allocate expenditures between the major groups concerned. If it is not feasible to do this, the total should be allocated to that major group which accounts for the largest part of them.

**Treatment of Research Expenditures**

Research is distinguished in COFOG only where it is considered to be of particular significance. The totals for research obtained from COFOG, therefore, represent only a small part of the total research carried on, or financed, by government.

The reasons for this approach are mainly practical. The government accounts, which are the basic source for COFOG, do not normally distinguish research when it is an integral part of a program. For example, a program on aid to tourism might include research activity into various aspects of tourism but the expenditures involved will be shown in the government accounts as an integral part of the tourism program.

**Activities Not Isolated in the Classification**

There are a number of activities which occur in two or more functional categories and for which COFOG provides incomplete information. These include protection of the environment, space technology, and water use. Users of COFOG interested in these subjects will need to examine the functional classes listed below.

(1) **Protection of the environment**

This group covers research and other aspects of environmental protection. It includes research into the causes and effects of the pollution of the air, soil, and substrata by solid waste disposal, radiation, noise, and so forth. The following classes contain relevant information.
### (a) Functional category

<table>
<thead>
<tr>
<th>Category</th>
<th>Related aspect</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1.2. Community development affairs and services</td>
<td>Planning of environmental protection as part of community planning</td>
</tr>
<tr>
<td>7.3. Sanitary affairs and services, including pollution abatement and control</td>
<td>Waste collection and disposal: sewerage; pollution control and abatement programs</td>
</tr>
<tr>
<td>8.0.1. Sporting and recreational affairs and services</td>
<td>Setting aside of parks, beaches, etc.</td>
</tr>
<tr>
<td>10.1.1. Agricultural land management affairs and services</td>
<td>Conservation and reclamation of agricultural land</td>
</tr>
<tr>
<td>10.2.0. Forestry affairs and services</td>
<td>Conservation of forests and reforestation</td>
</tr>
<tr>
<td>10.3.0. Fishing and hunting affairs and services</td>
<td>Management of water resources</td>
</tr>
<tr>
<td>11.1.0. Mining and mineral resource affairs and services, other than fuels</td>
<td>Pollution control in mining</td>
</tr>
<tr>
<td>11.2.0. Manufacturing affairs and services</td>
<td>Pollution control in manufacturing</td>
</tr>
</tbody>
</table>

### (2) Space technology

Space technology includes research into the uses of space for such purposes as communication, astronomical observations, and defense. In the functional classification some of the related groups are the following.

<table>
<thead>
<tr>
<th>Category</th>
<th>Related aspect</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3.0. Defense-related applied research and experimental development</td>
<td>Defense application</td>
</tr>
<tr>
<td>11.2.0. Manufacturing affairs and services</td>
<td>Manufacturing aspects</td>
</tr>
<tr>
<td>12.7.0. Communication affairs and services</td>
<td>Communication research</td>
</tr>
</tbody>
</table>

### (3) Water use

Expenditures on the supply and control of water are included in the following functional classes.

<table>
<thead>
<tr>
<th>Category</th>
<th>Related aspect</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1.2. Community development affairs and services</td>
<td>Planning of water systems that are part of community development schemes</td>
</tr>
<tr>
<td>7.2.0. Water supply affairs and services</td>
<td>Water supply</td>
</tr>
<tr>
<td>8.0.1. Sporting and recreational affairs and services</td>
<td>Beaches, man-made lakes</td>
</tr>
<tr>
<td>9.2.1. Electricity affairs and services</td>
<td>Dams and associated works for electricity generation</td>
</tr>
<tr>
<td>10.1.1. Agricultural land management affairs and services</td>
<td>Irrigation and drainage projects</td>
</tr>
<tr>
<td>13.3.0. Multipurpose development project affairs and services</td>
<td>Irrigation, drainage, dam construction, etc., included in multipurpose projects</td>
</tr>
</tbody>
</table>

### Provisions for Changing Functions

There is a great deal of latitude for decisions as to the functions to be isolated and the way in which they should be grouped. Decisions made are never final but need to be reviewed periodically to determine whether changing public demand and government priorities should be reflected in a changed classification. For example, the present concern with energy supply and conservation was the main motivation for creating a major group for fuel and energy. On the other hand, the classification does not yet contain a category relating to the protection of the environment since at the present time it does not seem possible to define and measure such a group, though such a grouping may be feasible at some future time.

It is anticipated that individual countries will add detail to adapt the classification to their particular requirements. For example, space technology might be segregated in some countries in which this type of research is significant in size.
Table B. Classification of the Functions of Government

1. General public services
   1.1. Executive and legislative organs, financial and fiscal affairs, external affairs other than foreign aid
   1.2. Foreign economic aid
   1.3. Fundamental research affairs and services
   1.4. General services
   1.5. General public services not elsewhere classified

2. Defense affairs and services
   2.1. Military and civil defense administration and operation
   2.2. Foreign military aid
   2.3. Defense-related applied research and experimental development
   2.4. Defense affairs not elsewhere classified

3. Public order and safety affairs
   3.1. Police and fire protection
   3.2. Law courts
   3.3. Prison administration and operation
   3.4. Public order and safety affairs not elsewhere classified

4. Education affairs and services
   4.1. Pre-primary and primary education affairs and services
   4.2. Secondary education affairs and services
   4.3. Tertiary education affairs and services
   4.4. Education services not definable by level
   4.5. Subsidiary services to education
   4.6. Education affairs and services not elsewhere classified

5. Health affairs and services
   5.1. Hospital affairs and services
   5.2. Clinics, and medical, dental, and paramedical practitioners
   5.3. Public health affairs and services
   5.4. Medicaments, prostheses, medical equipment and appliances, or other prescribed health-related products
   5.5. Applied research and experimental development related to the health and medical delivery system
   5.6. Health affairs and services not elsewhere classified

6. Social security and welfare affairs and services
   6.1. Social security affairs and services
   6.2. Welfare affairs and services
   6.3. Social security and welfare affairs not elsewhere classified

7. Housing and community amenity affairs and services
   7.1. Housing and community development
   7.2. Water supply affairs and services
   7.3. Sanitary affairs and services including pollution abatement and control
   7.4. Street lighting affairs and services
   7.5. Housing and community amenity affairs and services not elsewhere classified

8. Recreational, cultural, and religious affairs and services
   8.0. Recreational, cultural, and religious affairs and services

9. Fuel and energy affairs and services
   9.1. Fuel affairs and services
   9.2. Electricity and other energy sources
   9.3. Fuel and energy affairs and services not elsewhere classified
Table B (concluded). Classification of the Functions of Government

10. Agriculture, forestry, fishing, and hunting affairs and services
10.1. Agriculture affairs and services
10.2. Forestry affairs and services
10.3. Fishing and hunting affairs and services
10.4. Agricultural research and experimental development not elsewhere classified
10.5. Agriculture, forestry, fishing, and hunting affairs and services not elsewhere classified

11. Mining and mineral resource affairs and services, other than fuels; manufacturing affairs and services; and construction affairs and services
11.1. Mining and mineral resource affairs and services, other than fuels
11.2. Manufacturing affairs and services
11.3. Construction affairs and services
11.4. Mining and mineral resource affairs and services not elsewhere classified; manufacturing affairs and services not elsewhere classified; and construction affairs and services not elsewhere classified

12. Transportation and communication affairs and services
12.1. Road transport affairs and services
12.2. Water transport affairs and services
12.3. Railway affairs and services
12.4. Air transport affairs and services
12.5. Pipeline transport and other transport system affairs and services
12.6. Transportation system affairs and services not elsewhere classified
12.7. Communication affairs and services
12.8. Transportation and communication affairs and services not elsewhere classified

13. Other economic affairs and services
13.1. Distribution trade affairs and services including storage and warehousing; hotel and restaurant affairs and services
13.2. Tourism affairs and services
13.3. Multipurpose development project affairs and services
13.4. General economic and commercial affairs other than general labor affairs
13.5. General labor affairs and services
13.6. Other economic affairs and services not elsewhere classified

14. Expenditures not classified by major group
14.0. Expenditures not classified by major group
Classification of the Functions of Government

1. General public services

1.1. Executive and legislative organs, financial and fiscal affairs, external affairs other than foreign aid

1.1.1. Executive and legislative organs
Office of the chief executive at all levels of government: office of the president, prime minister, monarch, governor, mayor, etc. Legislative bodies at all levels of government: parliaments, chambers of deputies, senates, assemblies, town councils, etc. Included are advisory, administrative, and political staffs attached to these offices and legislatures; libraries and other reference services serving chiefly executive and legislative organs; and also physical amenities provided the chief executive, the legislature, and their aides. Also included are permanent or ad hoc commissions and committees created by or acting on behalf of the chief executive or legislature. Interdepartmental committees concerned with a specific function such as cultural policy, foreign affairs, or traffic control should be classified to the function involved. Ministerial offices, offices of heads of departments of local governments, etc., should also be classified according to function.

1.1.2. Financial and fiscal affairs and services
Administration and supervision of financial and fiscal affairs; operation of taxation schemes; and management of public funds and public debt. Public funds management includes such services as the raising and receiving of moneys and the control of their disbursement. Supervision of the banking industry is classified to subgroup 13.4.0. Public debt management does not cover underwriting or flotation charges or interest payments, which are classified to subgroup 14.0.1. Offices providing financial and fiscal services include the treasury or ministry of finance, the budget office, the inland (internal) revenue agency, and customs authorities. Included are the review, coordination, reconciliation, and control of government budgets, accounting services, and internal audits. Also included are the development and evaluation of financial and fiscal affairs and research into these affairs. Public information services, statistical services, and other general services identifiably associated with financial and fiscal affairs remain classified here.

1.1.3. External affairs
Administration and operation of the ministry of external (foreign) affairs and diplomatic and consular missions stationed abroad or at offices of international organizations. Administration, operation, and support for information and cultural services intended for distribution beyond national boundaries. Included are operation of libraries, reading rooms, and reference services located abroad. Also included are administration and support for research into foreign policy. Regular subscriptions and special contributions to meet general operating expenses of international organizations remain classified here. Classified elsewhere in this major group are economic aid to developing countries, economic aid missions accredited to foreign governments, and contributions to aid programs administered by international or regional organizations. Military units stationed abroad and military aid to foreign countries are classified under subgroup 2.1.1 or 2.2.0, as appropriate. Offices, etc., dealing with general foreign commercial affairs such as foreign trade, international financial affairs, and other foreign commercial or technical affairs are classified under subgroup 13.4.0.

1.1.4. Executive and legislative organs, financial and fiscal affairs, external affairs other than foreign aid not elsewhere classified
Affairs of executive and legislative organs and administration of financial and fiscal affairs and of external affairs that cannot be assigned to one of the three preceding subgroups of 1.1.

1.2. Foreign economic aid
1.2.1. Economic aid to developing countries

Offices, bureaus, and other units administering nonmilitary aid to developing countries. Economic aid missions accredited to foreign governments. Grants in aid. Loans regardless of interest charged. Provision or support for technical assistance and training including fellowships and scholarships. Classified in subgroup 1.2.2 are contributions to economic development funds administered by international or regional organizations. Military aid is classified under subgroup 2.2.0.

1.2.2. Economic aid routed through international organizations

Program units administering economic aid routed through international organizations. Contributions to economic development funds administered by international, regional, or other multinational organizations. Aid to international peacekeeping operations is classified under subgroup 2.2.0.

1.2.3. Foreign economic aid not elsewhere classified

Administration of foreign economic aid, and grants and other forms of outlays, that cannot be assigned to one of the two subgroups of 1.2.

1.3. Fundamental research affairs and services

Fundamental research is defined as any activity directed toward the increase of scientific knowledge or discovery of new fields of investigation, without any specific practical objective. Applied research is also directed toward the increase in scientific knowledge but is undertaken with a specific practical aim in view. In general, applied research is classified to the function to which its aim is related. For example, applied research into the legislative process is found in subgroup 1.1.1.

1.3.1. Fundamental research into the natural sciences, engineering, and technology

Offices, bureaus, program units, etc., administering governmental activities in, providing funding for, or undertaking fundamental research into the natural sciences, engineering, and technology. Support for such activities.

1.3.2. Fundamental research into the social sciences and humanities

Offices, bureaus, program units, etc., administering governmental activities in, providing funding for, or undertaking fundamental research into the social sciences or humanities. Support for such activities.

1.3.3. Fundamental multidisciplinary research

Offices, bureaus, program units, etc., administering governmental activities in, providing funding for, or undertaking fundamental multidisciplinary research in the fields of ecology, oceanography, the biosphere, the atmosphere, space, and other multidisciplinary areas. Support for such activities.

1.3.4. Fundamental research not elsewhere classified

Administration, outlays, support, etc., of fundamental research that cannot be assigned to one of the three preceding subgroups of 1.3.

1.4. General services

1.4.1. General personnel services

Administration and operation of general personnel services. Personnel services not connected with a specific function. Development and implementation of general personnel policies and procedures covering selection and promotion, rating methods, job description, evaluation and classification, the administration of civil service regulations, and similar matters. Personnel administration connected with a specific function, for example, defense affairs, is classified to the appropriate major group.
1.4.2. Overall planning and statistical services

Administration and operation of overall economic and social planning and statistical services. Planning and statistical services not connected with a specific function and usually undertaken by central offices at the various levels of government. Offices, bureaus, or program units which formulate, coordinate, and frequently monitor the implementation of overall economic and social plans and programs. Central statistical offices collect and analyze statistics in many fields; formulate overall statistical policies; and coordinate, advise, and assist the statistical program units classified under a specific function.

1.4.3. Other general services

Administration, operation, support, etc., of overall general services such as centralized supply and purchasing services, maintenance and storage of government records and archives, operation of government-owned or government-occupied buildings, central motor vehicle pools, government-operated printing offices, and other general services not connected with a specific function. Services of this type connected with a specific function, for example, defense weapon procurement, are classified under the appropriate major group.

1.5. General public services not elsewhere classified

1.5.0. General public services not elsewhere classified

Administration, operation, support, etc., of general public services that cannot be assigned to one of the four preceding groups of 1. Also included are program units dealing with non-self-governing and trust territory affairs, those administering elections, and others not elsewhere classified.

2. Defense affairs and services

2.1. Military and civil defense administration and operation

2.1.1. Military defense affairs

Administration, supervision, and operation of military defense affairs and forces: land, sea, air, and space defense forces; engineering, transport, communications, intelligence, matériel, personnel, and other noncombat forces and commands; and reserve and auxiliary forces of the defense establishment. Provision of equipment, structures, supplies, and so forth. Offices of military attachés stationed abroad but not military aid missions, which are classified under group 2.2. Administration and operation of military schools and colleges where curricula resemble those of civilian institutions are classified to the appropriate subgroups of major group 4 even though attendance may be limited to military personnel and their families. Base hospital administration and operation are classified to the appropriate subgroup of group 5.1 but field hospitals are included here. Pension schemes for military personnel are classified under subgroup 6.1.2.

2.1.2. Civil defense affairs

Administration, operation, and support of civil defense forces. Support for the working out of contingency plans and the carrying out of exercises in which civilian institutions and populations are involved. Matériel and equipment for civil defense are included but not for emergency peacetime use, which is classified with major group 6.

2.1.3. Military and civil defense administration and operation not elsewhere classified

Military and civil defense administration and operation that cannot be assigned to one of the two preceding subgroups of 2.1.

2.2. Foreign military aid

2.2.0. Foreign military aid

Offices, bureaus, and other program units administering military aid. Military aid missions accredited to foreign governments or attached to international military organizations or alliances.
Grants in military aid. Loans for the same purpose regardless of interest charged. Contributions to international peacekeeping forces including assignment of manpower.

2.3. Defense-related applied research and experimental development

2.3.0. Defense-related applied research and experimental development

Administration and support of research and experimental development related to the armed forces and civil defense. Investigations leading to the development of new and improved equipment; to better tactics and strategies; to the utilization of space and the deep sea for defense; and other research and experimental development related to defense. Fundamental research is classified in the appropriate subgroup of 1.3.

2.4. Defense affairs not elsewhere classified

2.4.0. Defense affairs not elsewhere classified

Administration, operation, and support of defense affairs that cannot be assigned to one of the three preceding groups of 2. Among the offices, bureaus, or program units that may serve the entire defense establishment in addition to general administration are those engaged in disseminating information, compiling statistics, preparing budgets, etc. The administration of war veterans' affairs is classified under subgroup 6.2.5.

3. Public order and safety affairs

3.1. Police and fire protection

3.1.1. Police duties

Offices, departments, and other administrative units operating and supervising police forces and services. Regular and auxiliary police forces supported by public authorities and port, border, and coast guard and other special police forces. Police duties include traffic regulation, alien registration, the operation of police laboratories, and the maintenance of arrest records and statistics related to police work. The provision of equipment and supplies for police work including vehicles, aircraft, and vessels. Police training is included but police colleges offering general education in addition to police training are classified in an appropriate subgroup of major group 4.

3.1.2. Fire protection services

Offices, departments, and other administrative units operating and supervising fire fighting and fire prevention services. Regular and auxiliary fire brigades supported by public authorities. Forces especially trained and equipped for fighting or preventing forest fires are classified under subgroup 10.2.0.

3.1.3. Police and fire protection affairs and services not elsewhere classified

Police and fire protection affairs and services that cannot be classified to one of the two preceding groups of 3.1.

3.2. Law courts

3.2.0. Law courts

Administration and operation of civil and criminal law courts and the judicial system including legal representation and advice on behalf of government or on behalf of others when provided by government. Officers of the courts charged with the enforcement of fines and legal settlements imposed by the courts. Included are the administration and operation of parole and probation systems. Prison administration is classified in group 3.3. Administrative tribunals are classified according to function: for example, labor arbitration boards are included in subgroup 13.5.0; commissions, boards, and similar bodies dealing with electricity rates are classified in subgroup 9.2.1; those deal-
ing with telephone rates, in subgroup 12.7.0; and those dealing with rates for goods transport by rail, in subgroup 12.3.2.

3.3. Prison administration and operation

3.3.0. Prison administration and operation
Administration and operation of prisons and other places for the detention or rehabilitation of criminals. Prison farms, workhouses, reformatories, borstals, and asylums for the criminally insane.

3.4. Public order and safety affairs not elsewhere classified

3.4.0. Public order and safety affairs not elsewhere classified
Administration and support of public order and safety affairs which cannot be assigned to one of the three preceding groups of 3, including applied research and experimental development into relationships between police methods, prison administration, and law court practices. Also included are the overall administration, regulation, and support of activities for the promotion of public order and safety; the development of overall policy in this connection; and the dissemination of information to the public.

4. Education affairs and services
The dissection of education affairs and services is based largely upon the categories of levels of the International Standard Classification of Education (ISCED) of the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Levels are identified chiefly by the minimum prior education required for entrance. A brief summary of each of the levels is given in the appropriate group or subgroup. ISCED defines education as consisting of organized and sustained communication to bring about learning. It may be conducted within or outside an official school system or institutional arrangement. Out-of-school education is classified under an appropriate level by association with the school and university programs that constitute the education core. ISCED covers education for all types of students and for all age groups including adult education. Education includes activities that in some countries and in some languages may be described as "training" or "cultural development." It excludes types of communication that are not designed to bring about learning or are not planned in a pattern or sequence with established aims, for example, leisure-time activities. Military schools and colleges where curricula resemble those of civilian institutions are included here even though attendance may be limited to military personnel and their families. Operation, support, etc., of sporting and recreational facilities associated with educational institutions are classified here.

4.1. Pre-primary and primary education affairs and services

4.1.0. Pre-primary and primary education affairs and services
Administration of pre-primary and primary education affairs (ISCED levels 0 and 1). Management, inspection, operation, and support of schools and other institutions providing training at these ISCED levels. Level 0 covers organized instruction in a school-type environment designed to bridge the gap between home and school atmosphere. Age at entry is not less than three years and the age at leaving varies according to the usual age for entry into primary school. It consists of programs known variously as early childhood, infant, or preschool education and is chiefly concerned with social, mental, or physical development of the child. Level 1 is for children from ages 5 to 7 until ages 10 to 12. It consists of programs to provide a sound knowledge of reading, writing, and simple mathematics and an elementary knowledge of other subjects. Vocational instruction is sometimes included. Literacy programs for students too old for primary school are also included. Administration, provision, or support of subsidiary services are classified in subgroup 4.5.0, if possible.

4.2. Secondary education affairs and services
Administration of secondary education affairs and services (ISCED levels 2 and 3). Level 2 is the first stage of secondary education. Age at entry is about 11 or 12, leaving age about 14 or 15. Level 2
extends primary programs on a more subject-oriented pattern. Some vocational specialization may occur, but in most countries general programs with no vocational content are more usual. Level 3 covers the second stage of secondary education and carries the student three or four years beyond first stage programs, that is, up to age 17 or 18. Included is out-of-school secondary education for adults and young people.

4.2.1. Secondary education—general programs
Administration, management, inspection, operation, or support of general education programs at ISCED levels 2 and 3. Level 2 general programs contain little or no specialization. They extend level 1 education on a broader base. No special attention is paid to future vocational intention. Level 3 general programs contain little or no technical education. They may emphasize special nontechnical subjects such as mathematics and the natural sciences and the humanities and social sciences. Many such programs lead to qualification for university entrance. Excluded are administration, management, etc., of level 2 and 3 programs with substantial vocational training even if general education accounts for as much as half the total study time. Grants, loans, and allowances to pupils pursuing programs described above. Administration, provision, or support of subsidiary services are classified in subgroup 4.5.0, if possible.

4.2.2. Secondary education—vocational and technical
Administration, management, inspection, operation, or support of vocational education programs at ISCED levels 2 and 3. At level 2, up to half the study time may consist of general education. The vocational element is not intended to result in a capability to perform in a specific occupation but to provide general background. Level 2 also covers programs with greater vocational content which provide students with qualifications to perform relatively unskilled jobs. Apprenticeship programs are also found at level 2—programs for skilled trades and crafts that provide further education as part of the program. They may take three to five years to complete. At level 3, those programs which combine general education with vocational training are more vocationally-oriented than those at level 2 and are sufficiently advanced to qualify students for employment in specific fields. Entry into apprenticeship-type level 3 programs usually requires eight years of prior schooling because of the need to know basic mathematics, to read plans, and to understand the workings of machinery and equipment. Both levels cover programs designed for adults and part-time students. Such programs have more flexible entrance requirements. They vary in duration from a few weeks to three years. Grants, loans, or allowances to pupils pursuing programs described above. Administration, provision, or support of subsidiary services are classified in subgroup 4.5.0, if possible.

4.2.3. Secondary education affairs and services not elsewhere classified
Secondary education affairs and services, including support, that cannot be assigned to one of the two preceding subgroups of 4.2. Subsidiary services to secondary education are classified in subgroup 4.5.0, if possible.

4.3. Tertiary education affairs and services
Administration of tertiary education affairs and services (ISCED levels 5, 6, and 7). The subject matter of programs at these levels differs in both content and scope from that in second level education. Students need to have the equivalent of about 11 full years of organized schooling to pursue studies at levels 5 and 6 and need to have completed requisite programs at level 6 to enter level 7. Education at level 5 or 6 usually qualifies the student for highly skilled jobs or for entry into professions offering good career prospects. Education at level 7 is more specified than at level 6 and leads to higher professional qualification or to publication of results of original research.

4.3.1. Universities and other institutions providing tertiary education services
Administration, management, inspection, operation, or support of education at ISCED level 6, that is, education of a type that leads to a first university degree or equivalent, and at ISCED level 7, that is, education of a type that leads to a postgraduate degree or to a higher professional qualification such as a specialist qualification in medicine. For entry into level 6, students will need to have earned those secondary school credits required by universities or will have passed examinations of
the university entrance type. Level 6 programs may require as few as four or as many as seven years to complete. It is unusual to find level 6 education offered outside the university system. Education at level 7 consists of programs for those who have completed requisite programs at level 6 and choose to obtain a higher degree or equivalent award. Students follow more specialized programs or engage in independent research of a high order. Scholarships, grants, loans, allowances, etc., to students pursuing programs described above. Administration, provision, or support of subsidiary services are classified in subgroup 4.5.0, if possible.

4.3.2. Tertiary education services not leading to a university degree

Administration, management, inspection, operation, or support of education at ISCED level 5, that is, tertiary education of a type that does not lead to a first university degree. Programs at ISCED level 5 tend to parallel those at level 6 but are usually shorter and more "practical" in orientation. The programs are typically specialized in subject matter; many are part time; evening attendance is common. Sponsoring organizations, in addition to educational institutions, include business concerns, industry associations, labor organizations, professional associations, and others. The range of subject matter is very wide and is such that its mastery requires the completion of level 3 education or equivalent. The level of instruction is aimed at developing highly skilled technicians such as teachers, artists, journalists, production supervisors, police, etc. Scholarships, grants, loans, allowances, etc., to students pursuing programs described above. Subsidiary services are classified in subgroup 4.5.0, if possible.

4.3.3. Tertiary education affairs and services not elsewhere classified

Tertiary education affairs and services, including support, that cannot be assigned to one of the two preceding subgroups of 4.3. Subsidiary services to tertiary education are classified in subgroup 4.5.0, if possible.

4.4. Education services not definable by level

4.4.0. Education services not definable by level

Administration, management, inspection, operation, or support of education not definable by level, designated as ISCED level 9. Level 9 education consists of programs that cannot be identified as requiring any specific educational prerequisite for entrance. But such programs are distinguishable from recreational pursuits in being "organized and sustained." "Organized" programs consist of courses with established aims or curricula and "sustained" means that the learning experience has the elements of duration and continuity.

4.5. Subsidiary services to education

4.5.0. Subsidiary services to education

Administration, management, operation, inspection, or support of transportation, food, lodging, medical and dental attention, and related subsidiary services chiefly for students regardless of level. Grants, loans, allowances, etc., in cash to defray the costs of subsidiary services remain classified by level.

4.6. Education affairs and services not elsewhere classified

4.6.0. Education affairs and services not elsewhere classified

General administration of education affairs that cannot be assigned to one of the five preceding groups of 4. Included are program units engaged in administering, supporting, or carrying out applied research into teaching methods and objectives, into the philosophy and history of education, into learning theory and curricula development, and so forth. Also included are program units providing public information services concerning the education system in general; collecting, analyzing, and disseminating statistics of education. Units developing overall policies and preparing overall plans and budgets are also classified here.
5. Health affairs and services

5.1. Hospital affairs and services

5.1.1. General hospital services
    Administration of general hospital affairs and services. Management, operation, inspection, or support of hospitals that do not limit their services to a particular medical specialty. Hospitals are defined as institutions which offer inpatient care under direct supervision of qualified medical doctors. Government outlays for services to patients paid directly to the institution or indirectly through the patient. Included are outlays for construction of hospitals, for equipment and general supplies, and for staff accommodations and amenities. Payments to patients for loss of income due to hospitalization are classified under subgroup 6.1.1. Military base hospitals are included but field hospitals are included in subgroup 2.1.1.

5.1.2. Specialized hospital services
    Specialized hospitals differ from general hospitals in that their services are limited to treatment of a particular condition, disease, or class of patient, for example, diseases of the chest and tuberculosis, leprosy, cancer, otorhinolaryngology, psychiatry, obstetrics, babies, and so forth. In other respects, the definition of 5.1.1 applies to this subgroup. Maternity centers not under the direct supervision of a medical doctor are classified in subgroup 5.1.3.

5.1.3. Medical and maternity center services
    Medical and maternity center services provide inpatient facilities but their services are supervised and frequently delivered by staff of lower qualification than medical doctors (midwives, for example). In other respects, the definition of 5.1.1 applies to this subgroup.

5.1.4. Nursing and convalescent home services
    Nursing and convalescent homes provide inpatient services to persons recovering from surgery or a debilitating disease or condition that requires chiefly monitoring and administering of medications, and simple training to compensate for loss of function or rest. Included are institutions serving old people in which medical monitoring is an essential component. Nursing and convalescent homes are not under the supervision of resident medical doctors. In other respects, the definition of 5.1.1 applies to this subgroup. Administration, operation, etc., of homes for the aged in which medical services are incidental are classified to subgroup 6.2.2.

5.1.5. Hospital affairs and services not elsewhere classified
    Hospital affairs and services, including support, that cannot be assigned to one of the four preceding subgroups of 5.1.

5.2. Clinics, and medical, dental, and paramedical practitioners

5.2.1. General medical clinics and general medical practitioners (doctors)
    Administration, management, operation, support, etc., for medical services delivered by general medical clinics (including outpatient clinics of general hospitals) and general medical practitioners. Clinics are defined as institutions that provide chiefly outpatient services. The medical practitioners, government support for whom is classified here, treat patients in their consultation rooms or visit patients at home or in nonmedical institutions. Like the services of general medical hospitals, the services of general medical clinics are chiefly delivered by medical doctors and such clinics do not limit their services to a particular medical specialty. Similarly, general practitioners do not specialize. In addition to government support unrelated to the individual treated (for example, for construction, equipment, and supplies) there are outlays for services to individual patients that may be made directly to the institution or practitioner or indirectly through the patient. The payment system may operate under a government health insurance scheme.
5.2.2. **Specialized medical clinics and specialist medical practitioners (doctors)**

Specialized medical clinics and specialist medical practitioners differ from medical clinics and general medical practitioners in that their services are limited to treatment of a particular condition, disease, medical procedure, or class of patient. In other respects, the definition of 5.2.1 applies to this subgroup. Dental clinics and dentists are classified in subgroup 5.2.3.

5.2.3. **General or specialist dental clinics and dentists, oral hygienists, or other dental operating auxiliaries**

Administration, management, operation, support, etc., for dental services delivered by general or specialist dental clinics and by dentists, oral hygienists, or other dental auxiliaries. Like the other clinics of this major group, dental clinics provide outpatient services. Unlike the clinics of 5.2.1 and 5.2.2, dental clinics may be supervised or staffed by oral hygienists or dental auxiliaries. The dentists, oral hygienists, or dental auxiliaries, government support for whom is classified here, treat patients in their consulting rooms or in nonmedical institutions. Includes dental prostheses supplied by an institution or practitioner in course of treatment. In addition to government support unrelated to the individual treated (for example, for construction, equipment, and supplies) are outlays for services to individual patients that may be made directly to the clinic or dentist, oral hygienist, etc., or indirectly through the patient. The payment system may operate under a government health insurance scheme.

5.2.4. **Other clinics and paramedical personnel not elsewhere classified**

Administration, management, operation, inspection, support, etc., of services delivered by clinics supervised by nurses, midwives, physiotherapists, occupational therapists, speech therapists, or other paramedical personnel not elsewhere classified, and of services delivered by nurses, midwives, and paramedical personnel in nonconsulting rooms, in patients' homes, or in other nonmedical institutions. Also included are optometrists, chiropractors (podiatrists), chiropractors, practitioners of traditional medicine, etc. Includes medicaments, medical equipment, and appliances, including corrective eyeglasses supplied to the patient by an institution or practitioner in course of treatment. In addition to government support unrelated to the individual treated (for example, for construction, equipment, and supplies) are outlays for services to individual patients or clients that may be made directly to the clinic or therapist or indirectly through the patient. The payment system may operate under a government insurance scheme.

5.2.5. **Clinics, and medical, dental, and paramedical practitioners not elsewhere classified**

Administration, management, operation, support, etc., of clinics and of medical, dental, and paramedical practitioners that cannot be assigned to one of the four preceding subgroups of 5.2.

5.3. **Public health affairs and services**

5.3.0. **Public health affairs and services**

Administration, management, operation, support, etc., of public health services such as blood bank operation (collecting, processing, storing, shipping), disease detection services (cancer, tuberculosis, venereal disease), prevention services (immunization, inoculation), population control services (fitting of birth control devices), and so forth. These services are frequently delivered by special teams not connected with a hospital, clinic, or practitioner. Not unusually, the services are rendered to groups of clients, most of whom are in good health, at work places, schools, or other nonmedical settings. Outlays for these services remain classified here whether or not delivered by doctors. Outlays for the support of laboratories intimately connected with these kinds of services are also classified here but outlays on laboratories engaged in determining the causes of disease are classified separately with research related to medicine and health. Outlays for the preparation and dissemination of information on public health matters remain classified here.
5.4. Medicaments, protheses, medical equipment, and appliances or other prescribed health-related products

5.4.0. Medicaments, protheses, medical equipment, and appliances or other prescribed health-related products

Administration of health affairs involving provision of, or outlays on, medicaments, protheses, medical equipment and appliances, or other prescribed health-related products intended for consumption or use by a single individual or household outside a health facility or institution. Such goods are usually obtainable from dispensing chemists or pharmacists or from medical equipment suppliers. Outlays for such products when supplied to the patient by an institution or practitioner in course of treatment are classified with other payments to the institution or practitioner, for example, outlays for dental protheses supplied by a dentist are classified in subgroup 5.2.3 and outlays for corrective eyeglasses supplied by an optometrist are classified in subgroup 5.2.4.

5.5. Applied research and experimental development related to the health and medical delivery system

5.5.0. Applied research and experimental development related to the health and medical delivery system

Administration, management, promotion, support, etc., of applied research and experimental development related to the nature, prevention, diagnosis, treatment, and incidence of disease and other health problems including mental disorders and public and preventive health services, nutritional problems, pharmacology, drug addiction and rehabilitation, and so forth. Administration, management, promotion, support, etc., for research into space medicine are included.

5.6. Health affairs and services not elsewhere classified

5.6.0. Health affairs and services not elsewhere classified

Administration, operation, or support of health affairs that cannot be assigned to one of the preceding five groups. Among the offices, bureaus, or program units that may serve the entire health establishment are those engaged in disseminating information, compiling statistics, preparing budgets, etc.

6. Social security and welfare affairs and services

6.1. Social security affairs and services

Social security services are defined as chiefly transfer payments (including payments in kind) to compensate for reduction or loss of income or inadequate earning capacity. Welfare services are classified in group 6.2.

6.1.1. Sickness, maternity, or temporary disablement benefits

Administration, management, or operation of social security affairs involving chiefly provision of benefits for loss of income due to sickness, childbirth, or temporary disablement resulting from industrial or other accidents. Maternity benefits cover a period prior to, during, and after childbirth. Payments are generally administered under a social insurance scheme or workers' compensation arrangements. Outlays for medical services are classified in the appropriate subgroup of major group 5.

6.1.2. Government employee pension schemes

Administration, management, or operation of retirement, pension, and disability plans for government employees, both civil and military, and their survivors. Included are payments under contributory or noncontributory schemes whether or not funded. Old age payments, disability benefits, etc., for government employees covered by the social security system for the general population are classified in subgroup 6.1.3.
6.1.3. Old age, disability, or survivors' benefits other than for government employees
Administration, operation, support, etc., of old age, disability, or survivors' benefits. Old age payments, benefits to surviving spouses or children of deceased recipients under social security schemes, and government social assistance schemes to compensate for permanent loss of income due to full or partial disablement. Payments for government employees covered by the social security system for the general population are included. Payments for medical services are classified in the appropriate subgroup of major group 5.

6.1.4. Unemployment compensation benefits
Administration, operation, support, etc., of unemployment compensation benefits. Payments under social insurance or other government schemes to individuals, including war veterans, for loss of income due to unemployment. Administration, operation, support, etc., of government labor exchanges (employment offices) are classified in subgroup 13.5.0. Welfare assistance is classified in the appropriate subgroup of 6.2.

6.1.5. Family and child allowances
Administration, operation, support, etc., of income assistance to households and families with dependent children. Payments to households in need of income assistance other than payments under 6.1.1 to 6.1.4 inclusive. Payments to families with dependent children whether or not an income recipient is part of the household. Also included are payments to households on a per child basis regardless of need, for example, to assist in paying the rental on living quarters. Maternity benefits are classified in subgroup 6.1.1.

6.1.6. Other social assistance to persons
Administration, operation, support, etc., of income assistance other than types of assistance covered in 6.1.1 to 6.1.5 inclusive. Payments to compensate for loss of property due to fire, floods, or other disasters, and to assist in paying for rented living quarters, special grants (bonuses) to war veterans, and other income assistance not included in the preceding five subgroups.

6.1.7. Social security affairs not elsewhere classified
Administration, management, inspection, operation, support, provision, etc., of social security affairs that cannot be assigned to one of the preceding subgroups of 6.1. Among the offices, bureaus, or program units that may serve the social security establishment as a whole are those disseminating information, compiling statistics, preparing budgets, or conducting or supporting research into social security affairs.

6.2. Welfare affairs and services
Welfare services are defined as assistance delivered to clients or groups of clients with special needs, such as the young, the old, or the handicapped.

6.2.1. Welfare services—children's residential institutions
Administration, management, inspection, operation, support, etc., of welfare services for children delivered by institutions providing chiefly living quarters. Support for, or provision of, places of residence for children and adolescents deprived of normal home life: orphanages, children's boarding homes and hostels, children's villages, residential nurseries, and so forth. Included is support for institutions serving dependent mothers and their young children and mother and baby homes and hostels. Also included are child day care centers in which little or no schooling is offered. Outlays for construction of buildings and for equipment, operating supplies, etc. Outlays on general casework services are classified in subgroup 6.2.5 along with outlays on services of nonresidential welfare institutions. Outlays for services by institutions in which children are under close confinement because of criminal activity are classified in subgroup 3.3.0. Outlays on recreational services not associated with welfare services are classified in subgroup 8.0.1.
6.2.2. Welfare services—old persons’ residential institutions

Administration, management, inspection, operation, support, etc., of welfare services for the elderly delivered by the institutions providing chiefly living quarters. Support for, or provision of, places of residence for the elderly including the infirm or handicapped elderly in which little or no medical service is involved. Welfare services delivered to the elderly in their own homes or by nonresidential institutions are classified in subgroup 6.2.5. Outlays on recreational services even when designed chiefly for use by older people are classified in subgroup 8.0.1.

6.2.3. Welfare services—handicapped persons

The welfare services of which the administration, operation, and support are classified here differ from those in subgroup 6.2.2 in that the residences serve chiefly the physically handicapped, such as the blind or the deaf, or the mentally handicapped. They also differ from subgroup 6.2.2 in that they include services of day centers specially designed and equipped for use by the handicapped. In other respects, the definition of 6.2.2 applies to this subgroup.

6.2.4. Welfare services—other residential institutions

Administration, operation, support, etc., of welfare services to clients through residential institutions not falling within 6.2.1 to 6.2.3 inclusive. Welfare services delivered by shelters for the homeless, for battered wives, or for refugees; for those recovering from alcoholism or drug addiction who are not in need of medical attention; temporary places for immigrants; and so forth.

6.2.5. Welfare services not delivered through residential institutions

Administration, management, operation, support, provision, etc., of welfare services not delivered through residential institutions. Provision, support, etc., of general casework services regardless of age, family status, or physical or economic condition of clients. Such services lead to determinations of eligibility of income assistance or welfare. The client may be counseled by the caseworker or referred to an appropriate source for counsel or guidance. Outlays for other welfare services such as child-minding services, home visiting, and housekeeping services. Included are outlays for welfare services delivered by multiservice institutions not included in subgroups 6.2.1 to 6.2.4 such as adult day care centers and neighborhood centers, provided the outlays for the welfare services can be separated from outlays for recreational and cultural services also delivered by such institutions. Also included are outlays for the purchase and storage of food, equipment, and other supplies for emergency use in case of peacetime disasters. Similar outlays for civil defense purposes are classified in subgroup 2.1.2.

6.2.6. Welfare affairs and services not elsewhere classified

Administration, management, inspection, support, etc., of welfare affairs and services that cannot be assigned to one of the preceding subgroups of 6.2. Among the offices, bureaus, or program units that may serve the welfare establishment are those disseminating information, compiling statistics, preparing budgets, or conducting or supporting research into welfare affairs.

6.3. Social security and welfare affairs not elsewhere classified

6.3.0. Social security and welfare affairs not elsewhere classified

Administration, management, inspection, support, etc., of both social security and welfare affairs that cannot be assigned to one of the two preceding groups. Among the offices, bureaus, or program units that may deal with the two types of affairs of this function are those disseminating information, compiling statistics, preparing budgets, or conducting or supporting research.

7. Housing and community amenity affairs and services

7.1. Housing and community development
7.1.1. Housing affairs and services

Administration of housing affairs and services. Development, monitoring, and evaluation of housing activities whether or not the activities are under the auspices of public authorities. The development and regulation of housing standards other than construction standards, which are classified to subgroup 11.3.0. The administration of rent controls and eligibility standards for publicly supported dwelling units. Provision of housing for the general public or for people with special needs, that is, construction, purchase, remodeling, and repairing of dwelling units. Acquisition of land needed for construction of dwellings. Slum clearance related to provision of housing. Subsidies, grants, or loans for increasing, improving, or maintaining the housing stock other than rent subsidies paid to households, which are considered a form of income assistance and are classified in subgroup 6.1.5 or 6.1.6, as appropriate. Offices, bureaus, or program units producing and disseminating public information about housing; applied research into, and experimental development of, housing standards and design, but not construction methods or materials, which are classified in subgroup 11.3.0.

7.1.2. Community development affairs and services

Administration of overall community development affairs. The category of overall community development affairs covers chiefly the planning of new communities or of rehabilitated communities in which, typically, there would be a broad spectrum of physical facilities that would improve the quality of life of the people involved. In general, such plans involve not only housing and industries but also facilities for the health, education, culture, and recreation of the community. The plans may also include schemes for financing actual construction and, in the case of urban renewal projects, arrangements for removal of existing populations. The category of overall community development affairs also covers the offices, bureaus, or program units engaged in administering zoning laws including regulations on land use and building standards other than standards covering housing. Offices, bureaus, etc., engaged in or providing support for research into community development including studies of the impact of plan implementation on contiguous and nearby communities. Also, offices, etc., producing and disseminating public information. Outlays on plan implementation, that is, on actual construction of housing, industrial buildings, streets, public utilities, cultural facilities, and so forth, are classified to the appropriate major group according to functional role.

7.1.3. Housing and community development affairs not elsewhere classified

Administration, operation, support, provision, etc., of housing and community development affairs that cannot be separately classified in one of the two preceding subgroups of 7.1.

7.2. Water supply affairs and services

7.2.0. Water supply affairs and services

Offices, bureaus, departments, and program units engaged in developing and administering regulations concerning all facets of potable water supply including water purity, price and quantity controls, etc. Offices, etc., engaged in assessing future needs and in determining availability in terms of such assessment. Operation of water supply systems that are not public enterprises or private establishments. Outlays for the construction of such nonenterprise systems. Support in the form of transfers, loans, subsidies, or other assistance for the development, expansion, or operation of water supply systems regardless of ownership or organizational arrangement. Support for applied research and experimental development into the various aspects of water supply. Outlays for the production and dissemination of public information; for the collection and compilation of statistics; and for other matters related to water supply. Government activities and expenditures in connection with irrigation systems are classified in subgroup 10.1.1. Outlays in connection with multipurpose projects are classified in subgroup 13.3.0.

7.3. Sanitary affairs and services including pollution abatement and control
7.3.1. Refuse collection and disposal operations, sewage system operation, street cleaning

Administration of refuse collection and disposal operations. Supervision or inspection of such operations undertaken by private firms. Licensing of private firms engaged in this work. Operation by public authorities of refuse collection and disposal systems including refuse of all types (benign or noxious materials, including radioactive wastes, solids, liquids or gases, including rainwater) from whatever source (households, factories, mines), collected by any method (trucks, piping, storm sewers), treated (incinerated, chemically transformed) or untreated and disposed of by dumping at sea, on land, or by other means. Subsidies, transfers, or loans for constructing, upgrading, maintaining, or operating such systems. Outlays on street sweeping or watering and on snow removal are included. The administration of regulations on the generation and release of pollutants to the environment is classified in subgroup 7.3.2. Outlays on research and experimental development in the field of sanitary affairs is also classified in subgroup 7.3.2.

7.3.2. Pollution abatement and control affairs

Administration of pollution abatement and control affairs. Development and monitoring of standards covering pollution. Outlays on construction and operation of monitoring stations should be included if they can be separately reported, such as stations to monitor noise levels near airports. Determination of impact on the environment of industrial or other developments. Regulation and monitoring of pollution arising from motor vehicle operation. Outlays for research and experimental development into problems of pollution abatement and control as well as into sanitary affairs and services in general. Outlays on the production and dissemination of public information on the subject and on the collection and compilation of statistics. Subsidies, loans, or transfers for pollution abatement and control are classified to that functional category in which the recipient authorities are found, for example, loans or transfers to upgrade a sewage treatment facility are classified in subgroup 7.3.1, and assistance to install precipitation equipment in a coal-fired power station is classified in subgroup 9.2.1.

7.3.3. Sanitary affairs and services and pollution abatement and control not elsewhere classified

Administration, management, supervision, regulation, etc., of sanitary affairs and services and pollution abatement and control that cannot be separately classified in one of the two preceding subgroups of 7.3.

7.4. Street lighting affairs and services

7.4.0. Street lighting affairs and services

Administration of street lighting affairs. Development and monitoring of street lighting standards. Outlays on design, installation, operation, maintenance, upgrading, and other aspects of street lighting. Similar affairs and services associated with the construction of highways and their operation are classified in subgroups 12.1.1 and 12.1.2, respectively.

7.5. Housing and community amenity affairs and services not elsewhere classified

7.5.0. Housing and community amenity affairs and services not elsewhere classified

Administration, management, supervision, support, provision, etc., of housing and community amenity affairs and services that cannot be separately classified in one of the four preceding groups of 7.

8. Recreational, cultural, and religious affairs and services

8.0. Recreational, cultural, and religious affairs and services

8.0.1. Recreational affairs and services

Administration of sporting and recreational affairs. Management, operation, support, provision, etc., of facilities for active or passive sporting pursuits or events and for recreational activities.
Facilities for spectator accommodation are included. Facilities for active sports include playing fields, courts, running tracks, golf and other courses, boxing rings and skating rinks, gymnasiums, and so forth. Facilities for passive sports chiefly include specially equipped rooms for playing cards, board games, and the like. Facilities for recreational pursuits include parks, beaches, camping grounds, and associated lodging places furnished on a noncommercial basis. Recreational facilities also include swimming baths (pools) and public baths for washing. Support includes outlays for national, regional, or local team representation in sporting events and for equipment, coaching, training, and other things needed to field a team or player. Also included are subsidies to professional teams or individual competitors. Zoological or botanical gardens, aquariums, arboreta, and similar institutions are considered cultural facilities and their administration, support, etc., are classified to subgroup 8.0.2. Operation, support, etc., of sporting and recreational facilities associated with educational institutions are classified in the appropriate subgroup of major group 4.

8.0.2. Cultural affairs and services

Administration of cultural affairs. Management, operation, support, provision, etc., of facilities for cultural pursuits, such as libraries, museums, art galleries, theaters, exhibition halls, monuments, historic houses and sites, zoological and botanical gardens, aquariums, arboreta, and so forth. Production, operation, support, etc., of cultural events including concerts, stage and film productions, art shows, etc. Transfers or other types of support to individual artists, writers, designers, composers, and others working in the arts and to organizations engaged in promoting cultural activities. Also included are outlays in support of national, regional, or local celebrations provided they are not intended chiefly to attract tourists, in which case the outlays are classified to subgroup 13.2.0. Outlays in support of cultural events intended for presentation beyond national boundaries are classified to subgroup 1.1.3. Outlays for the production of cultural material intended for distribution by broadcasting are classified in subgroup 8.0.3.

8.0.3. Broadcasting and publishing affairs and services

Administration and regulation of broadcasting and publishing affairs. Management, operation, support, provision, etc., of broadcasting services. Outlays including transfers, loans, or other types of support for the construction or acquisition of facilities for television or radio broadcasting, for production of broadcasting material, and for its presentation by broadcasting. Management, operation, support, provision, etc., of publishing services. Outlays, including loans, transfers, and other types of support for the construction or acquisition of plant, equipment, or materials for newspaper, magazine, or book publishing; for the gathering of news or other information; and for distribution of the published works. Outlays for government printing offices and plants are classified in subgroup 1.4.3.

8.0.4. Religious and other community affairs and services

Administration of religious affairs and services. Provision of facilities and support for their maintenance and operation; payments to the clergy or other officers of religious institutions; and support for the holding of religious services. Administration of other community affairs and services. Provision of facilities, transfers, loans, or other types of support to fraternal, civic, youth, and social organizations, and to labor unions and political parties.

8.0.5. Recreational, cultural, and religious affairs and services not elsewhere classified

Administration, provision, operation, support, etc., of recreational, cultural, and religious affairs and services that cannot be separately classified to one of the four preceding subgroups of 8.

9. Fuel and energy affairs and services

9.1. Fuel affairs and services

9.1.1. Coal mining affairs: other solid mineral fuels; coal processing affairs and services

Administration of solid mineral fuel affairs. Such affairs concern coal of all grades, lignite, and peat, irrespective of method used in their extraction or beneficiation, as well as conversion of these
fuels to other forms such as coke or gas. Offices, bureaus, or program units engaged in formulation and administration of regulations concerning exploitation or conservation and units concerned with development of such resources. Support in the form of loans, transfers, or subsidies to the solid mineral fuels industry and to the coke, briquette, or manufactured gas industries. Applied research and experimental development into all aspects of solid mineral fuels. Program units engaged in producing and disseminating information and in compiling statistics on solid mineral fuel resources, production, or utilization.

9.1.2. Petroleum and gas affairs and services

Administration of petroleum affairs and services. Such affairs concern natural gas, liquefied petroleum gases, and refinery gases, and oil from wells or other sources such as shale or tarsands. Also included are affairs concerning the distribution of town gas regardless of its composition, but offices, bureaus, program units, etc., engaged in petroleum or gas transportation affairs are classified in the appropriate subgroup of group 12. Offices, program units, etc., engaged in formulating and monitoring regulations concerning exploitation or conservation, and units concerned with discovery and development of resources or with extraction, processing, or distribution. Support in the form of loans, transfers, or subsidies to the petroleum extraction industry and to the industry refining crude petroleum and related liquid and gaseous products. Applied research and experimental development into all phases of petroleum fuels. Program units engaged in producing and disseminating information and in compiling statistics on petroleum and natural gas resources, production, and utilization.

9.1.3. Nuclear fuel affairs and services

Administration of nuclear fuel affairs and services. Such affairs cover extraction as well as processing of fissionable and fertile materials and manufacture of fuel elements. Offices, bureaus, or program units engaged in formulating regulations concerning exploitation or conservation and units concerned with development of such resources. Also, units concerned with the use of fuel elements. Support in the form of loans, transfers, or subsidies to the nuclear materials mining industry and to the industries processing such materials. Applied research and experimental development into the mining and processing of nuclear fuel materials. Program units engaged in producing and disseminating information and in compiling statistics on nuclear material resources, on production of such materials, and on the manufacture of fuel elements. Administration, support, etc., involving the disposal of radioactive wastes are classified in subgroup 7.3.1.

9.1.4. Fuel affairs and services other than fuels of 9.1.1 to 9.1.3 inclusive

Administration of fuel affairs and services involving such fuels as alcohol, wood and wood wastes, bagasse, and other "noncommercial" fuels. Offices, bureaus, and program units engaged in management or support of activities designed to rationalize the use of such materials for the production of energy including applied research and experimental development. Program units engaged in producing and disseminating information and in compiling statistics on availability, production, or utilization of such fuels. Geothermal resources and wind and solar energy are not considered fuels and are classified to the appropriate subgroup of group 9.2. Forest management is classified in subgroup 10.2.0.

9.1.5. Fuel affairs and services not elsewhere classified

Administration, management, support, etc., of fuel affairs that cannot be assigned to one of the four preceding subgroups of 9.1.

9.2. Electricity and other energy sources

9.2.1. Electricity affairs and services

Administration of electricity affairs and services. Such affairs concern conventional sources of electricity, such as thermal or hydro supplies, and nonconventional sources, such as electricity from wind or solar heat. Formulation and monitoring of regulations concerning the generation, transmis-
sion, and distribution of electricity. Offices, bureaus, program units, etc., concerned with, for example, the development of electricity supplies, with the allocation of available supplies or with prices, including the setting of electricity rates. Support in the form of loans, transfers, or subsidies to the electricity supply industry, including assistance for pollution abatement, such as the installation of precipitation equipment in a coal-fired power station. Included is support for the construction of dams and other works designed chiefly to provide electricity and for applied research into the various aspects of electricity generation (including nuclear power plants), transmission, and distribution. Program units engaged in providing information services concerning electricity and in compiling statistics on the subject.

9.2.2. Energy affairs and services other than electricity

Administration of energy affairs and services other than electricity. Such affairs concern chiefly the production of heat in the form of steam, hot water, or hot air. Support in the form of loans, transfers, or subsidies for using heat from such sources (area heating, hot water supply, etc.) or for carrying out research in connection with the capture of solar energy. Program units engaged in providing information services concerning energy other than electricity and in compiling statistics on the subject.

9.2.3. Electricity and other energy sources not elsewhere classified

Administration, management, support, etc., of electricity affairs and the affairs of other energy sources that cannot be assigned to one of the two preceding subgroups of 9.2.

9.3. Fuel and energy affairs and services not elsewhere classified

9.3.0. Fuel and energy affairs and services not elsewhere classified

Administration, management, support, etc., of fuel and energy affairs and services that cannot be assigned to one of the two preceding groups of 9.

10. Agriculture, forestry, fishing, and hunting affairs and services

10.1. Agriculture affairs and services

10.1.1. Agricultural land management affairs and services

Administration of agricultural land conservation affairs and services including land reclamation and land expansion. Offices, bureaus, program units, etc., engaged in efforts to conserve, reclaim, and increase arable land. Such efforts generally involve physical works such as land clearance, installation of drainage systems, provision of irrigation systems, reduction of salinity, and so forth. Outlays for the construction of dams, dikes, irrigation canals; for the installation of equipment; and for the management and operation of such works and systems. Support for research and development into problems of land conservation, reclamation, and expansion. In general, dissemination of information concerning the subject is considered part of agricultural extension affairs and is classified under subgroup 10.1.4. Similarly, payments for restricting or encouraging output of a particular crop or for allowing land to remain uncultivated are considered farm price stabilization affairs and are classified to subgroup 10.1.3 even though they may have a land conservation component. Outlays for multipurpose projects (electricity, flood control, irrigation, recreation) are assigned to subgroup 13.3.0.

10.1.2. Agrarian reform and land settlement affairs and services

Administration of agrarian reform and land settlement affairs and services. Offices, bureaus, program units, etc., engaged in the design, field management, operation, and evaluation of land reform and settlement activities and in the extension of credit in connection with such activities. Such activities lead to the alteration and reallocation of land ownership and use; settlement of virgin land or undercultivated agricultural land; and resettlement of farmers. Outlays to landowners whose titles to land have been changed. Support for research into problems of land reform and resettle-
ment. Program units providing information on land reform and on statistics of agrarian reform and land settlement affairs.

10.1.3. Farm price and income affairs and services
Administration of affairs and services designed to stabilize or improve farm prices and farmers' incomes. Offices, bureaus, program units, etc., operating or providing other forms of support, for example, subsidies, in connection with price support schemes, marketing schemes, or schemes to restrict or encourage output of particular crops. Outlays by public enterprises operating such schemes are excluded from the classification but government support for such enterprises is included. Subsidies and other forms of payments to induce farmers to purchase and employ fertilizers, improved seeds, pesticides, and so forth, are also classified here, but program units engaged in the control or eradication of pests and plant diseases are classified to subgroup 10.1.6. Also included are support for research into the design and efficacy of price support schemes; public information on farm price and income stabilization programs; and statistics covering farm prices and incomes. Research into fertilizer usage and other means of improving output is classified in subgroup 10.4.0.

10.1.4. Agricultural extension affairs and services
Administration of agricultural extension affairs and services. Offices, bureaus, program units, etc., engaged in managing, operating, or supporting activities designed to increase production, improve quality, conserve land, reduce labor and other costs, and otherwise raise levels of rural living. Agricultural extension involves chiefly the dissemination of knowledge, for which purpose a variety of means may be employed including print or other media, demonstration projects, model farms, individual or group instruction, etc.

10.1.5. Veterinary affairs and services
Administration of veterinary affairs and services. Offices, bureaus, program units, etc., engaged in managing or operating field programs for delivery of veterinary services to farmers or in making outlays in the form of loans, transfers, or subsidies to facilitate delivery of such services. Veterinary services involve chiefly medical procedures to prevent or treat animal diseases, and medical measures to improve the quality of herds and flocks, including artificial insemination under veterinary supervision. Program units collecting and compiling statistics on veterinary affairs and services are included. Administration and support of research into veterinary medicine and into animal husbandry are classified in subgroup 10.4.0. Extension services in connection with animal health are classified in subgroup 10.1.4.

10.1.6. Pest control and similar services not included in 10.1.1 to 10.1.5 inclusive
Administration of pest control affairs and other services such as crop inspection and grading. Offices, bureaus, program units, etc., engaged in managing, operating, or supporting services designed to eradicate or control pests, vermin, plant diseases or other destructive agents. Subsidies for the purchase of materials for these purposes by farmers are classified in subgroup 10.1.3. Included are program units managing or operating crop inspection and grading schemes. Program units collecting and compiling statistics on these activities remain classified here but dissemination of information on the subject is classified in subgroup 10.1.4 and support for research is classified in subgroup 10.4.0.

10.1.7. Agricultural affairs and services not elsewhere classified
Administration of agricultural affairs and services which cannot be assigned to one of the six preceding subgroups of 10.1. Included are program units providing information to the general public and collecting and compiling statistics on agricultural affairs including crop forecasts. Outlays on agricultural research not classified in subgroups 10.1.1 to 10.1.7 inclusive are classified in subgroup 10.4.0. Income assistance to farmers in the event of natural disasters is classified in subgroup 6.1.6.

10.2. Forestry affairs and services
10.2.0. Forestry affairs and services

Administration of forestry affairs and services including regulations governing forest operations and the issuance of tree-felling licenses. Offices, bureaus, program units, etc., engaged in efforts to conserve, extend, or rationalize exploitation of forest resources. Field management, operation, or support of reforestation work; of pest and disease control activities; and of forest fire fighting and fire prevention services. Outlays in the form of loans, transfers, or subsidies in connection with commercial forest operations and in connection with forest crops in addition to timber. Included are outlays on, or support of, research into all aspects of forest management and exploitation. Program units engaged in extension services to forest operators; in disseminating information to the general public; and in collecting and compiling statistics on forestry affairs and operations.

10.3. Fishing and hunting affairs and services

10.3.0. Fishing and hunting affairs and services

Administration of commercial or sport fishing and hunting affairs and services. Fishing affairs concern freshwater, ocean, and coastal fishing including fish farming. Hunting affairs concern the taking of wildlife and animal propagation, protection, and preservation. Offices, bureaus, program units, etc., engaged in management, operation, or support of game preserves, fish hatcheries, extension services, stocking or culling activities, and so forth. Outlays by fish hatcheries or game preserves operated as public enterprises are excluded from the classification but government support for such organizations is included. Program units engaged in developing and monitoring regulations including the licensing of fishing and hunting. Operation or support of research into wild animal and fish management and related problems of these industries. Program units disseminating information and units compiling statistics on fishing and hunting remain classified here. Research concerning farm or ranch animals or the raising of closely confined wild animals, such as minks, is classified to subgroup 10.4.0. The control of ocean fishing is considered a police affair and is assigned to group 3.1.1.

10.4. Agricultural research and experimental development not elsewhere classified

10.4.0. Agricultural research and experimental development not elsewhere classified

Administration of agricultural research and experimental development not elsewhere classified in major group 10. Offices, bureaus, program units, etc., managing, operating, or supporting research into all aspects of agriculture other than land conservation and reclamation, agrarian reform and land settlement, farm pricing schemes, extension services, forestry, fishing, and hunting.

10.5. Agriculture, forestry, fishing, and hunting affairs and services not elsewhere classified

10.5.0. Agriculture, forestry, fishing, and hunting affairs and services not elsewhere classified

Administration, operation, support, etc., of agriculture, forestry, fishing, and hunting affairs and services that cannot be assigned to one of the four preceding groups of 10.

11. Mining and mineral resource affairs and services, other than fuels; manufacturing affairs and services; and construction affairs and services

11.1. Mining and mineral resource affairs and services, other than fuels

11.1.0. Mining and mineral resource affairs and services, other than fuels

Administration of mining and mineral resource affairs and services, other than mineral fuel affairs and services classified in the subgroups of group 9.1. Offices, bureaus, and program units concerned with discovery, exploitation, conservation, marketing, and other aspects of mineral production. In addition to metal-bearing minerals, these activities cover sand, clay, and stone; chemical and fertilizer minerals; salt; gemstones, asbestos, and gypsum, among others. The offices, bureaus, program units, etc., develop and administer regulations concerning prospecting and mining; issue
and supervise licenses and leases; regulate production rates; inspect mines for conformity to safety regulations; and so forth. These offices, bureaus, etc., give tax rebates, make or guarantee loans, and take other measures to foster mineral developments. Also included are outlays on, or support of, research into mining and mineral resource problems including research into beneficiation methods; dissemination of information on minerals and mining; and collection and compilation of statistics on the subject.

11.2. Manufacturing affairs and services

11.2.0. Manufacturing affairs and services

Administration of manufacturing affairs and services. Offices, bureaus, and program units engaged in activities designed to develop, expand, and generally improve the position of manufacturing establishments by means of loans or transfers, by subsidizing outputs or inputs, by tax rebates, or by assistance in other forms. Program units that develop and administer regulations governing the establishment and operation of manufacturing plants, that inspect premises for conformity with safety regulations, and that exercise other kinds of control, for example, to protect consumers against dangerous products. Transfers, loans, subsidies, etc., to manufacturers, including manufacturers of road vehicles, railway rolling stock, and aircraft and shipbuilders. Also included are outlays on, or support for, research into manufacturing methods, materials, and management of industrial enterprises; for the dissemination of information; for the collection and compilation of statistics of special interest to manufacturers of particular products; and for maintaining liaison with manufacturers' associations and other organizations interested in manufacturing affairs and services. Affairs and services similar in nature to those given above but concerning the petroleum refinery industry, the coal processing industry, or the nuclear fuel industry are classified in the appropriate subgroup of major group 9 if they can be separately reported.

11.3. Construction affairs and services

11.3.0. Construction affairs and services

Administration of construction affairs and services. Offices, bureaus, and program units engaged chiefly in developing and administering regulations concerning building standards; in issuing certificates permitting occupancy; in monitoring regulations concerning safety at building sites; and so forth. Program units carrying out or supporting research into construction methods, materials, productivity, and related matters affecting construction of buildings. Offices or bureaus disseminating general information to the public and technical information to the industry. Offices collecting and compiling statistics on construction activities. Subsidies, loans, transfers, or other forms of support for the construction of dwellings, factories, roads, mines, farm buildings, and so forth are classified according to use in the appropriate functional category.

11.4. Mining and mineral resource affairs and services not elsewhere classified:

- manufacturing affairs and services not elsewhere classified;
- and construction affairs and services not elsewhere classified

11.4.0. Mining and mineral resource affairs and services not elsewhere classified:

- manufacturing affairs and services not elsewhere classified;
- and construction affairs and services not elsewhere classified

Mining and mineral resource affairs and services and manufacturing and construction affairs and services that cannot be assigned to one of the three preceding groups of 11.

12. Transportation and communication affairs and services

12.1. Road transport affairs and services
12.1.1. Highway construction affairs and services

Administration of road and highway construction affairs and services including urban roads and streets. Offices, bureaus, or program units planning, designing, constructing, extending, or improving roads and highways and associated structures such as bridges, tunnels, parking facilities, bus terminals, and so forth; or in supervising, licensing, or regulating such work. Outlays including loans, transfers, or subsidies for construction work. Outlays on, or support for, research into road design, construction methods, or materials are included if they can be separated from outlays for research into building construction. Also included are program units providing general information to the public or technical information to the industry. Statistics on road construction activities remain classified here. Road maintenance affairs and services are assigned to subgroup 12.1.2; street lighting is assigned to subgroup 7.4.0; and street cleaning to subgroup 7.3.1.

12.1.2. Road system operation affairs and services

Administration of road and highway transport affairs and services other than construction. Road and highway transport affairs concern chiefly road use. Such affairs also include public road transport (passenger and freight) systems. Offices, bureaus, or program units engaged in, or providing support for, maintaining (including repairing) roads and associated structures. Offices, etc., developing and administering regulations concerning road use, for example, vehicle and driver licensing, vehicle safety inspection, size and load specification, regulation of hours of work of truck drivers, and so forth. Offices, etc., regulating the operation of public road transport systems including granting of franchises, approval of tariffs and passenger fares, hours and frequency of service, and so forth. Offices, bureaus, or program units operating nonenterprise-type road transport systems or providing support in the form of loans or transfers to system operators for acquisition of equipment or for its maintenance and upkeep. Operating assistance in the form of subsidized fares or freight rates. Outlays on, or support for, research into road transport system operation. Also included are program units providing information and units collecting and compiling statistics on operation of roads and road transport systems. In general, traffic control is considered a police function and is classified to subgroup 3.1.1. Street cleaning is assigned to subgroup 7.3.1; street lighting to subgroup 7.4.0; and regulation and monitoring of pollution arising from motor vehicle operation to subgroup 7.3.2. Transfers, loans, subsidies, etc., to road vehicle manufacturers are classified in subgroup 11.2.0.

12.2. Water transport affairs and services

12.2.1. Water transport facility construction affairs and services

Administration of water transport facility construction affairs and services. Offices, bureaus, or program units planning, designing, constructing, extending, or improving works or structures to facilitate waterborne passenger or freight traffic; or in supervising, licensing, or regulating such work. Among other things, such works include harbor facilities and navigation aids, canals, channels, breakwaters, piers, wharfs, terminals, and so forth. Outlays including loans, transfers, and subsidies for such work. Outlays on, or support for, research into water transport facilities design and construction methods or materials are included if they can be separated from outlays into building construction research. Also included are program units providing general information to the public and technical information to the industry. Statistics on water transport facilities construction remain classified here but maintenance affairs are classified in subgroup 12.2.2.

12.2.2. Water transport operation affairs and services

Administration of water transport affairs and services other than construction. Water transport affairs concern inland, coastal and ocean passenger and freight service. Offices, bureaus, or program units engaged in, or providing support for, operation of harbors, docks, canals, and other water transport facilities and for their maintenance in good order. Offices, etc., developing and administering such regulations concerning water transport as registration, licensing and inspection of vessels and crews, and regulations concerning safety of passengers or goods. Offices, bureaus, or program units operating vessels (ferries, for example), or granting franchises for such operation.
Offices, etc., providing vessels to water transport operators or making loans or transfers to operators for the acquisition of vessels or their maintenance and upkeep. Offices regulating freight tariffs and passenger fares and providing operating assistance in the form of subsidies. Offices, bureaus, or program units operating navigation aids, provided they can be separated from units administering and operating the coast guard. Outlays on, or support for, research into water transport systems operation. Also classified here are program units providing information and units collecting and compiling statistics on water transport operations. Customs authorities are classified under subgroup 1.1.2. Control of water traffic is considered a coast guard duty and is assigned to subgroup 3.1.1. Transfers, loans, subsidies, etc., to shipbuilders are assigned to subgroup 11.2.0.

12.3. Railway affairs and services

12.3.1. Railway construction affairs and services

Administration of railway construction affairs and services including street and other urban railways. Offices, bureaus, or program units planning, designing, constructing, extending, or improving railway roadbeds, whether or not on the surface, and associated structures such as terminals, tunnels, bridges, and so forth; or in supervising, licensing, or regulating such work. Outlays including loans, transfers, and subsidies for such work. Outlays on, or support for, research into railway design, construction methods, or materials are included. Also included are program units providing general information to the public and technical information to the industry. Statistics on railway construction remain classified here, but maintenance affairs and outlays or support for acquisition of rolling stock are assigned to subgroup 12.3.2.

12.3.2. Railway system operation affairs and services

Administration of railway system affairs and services other than construction. Railway system affairs concern long-line and interurban railway services, urban rapid transit service, and street railways. Offices, or program units engaged in, or providing support for, railway system operations and for their maintenance in good order. Offices, etc., developing and administering regulations concerning railway operations, encompassing rolling stock condition, roadbed stability, frequency of service, passenger safety, security of freight, and so forth. Offices, bureaus, or program units operating nonenterprise-type public railway systems or providing support in the form of loans, transfers, or subsidies to system operators for acquisition of rolling stock or its maintenance and upkeep. Offices granting franchises, regulating freight tariffs and passenger fares, and providing operating assistance in the form of subsidized fares or freight rates. Outlays on, or support for, research into railway system operation. Also included are program units providing information and units collecting and compiling statistics on railway operations. Transfers, loans, subsidies, etc., to rolling stock manufacturers are classified in subgroup 11.2.0.

12.4. Air transport affairs and services

12.4.1. Air transport facility construction affairs and services

Administration of air transport facility construction affairs and services. Offices, bureaus, or program units planning, designing, constructing, extending, or improving airports, runways, terminals, hangars, air navigation aids, and other fixed structures and equipment associated with transport by air; or in supervising, licensing, or regulating such work. Outlays including loans, transfers, and subsidies for such work. Outlays on, or support for, research into airport design, construction methods, or materials are included. Also included are program units providing general information to the public and technical information to the industry and program units collecting and compiling statistics on airport construction.

12.4.2. Air transport operation affairs and services

Administration of air transport affairs and services other than construction. Air transport affairs concern not only passenger and freight services (scheduled or nonscheduled) but also regulation and control of flying by private individuals. Offices, bureaus, or program units engaged in, or providing support for, operation of airports and air control and navigation equipment and their mainte-
nance. Offices, etc., developing and administering regulations concerning air transport: registration, licensing, and inspection of aircraft, pilots, and crews, including ground crews; passenger safety; allocation of routes; control of freight tariffs and passenger fares; and other air transport matters. Offices, bureaus, or program units engaged in operating air transport services (other than public enterprises) or in providing aircraft to air transport operators or in making loans or transfers to operators for the acquisition of aircraft or their maintenance and upkeep. Offices providing operating assistance in the form of subsidies. Offices, etc., engaged in investigating air transport accidents. Outlays on, or support for, research into air transport operation; units providing information; and units collecting and compiling statistics on air transport operations. Program units setting pollution standards or monitoring performance against the standards are classified in subgroup 7.3.2. Transfers, loans, and subsidies to aircraft manufacturers are classified in subgroup 11.2.0.

12.5. Pipeline transport and other transport system affairs and services

12.5.1. Pipeline and other transport facility construction affairs and services
Administration of pipeline construction affairs and services and of other transport facilities such as cable railways, aerial cables, funiculars, and so forth. Offices, bureaus, or program units planning, designing, constructing, extending, or improving pipelines and associated structures such as pumping stations, teleferics, and so forth; or in supervising, licensing, or regulating such work. Outlays including loans, transfers, or subsidies for construction work. Outlays on, or support for, research into the design or construction of the transport facilities mentioned above. Also included are program units providing general information to the public and technical information to the industry and program units collecting and compiling statistics on construction of the facilities mentioned above.

12.5.2. Pipeline transport and other transport system operation affairs and services
Administration of pipeline transport affairs and services and the affairs and services of transport by such other means as cable railways and aerial cables. Offices, bureaus, or program units engaged in, or providing support for, operation of the above-mentioned transport systems and their maintenance in good order. Offices, etc., developing and administering regulations concerning these systems: registration, licensing, and inspection of equipment; operator skills and training; safety standards; and other matters. Program units granting franchises and setting tariffs and frequency and levels of service. Offices, bureaus, or program units operating these transport systems (other than public enterprises) or providing equipment to operators or making loans or grants to operators for the acquisition of equipment or its maintenance. Offices providing support in the form of subsidies. Outlays on, or support for, research into pipeline system operation and into the operation of transport systems not classified in the preceding four groups. Program units providing information and units collecting and compiling statistics on the above-mentioned systems.

12.6. Transportation system affairs and services not elsewhere classified

12.6.0. Transportation system affairs and services not elsewhere classified
Administration of transportation system affairs and services that cannot be assigned to one of the subgroups of groups 12.1 to 12.5.

12.7. Communication affairs and services

12.7.0. Communication affairs and services
The administration of communication affairs and services. Communication affairs concern postal, telephone, telegraph, cable, and wireless communication systems, and communication satellites. They do not include radio and television broadcasting systems, which are classified in subgroup 8.0.3, or water or air navigation aids, which are classified in the appropriate subgroups of groups 12.2 and 12.4. Classified here are offices, bureaus, program units, etc., involved in construction or operation or in providing support for construction or operation as well as program units regulating such systems, including the setting of telephone rates. Offices, bureaus, or program units engaged
12.8. **Transportation and communication affairs and services not elsewhere classified**

12.8.0. **Transportation and communication affairs and services not elsewhere classified**

Administration of transportation and communication affairs and services that cannot be assigned to one of the seven preceding groups of 12.

13. **Other economic affairs and services**

13.1. **Distributive trade affairs and services including storage and warehousing; hotel and restaurant affairs and services**

13.1.1. **Distributive trade affairs and services including storage and warehousing**

Administration of distributive trade affairs and services and of storage and warehousing. Also included are the administration of consumer interest and protection affairs. Offices, bureaus, or program units engaged in developing and monitoring regulations concerning wholesale and retail trade such as licensing, sales practices, labeling of packaged food and other goods intended for household consumption, inspection of scales and other weighing machines, and so forth. Administration of price control and rationing schemes operating through retailers or wholesalers regardless of the type of goods involved or intended consumer. Administration of price and other controls applied to the producer are classified to the appropriate subgroup of one of the preceding major groups or, if this is not feasible, to subgroup 13.4.0. Offices, etc., engaged in providing loans, transfers, or other assistance to wholesale and retail trade establishments and in providing subsidies that apply to the general public. Food or other subsidies applicable to particular population groups or individuals (for example, those applied to milk for babies) are considered welfare and are classified to the appropriate subgroup of 6. Offices, bureaus, or program units engaged in developing and monitoring regulations concerning the storage and warehousing industry and in providing assistance in various forms to the industry. Licensing and regulation of government-bonded warehouses are included. Outlays on, or support for, research into problems of the distributive trades. Program units disseminating information to the trade and to the public on market prices and goods availability and on other matters. Units collecting and disseminating statistics.

13.1.2. **Hotel and restaurant affairs and services**

Administration of hotel and restaurant affairs and services. Offices, bureaus, or program units providing support for the design and construction of hotel and restaurant accommodations. Offices, etc., engaged in developing and monitoring regulations concerning hotel and restaurant operations including regulations governing prices, cleanliness, sales practices, and hotel and restaurant licensing. Program units providing operating support in the form of loans, transfers, and subsidies. Outlays on, or support for, research into hotel and restaurant operation. Units disseminating information to the trade and units collecting and compiling statistics on the industry.

13.1.3. **Distributive trade affairs and services, including storage and warehousing not elsewhere classified; hotel and restaurant affairs and services not elsewhere classified**

Administration, provision of facilities, operation, support, etc., of distributive trade affairs and services, of storage and warehousing affairs and services, and of hotel and restaurant affairs and services that cannot be assigned to one of the two preceding subgroups.
13.2. Tourism affairs and services

13.2.0. Tourism affairs and services
Administration of tourism affairs and services. Offices, bureaus, and program units engaged in activities to attract tourists. Such activities chiefly involve advertising campaigns, dissemination of literature concerning attractions and facilities, support of celebrations intended chiefly to attract tourists, operation of tourist offices at home and abroad, and liaison activities with transportation establishments, the hotel and restaurant industry, and other industries benefiting from the presence of tourists. Program units engaged in, or providing support for, research into problems of tourism. Program units collecting and compiling statistics on tourism.

13.3. Multipurpose development project affairs and services

13.3.0. Multipurpose development project affairs and services
Administration of multipurpose development project affairs and services. Offices, bureaus, or program units planning, designing, constructing, extending, or improving multipurpose projects. Such projects typically consist of integrated facilities for generation of power, flood control, irrigation, navigation, and recreation. Outlays including loans, transfers, or subsidies for construction, maintenance, or operation. Outlays on, or support for, research into the design, construction, operation, and economic benefits of multipurpose projects. Program units disseminating public information on the subject and units engaged in the collection and compilation of statistics. Outlays involving projects with one main function (such as power generation) and other functions that are marginal should be classified according to the chief function, for example, a hydro-power station with storage water incidentally useful as a recreational resource is classified in subgroup 9.2.1.

13.4. General economic and commercial affairs other than general labor affairs

13.4.0. General economic and commercial affairs other than general labor affairs
Administration of general economic and commercial affairs and services (other than general labor affairs) involves the formulation of general economic policies and the regulation or support of general economic activities such as export and import trade as a whole, international financial affairs, commodity and equity markets, overall income controls, supervision of the banking industry, general trade promotion activities, general regulation of monopolies, and other restraints on trade and market entry and economic and commercial matters that cannot be assigned to one of the first 12 major functions. It also includes offices, bureaus, or program units operating such institutions as the patent, trademark, and copyright offices; weather forecasting service; the standards institution; the various survey institutions, such as hydrological survey and geodesic survey. Administration of price and other controls applied to the producer, which it is not feasible to classify to the appropriate subgroup of one of the preceding major groups, is included here. Also, program units performing general liaison work among the different branches of government and between government and business. In general, economic and commercial affairs of a particular industry should be classified under the function which the industry serves.

13.5. General labor affairs and services

13.5.0. General labor affairs and services
Administration of general labor affairs and services. Offices, bureaus, and program units involved in the formulation and implementation of general labor policies and regulations concerning, for example, labor conditions (hours of work, wages, safety, etc.). Operation of labor exchanges. Programs, including subsidy programs, that are not directed at a particular industry: schemes to facilitate labor mobility; to reduce discrimination (sex, race, age, etc.); to reduce the rate of unemployment in distressed or underdeveloped regions; to promote the employment of disadvantaged or other groups characterized by high unemployment rates; and other programs in which general labor affairs is the chief component. Program units engaged in, or providing support for, arbitration and mediation services. Offices, etc., providing general liaison services among the different branches of government and between government and overall industrial, business, and labor organizations. Pro-
gram units providing public information and statistical services. In general, labor affairs of a particular industry should be assigned to the function which the industry serves.

13.6. Other economic affairs and services not elsewhere classified

13.6.0. Other economic affairs and services not elsewhere classified
Administration of economic affairs and services that cannot be assigned to one of the five preceding groups of 13.

14. Expenditures not classified by major group

14.0. Expenditures not classified by major group

14.0.1. Public debt transactions
Interest payments and outlays for underwriting and floating government loans. Administrative costs of public debt management are classified to subgroup 1.1.2. Redemption of public debt is included in financing and is not an outlay to be covered by this classification.

14.0.2. Transfers of a general character between different levels of government
Transfers of a general character between different levels of government, that is, transfers not allocated to a particular function.

14.0.3. Other expenditures not classified by major group
Other expenditures not classified by major group.

IV.B.2. Economic Classification

The classification of government expenditures and lending minus repayments by their economic characteristics shows the kinds of transactions by which the government performs its functions and their impact outside government in the market for goods and services, in financial markets, and in the distribution of income. There can be significant differences, between governments and over time, in the extent to which government outlays are allocated among wages and salaries, purchases of goods and services from others, interest on the debt, subsidies to enterprises, transfers to households or other governments, and lending.

An economic classification of expenditures and lending minus repayments is presented in Table C. Prime distinctions are drawn between current and capital expenditure, required and unrequited payments, required payments to employees and to others, and unrequited payments to different sectors or subsectors of recipients. The classification differs from the SNA in focusing upon the immediate character of the transaction itself as it takes place, for example, purchase of goods and services, rather than upon its eventual use, as for benefits in kind for employees, for example. The detailed relationship with SNA categories is presented in Section V.C.

The unit of economic classification is the transaction, which is frequently identified by a characteristic object code in a government's budget and accounts. The preparation of classification keys to facilitate consistent compilation of data from government accounts is discussed in Section IV.E.
Table C. Economic Classification of Government Expenditure and Lending minus Repayments

I. Total expenditure and lending minus repayments \((\text{II} + \text{V})\)

II. Total expenditure \((\text{III} + \text{IV})\)

III. Current expenditure

1. Expenditure on goods and services
   1.1. Wages and salaries
   1.2. Employer contributions
   1.2.1. To social security schemes at other levels of government\(^1\)
   1.2.2. To pension and welfare schemes outside government
   1.2.3. To pension and welfare schemes at other levels of government\(^1\)
   1.3. Other purchases of goods and services

2. Interest payments
   2.1. To other levels of national government\(^1\)
   2.2. Other domestic
   2.3. Abroad

3. Subsidies and other current transfers
   3.1. Subsidies
   3.1.1. To nonfinancial public enterprises
   3.1.2. To financial institutions
   3.1.3. Cash operating deficits of departmental enterprise sales to the public with a deficit
   3.1.4. To other enterprises
   3.2. Transfers to other levels of national government\(^1\)
   3.3. Transfers to nonprofit institutions
   3.4. Transfers to households
   3.5. Transfers abroad
   3.5.1. To governments and international organizations\(^2\)
   3.5.2. To supranational authorities\(^3\)
   3.5.3. From supranational authorities to their headquarters
   3.5.4. Other transfers abroad

IV. Capital expenditure

4. Acquisition of fixed capital assets

5. Purchases of stocks

6. Purchases of land and intangible assets

7. Capital transfers
   7.1. Domestic
   7.1.1. To other levels of national government\(^1\)
   7.1.2. To nonfinancial public enterprises
   7.1.3. To financial institutions
   7.1.4. To other enterprises
   7.1.5. Other domestic capital transfers
   7.2. Abroad
   7.2.1. To governments and international organizations\(^2\)
   7.2.2. To supranational authorities\(^3\)
   7.2.3. From supranational authorities to their headquarters
   7.2.4. Other capital transfers abroad

V. Lending minus repayments

8. Domestic
   8.1. To other levels of national government\(^1\)
### Table C (concluded). Economic Classification of Government Expenditure and Lending minus Repayments

8.2. To nonfinancial public enterprises  
8.3. To financial institutions  
8.4. Other domestic lending minus repayments  

9. Abroad  
9.1. To governments and international organizations\(^2\)  
9.2. To supranational authorities\(^3\)  
9.3. Other lending minus repayments abroad  

**Memorandum items:**  

10. Expenditure abroad (excluding interest and transfers)  
11. Total wages and salaries  
11.1. Current (same as 1.1)  
11.2. Capital  
12. Employer contributions to social security schemes at the same level of government (not included above, same as A.25)  
13. Employer contributions to pension and welfare schemes, other than social security, within the same level of government (not included above)  
14. Cash operating deficits of departmental enterprise sales to the public with a deficit (same as 3.1.3)  
14.1. Operating revenue of departmental enterprise sales to the public with a deficit  
14.2. Less: Operating expenditure of departmental enterprise sales to the public with a deficit  
15. Lending minus repayments by gross flows (same as V)  
15.1. Domestic lending minus repayments (same as 8)  
15.1.1. Domestic new loans and acquisition of equities  
15.1.2. Domestic repayments and sales of equities  
15.2. Lending minus repayments abroad (same as 9)  
15.2.1. New loans and acquisition of equities abroad  
15.2.2. Repayments and sales of equities abroad  
16. Expenditure in kind  
16.1. Transfers in kind to other levels of national government\(^1\)  
16.1.1. Current  
16.1.2. Capital  
16.2. Transfers in kind abroad  
16.2.1. To governments and international organizations\(^2\)  
16.2.1.1. Current  
16.2.1.2. Capital  
16.2.2. To supranational authorities\(^3\)  
16.2.2.1. Current  
16.2.2.2. Capital  
16.2.3. From supranational authorities to their headquarters  
16.2.3.1. Current  
16.2.3.2. Capital  
16.2.4. To others abroad  
16.2.4.1. Current  
16.2.4.2. Capital  
17. Change in floating debt of unpaid obligations (not included above, same as D.14)

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\(^1\)To be eliminated in consolidation of national government and general government.  
\(^2\)Other than to supranational authorities from member countries.  
\(^3\)To be eliminated in consolidation of general government.
I. Total expenditure and lending minus repayments (III + V)

II. Total expenditure (III + IV)

Expenditure is defined as government payments which are nonrepayable, that is, which neither generate nor extinguish a financial claim. Expenditure may be made for either current purposes or capital purposes, and may be either required, that is, paid in exchange for a quid pro quo, as in the purchase of goods or services, or unrequited. Expenditure thus excludes government amortization payments, that is, payments for the repayment of government debt, which are classified in financing, and government lending, which is classified in lending minus repayments (see Sections III.A, III.D, and III.E).

III. Current expenditure

Current expenditure includes required payments other than for capital assets or for goods or services to be used in the production of capital assets, and unrequited payments for purposes other than permitting the recipients to acquire capital assets, compensating the recipients for damage or destruction of capital assets, or increasing the financial capital of the recipients.

1. Expenditure on goods and services

This includes all government payments in exchange for goods and services, whether in the form of wages and salaries to employees, employer contributions to employee benefit schemes outside this level of government in compensation for employee services, or other purchases of goods and services.

1.1. Wages and salaries

This category consists of payments in cash, but not in kind, to employees in return for services rendered, before deduction of withholding taxes and employees' contributions to social security and pension funds. Included are basic wages and salaries; extra pay for overtime, night work, and weekend work; cost of living allowances, local allowances and expatriation allowances; bonuses, "13th month" pay (annual supplementary pay); allowances for transportation to and from work; holiday pay for official holidays or annual holidays; and housing allowances paid in cash to employees. Reimbursement to employees for expenses incurred as part of their employment should be excluded and classified elsewhere, usually in 1.3.

This category does not include noncash items of remuneration in kind, consisting of the value of food, clothing, and lodging provided to employees free of charge or at markedly reduced cost. In this respect it differs from the SNA concept of compensation of employees (SNA, 7.15, 7.16). Outlays during the current period for noncash items of remuneration in kind are included under other purchases of goods and services (1.3).

Pay and allowance of armed forces including remuneration in cash are classified here. Excluded are income in kind of armed forces consisting of the value of food and standard clothing provided free, shelter provided to military personnel (barracks, billets, sleeping quarters on shipboard), and housing provided free of charge or at markedly reduced cost to military personnel and their families.

Wages and salaries of employees engaged in government own-account capital formation, such as construction of roads or of office buildings for the government's own use, should not be shown here but under acquisition of fixed capital assets (4) and under memorandum item 11.2 for wages and salaries of government employees incorporated in capital expenditure.

1.2. Employer contributions

1.2.1. To social security schemes at other levels of government

This category covers government employer contributions to social security schemes organized at other levels of government. It would thus include, in statistics for local governments, local government employer contributions to a national social security scheme in which local government employees are enrolled. Central government employees are not usually enrolled in social security schemes organized at the regional or local level.

This heading does not include government employer contributions to a social security scheme organized at the same level of government. Such contributions are not counted in expenditure or revenue for that level of government but are shown as a memorandum item (12) (see Section II.K.2).
Government employer contributions to pension or welfare schemes within the same level of government should not be shown here but in memorandum item 13.

This item is eliminated in consolidation of data for national government or general government.

1.2.2. To pension and welfare schemes outside government

These are payments by the government in its capacity as employer to various schemes in the financial institutions sector, outside government, through which pension, welfare, family allowances, insurance, or other savings benefits are provided to government employees (see Sections I.F and I.J). Included here, therefore, are government employer contributions to pension funds, welfare funds, health insurance schemes, provident funds, friendly societies, or other savings or insurance schemes outside government. Such pension, insurance, or welfare funds differ from social security in that they are separately organized schemes for specific groups, negotiated between employees and employers rather than imposed by government, and carrying provisions for different contributions and benefits, sometimes more directly tied to salary levels and length of service than under social security schemes. Such funds are classified in the financial institutions sector unless invested entirely with the employing government, in which case they are classified as a part of the employing government with government employer contributions to them shown not here but in item 1.2.3 if to a different level of government and in memorandum item 13 if at the same level of government. Provident funds are arrangements under which the contributions of each participant and of his employer on his behalf are kept in a separate account earning interest and withdrawable under specified circumstances. Government employer contributions to all provident funds are included here, since provident funds exercise a deposit-accepting function and are classified outside government regardless of where their funds are invested. Government employee contributions to funds classified outside government are not included here.

Payments under this heading are not eliminated in consolidation of data for national government or general government.

1.2.3 To pension and welfare schemes at other levels of government

When employee pension or welfare schemes, as distinct from social security schemes or provident funds, are invested entirely with the employer government they are classified as part of that government (see Sections I.F and I.J, and item 13). In some instances, such government employee pension or welfare schemes are open also to employees of other levels of government, so that local government employees, for example, may be enrolled in a state government employees' pension scheme. When this is the case a government's contribution to a pension or welfare scheme at another level of government would be included here. Government employer contributions to such schemes at the same level of government would not be included here but in memorandum item 13. Government employee contributions are not included here.

This item is eliminated in consolidation of data for national government or general government.

1.3. Other purchases of goods and services

This category includes all goods and services bought on the market or received through loans, except for fixed capital assets, goods and services to be used in the production of fixed capital assets, stocks of a strategic or emergency nature, stocks held by market regulatory organizations, and land and intangible assets. Excluded also are unrequited payments, for which the government receives no goods or services in return. Purchases should be shown as the amount paid in money or debt obligations net of any rebates or discounts.

This category encompasses purchases of materials, office supplies, rent, fuel and light, repairs and maintenance, printing, travel expenses, telephone and telegraph charges, equipment of small value or with a normal life of under one year, both expendable and durable goods and equipment for military purposes, construction of a military nature, and military buildings (except for factories and dwellings for the households of servicemen which are classified as fixed capital assets). Included also are gross government expenditures during the current period for goods and services distributed to employees free or at reduced prices, including government purchases of food and military clothing for the armed forces. These are classified as wages and salaries in kind in the SNA but are classified in this category by this Manual. This category includes also payments by social security schemes to
nonemployees and to institutions outside government, e.g., doctors and hospitals, for goods and services rendered. Also included here are purchases of goods and services to be distributed free or at reduced prices to households or individuals generally or in particular circumstances, such as following a natural disaster.

This category does not include the purchase of goods and services utilized in government own-account capital formation, such as in construction of office buildings for the government's own use. Such expenditure should be shown under item 4, acquisition of fixed capital assets.

Any fees and charges collected for goods and services provided by government should not be deducted from government expenditure for their purchase but should be shown as nontax revenue from administrative fees and charges, nonindustrial and incidental sales (Table A, item 9). Identifiable purchases of goods and services for sale to the public by departmental enterprises should not be included here but offset against their sales to the public as described in Section II.F, with any resulting cash operating surpluses shown under revenue item 8.1 in Table A and any gross operating deficits under expenditure item 3.1.3 in Table C.

2. Interest payments

Interest is defined as payment for the use of borrowed money. It is distinguished from repayment of borrowed money, which is classified as financing, and from commission charges paid for assistance in placement of debt, which are classified as expenditure for the purchase of goods and services (1.3). Though interest may accumulate continuously, it should be shown at the time it is paid. On discount issues, for which interest is subtracted in advance, interest is the difference between issue price and redemption price, and is reported at the time that payment is made for redemption of the debt.

This category does not cover any government payment, as guarantor or surety, of interest on the defaulted debts of others. Because such a payment gives rise to an equivalent government claim upon the defaulting debtor, it is classified as government lending, with any subsequent reimbursement to government shown as repayment of government lending. Government transfers to others to assist in their payment of interest charges should not be shown here but as current government transfers to others. Any government payment of interest on a debt the government has assumed without recourse to or claim upon the original debtor is classified here.

This heading also includes interest payments made by or on behalf of departmental enterprises to the rest of the economy and the world, as their cash operating surplus or deficit on sales to the public is calculated without including payment of interest.

2.1. To other levels of national government

Interest paid to other levels of national government is counted in expenditure of a single level of government but is eliminated in the consolidation of data for general government. Interest paid to social security funds should be shown here only when statistics for such funds are not consolidated with data for the government making the interest payment.

Excluded are intragovernmental interest payments on central government securities held by extrabudgetary funds, a central government agency, or a departmental enterprise.

2.2. Other domestic

Payments of interest to domestic sectors, as defined in Section III.J, outside the general government sector are shown here.

2.3. Abroad

External payments of interest due on debts to nonresidents, as defined in Section III.J, are included under this heading. Included here are interest payments to foreign governments, supranational authorities, international organizations and lending agencies other than the International Monetary Fund, and other nonresidents.

3. Subsidies and other current transfers

This section covers all unrequited, nonrepayable government payments for current purposes. It thus excludes transfers for capital purposes, that is, for the purpose of permitting the recipients to
acquire capital assets, compensating the recipients for damage or destruction of capital assets, or increasing the financial capital of the recipients. Transfers in kind are not included here.

Transfers should be reported under the category representing the recipients to whom they are paid, regardless of whom they may benefit. Thus, a subsidy paid to private enterprises should be reported under 3.1.4, subsidies to other enterprises, and not under 3.4, transfers to households, even though it may result in lower prices paid by households.

Government payments to cover part of the interest due each year on approved loans of borrowers outside government, as under schemes to encourage housing construction or selected business borrowing, are classified here as current transfers rather than as interest (2) or capital transfers (7). They should be shown as subsidies if paid to private enterprises, public enterprises, or direct to financial institutions, and as transfers to households (3.4) if paid direct to households. Government payments of interest on the debts of others which the government has not assumed or guaranteed and for which the government acquires no claim against the debtor are also classified here.

3.1. Subsidies

Subsidies include all unrequired, nonrepayable transfers on current account to private industries and public enterprises, and the cost of covering the cash operating deficits of departmental enterprise sales to the public.

3.1.1. To nonfinancial public enterprises

Included here are all unrequired, nonrepayable payments on current account to nonfinancial public enterprises. Included also in this category are subsidies received by public enterprises under provisions which extend to private enterprises as well.

3.1.2. To financial institutions

This includes all unrequired, nonrepayable current account transfers (as defined in 3.1.4, below) to financial institutions, including transfers to cover losses realized on the purchase and sale of foreign exchange. Nonrecurring or distinctly irregular transfers to cover losses realized on the purchase and sale of foreign exchange, however, would be classified as capital transfers (7.1.3).

3.1.3. Cash operating deficits of departmental enterprise sales to the public

with a deficit

When government sales of goods and services to the public through departmental enterprises as described in Section I.H do not cover the identifiable operating costs of such sales, the cash operating deficits of such enterprises are considered a subsidy and should be included in this category. The cash operating deficits of departmental enterprise sales to the public should be shown here, separate from calculations for departmental enterprise sales to the public showing a cash operating surplus, which are aggregated and shown as nontax revenue (Table A.8.1). In calculation of the cash operating deficits, procedures outlined in Section II.H should be followed.

As noted in Section II.H and Working Table 7, calculation of the cash operating deficit or surplus of departmental enterprise sales to the public should cover the operating revenue on sales to the public minus corresponding operating expenditures and should not take into account the cost of any goods or services provided to the rest of the parent government, depreciation charges, and any outlays for capital, interest, or debt repayment. This is referred to as the cash operating deficit or surplus because noncash expenses, such as depreciation of fixed capital assets and purchases not yet paid for, and noncash revenues, such as sales not yet paid for, are not included in its calculation. When any part of the identifiable operating cost of a departmental enterprise's sales to the public comes through its payments to the rest of the parent government or expenditure for it or on its behalf by another part of the parent government, such payments should be netted against the departmental enterprise's sales to the public and excluded from gross government expenditures.

The operating revenue and operating expenditure of all departmental enterprises showing a cash operating deficit on their sales to the public should also be shown in memorandum items 14.1 and 14.2, below.

Departmental enterprise sales to the public are defined to include any sales to other levels of
government. Such sales and purchases are not eliminated in the consolidation of data for general
government.

When the operating costs of a departmental enterprise's sales to the public cannot be separately
identified, no operating surplus or deficit should be calculated, and both receipts from the enter-
prise's sales to the public and expenditures should be shown on a gross basis. Additional efforts
should be made to identify the costs of such departmental enterprise sales to the public, however,
when such sales are of significant proportions.

3.1.4. To other enterprises

This heading consists of subsidies, including all transfer payments on current account, paid by
the government to nonfinancial private enterprises whether corporate, quasi-corporate, or unincor-
porated. These are transfers which, in view of the basis on which they are made, represent additions
to the income of the producers from current production. The transfers may, for example, be based
on the amount or value of the commodities produced, exported, or consumed, the labor or land
employed in production, or the manner in which production is organized and carried on. Transfers
to nonfinancial private enterprises for investment purposes or to reimburse them for destruction,
damage, and other losses in capital and working assets are classified as capital transfers (7.1.4)
rather than as subsidies.

Current transfer payments that government bodies make to private nonprofit institutions serv-
ing households are not to be considered subsidies. These transfers are classified as other, nonsubs-
sidy, current transfers by government (3.3). Any current government transfers to unincorporated
enterprises which are classified by the SNA in the household sector are nonetheless included in this
category. Other transfers to households, however, should be shown in 3.4. The value of coupons
made available by government agencies to specific groups of the population to enable them to obtain
goods at prices lower than the current prices on the market is classified as other current transfers to
households (3.4).

3.2. Transfers to other levels of national government

Transfer payments to other levels of national government which are designated for current pur-
poses, or for general or diverse purposes, should be classified under this item. It may include trans-
fers of the proceeds of taxes levied by one level of government and transferred to other levels of
government. For a distinction between such transfers and taxes collected in an agency capacity and
attributed to another government, see Section II.G. This category would also include block grants,
all-purpose grants, or matching grants which are not given for purposes of fixed capital formation.
Recurrent government contributions to social security schemes at other levels of government other
than as an employer would also appear in this category. Transfers in kind to other levels of national
government are not included here but under memorandum item 16.1.

3.3. Transfers to nonprofit institutions

This includes current transfer payments to private social institutions such as hospitals and
schools, learned societies, associations, and sports clubs, which are not operated as enterprises. Non-
profit institutions majority financed and controlled by government are classified as a part of govern-
ment, so that transfers to them would not be classified here.

3.4. Transfers to households

This category consists of current payments in cash—but not in kind—to households adding to
their disposable income without any simultaneous, equivalent counterpart provided in exchange by
the beneficiary, and neither generating nor extinguishing a financial claim. Such transfers may be
general additions to the disposable income of households, or may be tied to full or partial reimburse-
ment of particular kinds of expenditures, such as for food, housing, health, or education. They are
usually intended to cover charges incurred by households because of the appearance, or existence, of
certain risks or needs. Included are social security or welfare benefits paid to the unemployed, aged,
and disabled, family allowances, scholarships, and payment of retirement benefits to government
employees. This item includes also payment for redemption of coupons issued by the government to a
limited group of consumers enabling them to purchase goods and services from enterprises at a discount. Tax concessions should not appear here, however, since no cash flow is involved. Nor should any cancellation of debts owed to the government, though this is considered a transfer in the SNA (page 129). This category excludes government subsidy payments to unincorporated enterprises classified by the SNA in the household sector (3.1.4).

3.5. Transfers abroad
This covers unrequited, nonrepayable government payments for current purposes to nonresident governments, international institutions, supranational authorities, individuals, nonprofit institutions, and other nonresident entities, as defined in Section III.J. Transfers in kind of goods and services are not included here but under the memorandum item for expenditure in kind (16.2).

3.5.1. To governments and international organizations
Included here are unrequited, nonrepayable government payments for current purposes to foreign governments and to all international bodies in which the members are governments, other than supranational authorities. Such international bodies are not considered to be residents of any national economy, including that in which they are located or conduct their affairs. While recurrent contributions to such international bodies are included here, capital transfers to them would be shown in 7.2.1 and subscriptions to the share capital of the World Bank or regional development banks, which are returnable in the event a country's membership in the institution is terminated, would be classified as lending (9.1). Payments to the International Monetary Fund are considered to have been made by the monetary authorities and should not be shown here (see Section II.J.1).

3.5.2. To supranational authorities
This category covers unrequited, nonrepayable current payments to supranational authorities. Transfer of taxes collected on behalf of supranational authorities, however, would not appear in this heading (Section II.G). It would be shown as taxes of supranational authorities and should be listed by the collecting government under the revenue memorandum item for taxes collected as agents for other governments (Table A.26). This heading would be eliminated in consolidation of general government.

3.5.3. From supranational authorities to their headquarters
This heading includes the net flow of unrequited, nonrepayable payments for current purposes from supranational authorities operating in each member country, as defined in Section I.G., to their headquarters. It generally serves as the balancing item for all supranational authorities' payments and receipts in each country. Net current transfers from headquarters to supranational authorities in each country would be shown as receipts of supranational authorities and general government (A.20). Residual flows for indeterminate purposes should be classified here, as current, rather than as capital in 7.2.3.

3.5.4. Other transfers abroad
Under this heading should be classified all unrequited, nonrepayable government payments for current purposes to nonresident individuals and entities, as defined in Section III.J, other than governments, supranational authorities, and international bodies in which the members are governments.

IV. Capital expenditure
Capital expenditures are payments for the acquisition of fixed capital assets, strategic or emergency stocks, land, or intangible assets, or unrequited payments for the purpose of permitting the recipients to acquire such assets, compensating the recipients for damage or destruction of capital assets, or increasing the financial capital of the recipients (see Sections III.A and III.H).
4. Acquisition of fixed capital assets

This category covers payments for purchase in the market or for production within government of new or existing durable goods to be used for nonmilitary productive purposes. It encompasses only expenditure for goods with both a normal life of more than one year and more than a minimum significant value. The kinds of durable goods included are immovable fixed capital goods, including residential buildings, among them accommodations for the households of members of the armed forces, nonresidential civil buildings and other civil construction and works, and movable fixed capital goods such as transport equipment, machinery, and other equipment.

This category also covers payments for goods and services incorporated into existing fixed capital goods for the purpose of improving them, prolonging their working life, increasing their production, improving their performance, rebuilding, or reconstructing them, but not payments for normal maintenance. It includes expenditure for the goods and services incorporated in land and the costs incurred in the transfer of ownership of land, buildings, and other fixed capital goods and intangible assets, and expenditure for any services embodied in the value of fixed capital assets acquired.

Among the items not included in fixed capital assets, on the other hand, are small tools, work clothes, spare parts, and equipment of small value even if they have a normal life of more than one year (because they are renewed regularly), durable goods acquired by general government for military purposes (military construction or works, military equipment, and buildings for military use except accommodations for the households of members of the armed forces), services of scientific research, etc. However, works carried out by defense forces for nonmilitary purposes, such as the construction of nonmilitary schools, roads, hospitals, and irrigation facilities, should be classified as capital expenditure.

The amount of expenditure for fixed capital assets acquired is the price paid by the government if bought, and the sum of the payments for the materials and factors of production including labor if produced within government.

5. Purchases of stocks

This category covers payments for the purchase of strategic and emergency stocks, stocks purchased by market regulatory organizations within government, and stocks of grains and other commodities of special importance to the nation. It does not include equities, or ordinary stores or inventories awaiting use by government. Stocks purchased by units that are incorporated or have large-scale sales to the rest of the economy or abroad would not be shown here since such units would be classified as nonfinancial public enterprises, outside government.

6. Purchases of land and intangible assets

This heading includes payments for the purchase of land, forests, inland waters, and subsoil deposits, but not structures or construction works situated thereon. Where the value of the land cannot be separated from the value of the structure purchased, the entire amount paid should be shown as expenditure for the acquisition of the predominant element. Intangible assets are assets that are not matched by liabilities and therefore do not represent claims on others. This includes rights to exploit mineral deposits and fishing grounds, other concessions and leases in respect to land, patents, copyrights, and trademarks.

7. Capital transfers

Capital transfers consist of unrequited government payments, neither generating nor extinguishing a financial claim, made for the purpose of permitting the recipients to acquire capital assets, compensating the recipients for damage or destruction of capital assets, or increasing the financial capital of the recipients. When either donor or recipient considers the transfer to be of a capital nature, it should be treated as a capital transfer. However, transfer payments of a general character

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to other governments, intended for various or indeterminate purposes, should be shown under current transfers (3.2 or 3.5.1) even if partly used to cover acquisition of fixed capital assets. This category covers transfer payments made for the purpose of constructing bridges, roads, hospitals, schools, or other buildings. Transfers for the purpose of paying for military construction or the purchase of military equipment are classified as current transfers (3.5.1) rather than capital transfers.

Capital transfers also include government payments for the amortization of the debts of others, so long as the government has not assumed the debt or acquired a corresponding claim against the debtor. Amortization of debt the government has assumed is shown as amortization, under financing, while amortization of debt the government has guaranteed is classified as government lending, since it gives rise to an equivalent government claim against the defaulting debtor. Transfers to cover interest costs are considered current transfers unless on a government-guaranteed debt, giving rise to a government claim, in which case they would be considered lending. Government assumption of the debts of others, or the cancellation of debt owed to the government by others, with no cash transaction taking place, are not considered capital transfers and should not be shown in the cash statistics. This differs from the SNA, which treats cancellation of debts as transfers (page 129).

Included in capital transfers also are transfer payments to enterprises to cover losses accumulated over several years or exceptional losses from causes beyond the control of the enterprise. Unrequited, nonrepayable payments which are nonrecurrent and distinctly irregular for either party to the transaction are usually considered to be capital transfers.

Government payments constituting an infusion of equity capital into an enterprise or requiring future repayment are not included here but in government lending. Government payments constituting repayments of previous deposits with government are shown as a part of financing. The transfer of fixed capital assets to others is not included here but, in certain cases, under the memorandum item for expenditure in kind (16).

7.1. Domestic

This covers unrequited, nonrepayable government payments for capital purposes to resident governments, individuals, enterprises, and entities as defined in Section III.J.

7.1.1. To other levels of national government

This covers all capital transfers, as described above, between levels of national government, excluding supranational authorities. General purpose grants, used for current and capital purposes, should be shown as current transfers.

7.1.2. To nonfinancial public enterprises

This includes transfer payments made to nonfinancial public enterprises for purposes described above. If the government treats the payment as giving rise to a financial or equity claim against the enterprise, however, it should be classified under lending minus repayments (8.2).

7.1.3. To financial institutions

No distinction is made in this category between public and private financial institutions. Nonrecurrent or distinctly irregular transfers to financial institutions to cover losses realized on the purchase and sale of foreign exchange would be classified here.

7.1.4. To other enterprises

Included here are capital transfer payments to corporate or quasi-corporate nonfinancial private enterprises. Capital transfers to noncorporate enterprises are included in capital transfers to households under 7.1.5.

7.1.5. Other domestic capital transfers

This category includes capital transfer payments to private nonprofit institutions and to households. Transfers to nonprofit institutions included here embrace any of the purposes described above, such as the building of hospitals or schools. Capital transfers to households include payment of equipment and modernization transfers to businesses other than corporate or quasi-corporate enterprises, transfers made to households under the specific condition of building or buying a dwell-
ing, payments to owners of capital goods destroyed or damaged by acts of war, other political events, or natural disasters such as floods, and premiums for savings promotion.

7.2. Abroad

This covers unrequited, nonrepayable government payments for capital purposes to nonresident governments, international institutions, supranational authorities, individuals, nonprofit institutions, and other entities, as defined in Section III.J. Transfers in kind are not included here but under the memorandum item for expenditure in kind (16.2).

7.2.1. To governments and international organizations

Included here are unrequited, nonrepayable government payments for capital purposes to foreign governments and all international bodies in which the members are governments, other than payments to supranational authorities from member countries. Such international bodies are not considered to be residents of any economy, including that in which they are located or conduct their affairs. Capital transfers to such bodies would be included here but not subscriptions to the share capital of the World Bank or regional development banks, which are returnable in the event a country's membership in the institution is terminated, and which would be classified as lending (9.1). However, nonrepayable contributions, such as those to the International Development Association (IDA), an affiliate of the World Bank, would be included here. Payments to the International Monetary Fund are considered to have been made by the monetary authorities and should not be shown here (see Section II.J.1). This category includes international development aid for capital projects. Aid provided in kind, however, would not be shown in this category but in memorandum item 16.2.1.2.

7.2.2. To supranational authorities

This heading covers unrequited, nonrepayable payments to supranational authorities by the governments of member countries for specific capital purposes, as described above, such as the construction of buildings or the provision of capital transfers to others by the supranational authorities. This item should be eliminated in consolidation of general government.

7.2.3. From supranational authorities to their headquarters

This heading includes the flow of unrequited, nonrepayable payments for capital purposes from supranational authorities operating in each member country, as defined in Section I.G, to their headquarters. Transfers for current or indeterminate purposes would be classified in 3.5.3 and flows of capital transfers to supranational authorities from their headquarters, in A.20.2.

7.2.4. Other capital transfers abroad

Under this heading should be classified all unrequited, nonrepayable, government payments for capital purposes to nonresident individuals and entities, as defined in Section III.J, other than governments, supranational authorities, and international bodies in which the members are governments. Included here, for example, would be reparation payments to nonresident owners of capital goods destroyed or damaged by acts of war or other political events, or compensation to such nonresidents for capital goods destroyed by natural disasters such as floods.

V. Lending minus repayments

This category covers government payments giving rise to financial claims upon others or to government equity participation in the ownership of enterprises, minus government receipts reducing or extinguishing such claims or equity holdings, undertaken for public policy purposes rather than for the management of government liquidity or the earning of a return (see Section III.E). It thus includes loans made and equities purchased by government minus government receipts from loans repaid, equities sold, or equity capital returned to government. Because any unit empowered to both acquire financial assets and incur liabilities in the capital market is classified as a part of the financial institutions sector, government lending includes only the lending activities of government units whose funds come entirely from government. Any government funds provided for the lending
activities of units classified in the financial institutions sector, however, would be considered as lending to the financial institutions sector (Section II.J).

In classifying government receipts from enterprises in which the government owns equity, it is necessary to distinguish between payment of profits, which is classified as property income (A.8.2), and the return of capital, classified here, which may reflect the selling off of an enterprise’s capital assets and a consequent passing back to the government of a portion of its equity.

Any government payment, as guarantor or surety, of interest or amortization on the defaulted debts of others is classified as lending, since it gives rise to an equivalent government claim against the defaulting debtor. Government receipts constituting recoveries on the consequent claims against defaulting debtors are classified as repayments of government lending.

8. Domestic

This covers lending to, and repayments from, resident governments, individuals, enterprises, and entities, and the acquisition and sale of equities in resident enterprises, as defined in Section III.J.

8.1. To other levels of national government

Lending minus repayments to other levels of national government, that is, general government excluding supranational authorities, covers direct loans and acquisition of other governments’ negotiable securities for the purpose of providing funds to these governments rather than to employ the creditor government’s liquidity and earn a return on its funds. When no government statement or explanatory material exists on the purpose of its purchase of negotiable debt instruments of other governments, these should be classified as lending when they involve purchase of securities issued by lower levels of government, and as financing when they involve debt instruments issued by a higher level of government or the same level of government.

Reflecting the asymmetry in the nature of government lending and borrowing, discussed in Section III.E, loans between governments are shown as lending minus repayments, grouped with expenditure in determining the deficit, in statistics for the lending government, but as borrowing, financing the deficit, in statistics for the borrowing government.

8.2. To nonfinancial public enterprises

Loans made to and equities acquired in nonfinancial public enterprises include all payments made to such enterprises which the government treats as giving rise to a financial claim or an increase in its equity, minus repayments of such funds. Unrequited payments that are not considered to give rise to a financial claim or an increase in government equity should be classified under current or capital transfers (3.1.1 or 7.1.2).

8.3. To financial institutions

This category includes all loans made to and equities acquired in financial institutions, whether public or private, minus repayments of such funds. This covers funds provided for the capitalization of financial institutions, loans to financial institutions, and government financing of any government lending activity classified as a part of the financial institutions sector (see Section II.J).

8.4. Other domestic lending minus repayments

This category covers loans made to resident private enterprises, households, and private non-profit institutions, and shares and other equities acquired in nonfinancial private enterprises, that is, those in which the government does not hold majority ownership and/or control.

9. Abroad

This covers lending to and repayments from nonresident governments, supranational authorities, international institutions, individuals, enterprises, and other entities, and the acquisition and sale of equities in nonresident enterprises, as defined in Section III.J.
9.1. To governments and international organizations

Covered here are loans made to foreign governments and all international institutions in which the members are governments, other than supranational authorities. Repayments received in the national currency of the borrower in accounts subject to limitations on use and convertibility should be included, but the amount should also be shown separately in a footnote. Payments to the International Monetary Fund are considered to have been made by the monetary authorities and should not be included in this category (see Section II.J.1). Subscriptions to the share capital of the World Bank or regional development banks (for example, the Asian Development Bank or Inter-American Development Bank), which are returnable in the event a country's membership in the institution is terminated, are classified here.

9.2. To supranational authorities

This category covers loans made to supranational authorities, as defined in Section I.G, minus repayments of such loans.

9.3. Other lending minus repayments abroad

This category covers lending minus repayments of loans to nonresident individuals, enterprises, and entities, as defined in Section III.J, other than governments, supranational authorities, and international institutions in which the members are governments, and any acquisition minus sale of equities in nonresident enterprises.

Memorandum items:

10. Expenditure abroad (excluding interest and transfers)

For purposes of analysis, it is useful in some countries to distinguish that part of government expenditure made abroad (see Section III.J). This can be combined with separate statistics on payments to and from abroad through revenue, grants, transfers, lending minus repayments, and financing to calculate separate deficits or surpluses for governments' domestic operations and operations abroad where circumstances warrant (see Section III.G). Separate categories for payment abroad are already contained in the statistics for interest payments abroad (2.3), current transfers abroad (3.5), capital transfers abroad (7.2), and lending minus repayments abroad (9). This category, therefore, covers other payments made to nonresidents, that is, for current expenditure on goods and services (1), capital expenditure on the acquisition of fixed capital assets (4), purchases of stocks (5), and purchases of land and intangible assets (6). Such expenditure abroad would include government imports, maintenance of military, diplomatic, or aid establishments abroad, and any other payments for goods and services or capital assets to nonresidents, as defined in Section III.J.

11. Total wages and salaries

11.1. Current (same as 1.1)

11.2. Capital

These categories are intended to provide a more complete measure of wages and salaries paid by government. Because the acquisition of fixed capital assets may be the result of production within government as well as purchase in the market, some wages and salaries of government employees may be incorporated in the value of fixed capital assets forming part of government capital expenditure. This could comprise salaries in a government public works department or road department, for example. To provide a separate listing of wages and salaries in current expenditure and in capital expenditure and an overall total, useful for analytical purposes, wage and salary payments for the relevant categories should be shown here. These should cover all persons on the government payroll including temporary or part-time employees. They should not include, however, the employees of contractors or outside consultants whose services are purchased by the government. No attempt should be made to allocate to capital a part of the wages and salaries of employees regularly engaged in current operations and already reflected in current wages and salaries under expenditure. Avail-
ability of an overall figure for government wages and salaries, it may be noted, may be found useful, for example, in analyzing the financial effects of wage changes and in gauging the effects of various actual or proposed changes in expenditure.

12. Employer contributions to social security schemes at the same level of government (not included above, same as A.25)

Government employer contributions to social security schemes at the same level of government are eliminated in consolidation of data for expenditure and revenue at that level of government (see Section II.K.1.2). It is useful to record such information, however, as a measure of outlays for employees comparable to similar outlays in nongovernment employment, or for government employees covered by social security schemes organized at other levels of government or by pension and welfare schemes outside government or at other levels of government. Accordingly, the amount of government employer contributions to social security schemes within the same government, associated with the government, or organized and operating at the same level of government, should be entered here. Government employer contributions to social security schemes operating at other levels of government are included in expenditure, before consolidation of data for general government as a whole, and shown in category 1.2.1. Government employer contributions to pension and welfare schemes, other than social security funds, at other levels of government are classified in 1.2.3, while government employer contributions to pension and welfare schemes within the same level of government are included in memorandum item 13.

13. Employer contributions to pension and welfare schemes, other than social security, within the same level of government (not included above)

This category includes all actual contributions which governments make as employers, for the benefit of their employees, to funded employee pension and welfare schemes at the same level of government which are invested entirely with the employing government and are consequently classified within government (Section I.F). Government employer contributions are classified in 1.2.2 if made to pension and welfare schemes outside government and in 1.2.3 if made to pension and welfare schemes at other levels of government. This item is not included in the totals of revenue and expenditure for government because it is eliminated in intragovernmental consolidation or consolidation of a level of government. It is useful for analysis, however, as a component of government costs for comparison with the rest of the economy and with governments in which pension and welfare schemes for government employees are in the financial institutions sector, outside government, or at other levels of government. This category does not include government employer contributions to social security schemes, which are classified under 1.2.1 for social security schemes at other levels of government and under memorandum item 12, excluded from total government revenue and expenditure, for social security schemes at the same level of government. Nor does this category include any imputed government contribution to unfunded employee welfare or pension schemes in respect of future obligations to employees. Such imputed contributions are included in the SNA as a means of measuring future costs to government of services received in the current period. They are omitted here, however, because they do not represent an actual payment or receipt.

14. Cash operating deficits of departmental enterprise sales to the public with a deficit (same as 3.1.3)

14.1. Operating revenue of departmental enterprise sales to the public with a deficit

14.2. Less: Operating expenditure of departmental enterprise sales to the public with a deficit

The calculation of cash operating deficits of departmental enterprises in 3.1.3 above is based on those departmental enterprise sales to the public showing a deficit; the cash operating surpluses of departmental enterprise sales to the public with a surplus are shown as government nontax revenues (A.8.1), with their operating revenue and expenditure shown as memorandum items A.24.1 and A.24.2. To determine the cash operating surplus or deficit of departmental enterprise sales to the public it is necessary to calculate their operating revenue on sales to the public minus operating expenditure for the identifiable costs of such sales, as detailed in Working Table 7 of Section II.H.
By entering in items 14.1 and 14.2 the operating revenue and identifiable related operating expenditure from which cash operating deficits were calculated, and entering in memorandum items for revenue (A.24.1 and A.24.2) the operating revenue and related operating expenditure from which cash operating surpluses were calculated, it is possible to arrive at the overall totals for all departmental enterprise sales to the public. While this should not be aggregated with other government revenue and expenditure, it presents a useful indicator of the magnitude of departmental enterprise operations for sale to the public and may be viewed in conjunction with data available for nonfinancial public enterprises.

As noted in Working Table 7, calculation of the cash operating deficit or surplus of departmental enterprise sales to the public should not take into account the cost of any goods or services provided to the rest of the parent government, depreciation charges, and any outlays for capital, interest, or debt repayment. When any part of the identifiable operating costs of a departmental enterprise’s sales to the public comes through its payments to the rest of the parent government or expenditure for it or on its behalf by another part of the parent government, such payments should be included in the operating expenditures of departmental enterprise sales to the public (14.2) and excluded from gross government expenditure (1). Sales to the public for which operating costs are not separately identifiable are not included here but are shown on a gross basis in nontax revenue (A.9), with related operating costs included on a gross basis in government expenditure (1).

15. Lending minus repayments by gross flows (same as V)

Unlike items 8 and 9, which classify the net flow from lending minus repayments by destination of lending and source of repayments, these memorandum items provide separate classifications for gross lending by government and gross repayments to government.

15.1. Domestic lending minus repayments (same as 8)

This covers lending to and repayments from resident governments, individuals, enterprises, and entities, and the acquisition and sale of equities in resident enterprises, as defined in Section III.J.

15.1.1. Domestic new loans and acquisition of equities

This category covers the gross amount of new domestic loans made and domestic equities acquired without any deduction for repayments or sales of equities. When existing loans are renewed at maturity, or new loans are granted to cover old loans in default, the transaction should not be registered in this category or in repayments. Only actual payments should be shown.

15.1.2. Domestic repayments and sales of equities

This heading includes all repayments received on domestic loans and sale or return of capital on domestic equities. Existing or defaulted loans renewed or replaced should not be reflected in this category as repayments. Interest payments received should not be reflected in this category but as nontax revenue.

15.2. Lending minus repayments abroad (same as 9)

This covers lending to and repayments from nonresident governments, supranational authorities, international institutions, individuals, enterprises, and other entities, and the acquisition and sale of equities in nonresident enterprises, as defined in Section III.J.

15.2.1. New loans and acquisition of equities abroad

This is the same as 15.1.1 but refers to loans and equities abroad rather than domestic loans and equities.

15.2.2. Repayments and sales of equities abroad

This is the same as 15.1.2 but refers to repayments of loans from abroad and sale or return of capital on equities abroad rather than domestically.

16. Expenditure in kind

Government expenditure in kind, like government receipts in kind, involves no payment in money or debt instruments and is consequently not included in cash-based government finance sta-
tistics except as memorandum items. Government expenditures in kind differ from government receipts in kind, however, in that they represent flows whose values are already included in the statistics for government payments. This is because goods and services flowing out as government expenditure in kind, unless previously received as grants in kind, must have previously flowed into government through government purchases. Payments for such purchases are reported as government expenditure in the current period, in past periods or, if payments are delayed, in future periods.

Adding government expenditure in kind to government expenditure in money can thus result in double counting of goods and services purchased by government and provided to the community. Data for expenditure in kind can be used, however, to add the flow of goods and services from the government to particular recipients to the flow of money the government directs to these recipients, such as other levels of national government or governments abroad, thus shedding additional light on some intergovernmental relationships.

No attempt is made here to distinguish from the government's general provision of nonmarket goods and services to the community any flow of goods and services to particular classes of domestic recipients other than governments. A more general attribution of government expenditure, covering flows of goods and services as well as money, is provided by statistics on the functional classification of government expenditure (Table B) which apply to each payment when it is made, whether for the purchase of goods and services or for unrequisitioned transfer payments.

Expenditure in kind in the following memorandum items should be recorded at the time of delivery of the goods or provision of the services and at the valuation set by the donor government.

16.1. Transfers in kind to other levels of national government

This category includes unrequisitioned, nonrepayable flows of goods and services to other levels of national government. It does not cover goods and services provided to individuals, enterprises, or nongovernmental institutions in the geographic area of other levels of government. It covers only direct provision to governments of goods and services upon which a value is placed but no quid pro quo is required or received.

16.1.1. Current

Included here are goods and services provided for current use, or for general or diverse purposes, rather than for the formation of capital to be used for productive purposes for a period of more than one year. This may comprise, for example, supplies, technical assistance, or training for employees of other levels of national government.

16.1.2. Capital

This category covers provision to other governments of new or existing durable goods, with a normal life of more than one year and more than a minimum significant value, to be used for nonmilitary productive purposes. It includes direct construction or transfer to other governments of office buildings, schools, hospitals, or other capital facilities, as well as gifts of capital equipment, land, and intangible assets.

16.2. Transfers in kind abroad

This includes unrequisitioned, nonrepayable flows of goods and services from the government to nonresident governments, international institutions, supranational authorities and their headquarters, individuals, nonprofit institutions, enterprises, and other entities abroad, as defined in Section III.J.

16.2.1. To governments and international organizations

Included here are unrequisitioned, nonrepayable government transfers of goods and services to governments abroad and international bodies in which members are governments, other than supran-

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7Such double counting is avoided by the SNA, which calculates in separate accounts government expenditure for the production of goods and services and subsequent use of the product (see Chart 1).
tional authorities as defined in Section I.G. Such international institutions are not considered to be residents of any national economy, including that in which they are located or conduct their affairs. Transfers of goods and services to individuals, enterprises, or nongovernmental institutions abroad are not included here but in item 16.2.4.

16.2.1.1. Current
This covers goods and services provided for current use, or for general or diverse purposes, rather than for the formation of capital to be used for nonmilitary productive purposes for a period of more than one year. This may thus include, for example, provision to governments or international organizations of food, relief supplies, other supplies, technical assistance, training, or other services. Provision of new or used military equipment or construction of military facilities would also be shown here.

16.2.1.2. Capital
This category includes provision of new or existing durable goods, with a normal life of more than one year and more than a minimum significant value, to be used for nonmilitary productive purposes. It covers direct construction of roads, dams, irrigation works, office or residential buildings, schools, hospitals, or other capital facilities, as well as gifts of capital equipment.

16.2.2. To supranational authorities
This covers unrequested, nonrepayable provision by government of goods and services to supranational authorities as defined in Section I.G. The distinction between current and capital transfers in kind should follow the criteria described in 16.2.1.1 and 16.2.1.2, above.

16.2.3. From supranational authorities to their headquarters
This heading covers unrequested, nonrepayable provision of goods and services by supranational authorities operating in the country, as defined in Section I.G, to their headquarters. The distinction between current and capital should follow the criteria described in 16.2.1.1 and 16.2.1.2.

16.2.4. To others abroad
This category includes unrequested, nonrepayable provision by government of goods and services to nonresident individuals and entities, as described in Section III.J, other than governments, supranational authorities and their headquarters, and international bodies in which the members are governments. Only direct provision of goods and services to individuals, nonprofit institutions, enterprises, and other nongovernmental entities is covered here; transfers of goods and services to governments or international organizations for subsequent distribution to others are classified in 16.2.1.

16.2.4.1. Current
Included here are goods and services provided for current use rather than for the formation of capital to be used for productive purposes for a period of more than one year. This may thus comprise, for example, direct provision to individuals, or through private nonprofit institutions, of food, relief supplies, medical supplies, or medical services.

16.2.4.2. Capital
This category covers provision of new or existing durable goods, with a normal life of more than one year and more than a minimum significant value, to be used for nonmilitary productive purposes. It would include, for example, direct construction and transfer to nongovernmental entities abroad of hospitals, schools, a stadium, cultural or recreational facilities, or other buildings, or donation to nongovernmental entities of capital equipment.

17. Change in floating debt of unpaid obligations (not included above, same as D.14)
See description of item D.14.
IV.B.3. Cross-Classification

The cross-classification of expenditure by economic character and function is among the most useful means of analyzing government outlays. Data from such a presentation reveal the means by which government performs the various functions it undertakes and the impact outside government in the market for goods and services, in the distribution of income, and in financial markets, that is, through government employment, purchase of goods and services, transfers to others, capital expenditures, or lending. The resulting insights into the composition of expenditure for different functions can form the basis for comparisons of how particular functions, such as education or health, are carried out within the same government, how the characteristic pattern of expenditure for each function varies over time, and how particular functions are carried out by different governments. Cross-classification can also reveal the shares of total government wages, purchases, transfers, capital expenditures, or lending, for example, which are devoted to each function.

Interest, it may be noted, cannot be assigned to a particular function as it represents the cost of many functions carried out in the past with borrowed funds.

A cross-classification of expenditure and lending minus repayments by functional and economic categories is presented in Table B/C. The categories of both classifications correspond to those utilized and described in the previous two sections.
<table>
<thead>
<tr>
<th>Functional Classification (Table B)</th>
<th>1 Total Expenditure and Lending Minus Repayments</th>
<th>II Total Expenditure</th>
<th>III Total Current Expenditure</th>
<th>1.1 Wages of Employees</th>
<th>1.2 Other Purchases of Goods and Services</th>
<th>1.3 Subsidies</th>
<th>1.4 Current Transfers To Other Current</th>
<th>Other Current</th>
<th>IV Total Capital Expenditure</th>
<th>V Capital Transfers To</th>
<th>VI Total Non-Financial Public Enterprises</th>
<th>VII Other Levels of Government</th>
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<th>IX Housing</th>
<th>X Abroad</th>
<th>XI Other Transfers</th>
<th>XII Other Non-Financial Public Enterprises</th>
<th>XIII Other Resident Sectors</th>
<th>XIV Abroad</th>
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1Includes interest to be classified in Function 14.