

Appendix 3: Government Finance Statistics and the System of National Accounts

This appendix describes the relationship between the GFS system and the System of National Accounts.

A. Introduction

1. With few exceptions, the stocks and flows of the GFS system are defined and valued in the same way and are recorded with the same timing as they are in the SNA.¹ The presentation of the GFS system in Chapter 4, however, differs from the presentation of the general government sector in the 1993 SNA. In addition, the GFS treatment of some activities differs from the SNA treatment of the same activities, both systems have balancing items that are not in the other system, and the classifications differ.

2. This appendix summarizes the important similarities of and differences between the two statistical systems. It also indicates how the data compiled for the GFS system can be used as an input to the compilation of the accounts for the general government sector in the SNA. It does not list, however, all differences between the two systems and should not be considered a comprehensive guide.

B. Coverage and accounting rules

3. As described in Chapter 2, the general government sector in the GFS system is identical to the general government sector in the SNA.² Compilers of both systems should ensure that the actual coverage used in their statistics is identical.

¹In this appendix, most references to the 1993 SNA concern the general content of the volume rather than the citation of a specific portion of the text. The expression “in the SNA” is used to refer to the 1993 SNA as a body of thought.

²The public sector is not one of the five primary sectors in the SNA, but it is defined in Chapter XIX, and that definition is identical to the definition in Chapter 2 of this manual.

4. Most of the accounting rules employed in the two systems are identical. In particular, the rules for time of recording and the valuation of the stocks and flows and the rules governing the gross or net recording of stocks and flows are identical.

5. The principal difference between the two systems regarding accounting rules concerns consolidation, which is the elimination of all within-sector asset-liability positions and all transactions between two units of the same sector.³ In general, consolidation is not used in the SNA. Thus, government bonds held by one government unit that are issued by another government unit are shown as both financial assets and liabilities in the balance sheet of the general government sector. In contrast, full consolidation is used in the GFS system.⁴ The purpose is to show the activities of the general government sector, or any other grouping of units, as if only a single unit existed. Consolidation is an adjustment process that takes place after the statistics have been compiled for each unit. Because SNA statistics are not consolidated, the GFS compiler should preserve the unconsolidated statistics for use by the national accounts compiler.

C. Comparison of the structures of the GFS and SNA systems

6. Both the GFS and SNA systems can be described as the systematic recording and presentation of stocks and flows, with the flows comprising transactions and other economic flows. The actual flows recorded, however, differ in a number of instances, primarily

³Consolidation can be applied to the statistics of any group of units, including subsectors of the general government sector, the entire public sector, or any other grouping suggested in Chapter 2 as having analytic interest.

⁴It is acknowledged in paragraph 3.121 of the 1993 SNA that consolidation is relevant for the general government sector.

because the treatments of government productive activities are quite different in the two systems.

7. The GFS analytic framework consists of four statements. The Statement of Government Operations is a presentation of all transactions recorded in the GFS system. Other economic flows are presented in the Statement of Other Economic Flows, and the stocks are presented in the Balance Sheet. Finally, the Statement of Sources and Uses of Cash provides information on cash flows.

8. In the SNA, transactions are presented in a sequence of seven accounts (see Table A3.1), other economic flows are presented in two accounts, and stocks are presented in the Balance Sheet. There is no SNA equivalent to the GFS Statement of Sources and Uses of Cash.

9. In the SNA, the sequence of transaction accounts is divided into current and accumulation accounts. The current accounts record the production of goods and services and the generation, distribution, redistribution, and use of income. The accumulation accounts record the acquisition and disposal of assets and liabilities. Despite the large number of accounts in the SNA, there is a close correspondence between the structures of the two systems.⁵

10. The GFS Statement of Government Operations is divided into three sections. The transactions presented in the first section are similar to the transactions in the current accounts of the SNA with one exception: capital transfers are shown in the Capital Account of the SNA, one of the accumulation accounts. All of the GFS transactions presented in the second and third sections of the Statement of Government Operations are shown in the Capital and Financial Accounts, respectively, of the SNA.

11. There are more balancing items in the SNA than in the GFS system because there are more transaction accounts than sections of the Statement of Government Operations. In addition, the different treatment of selected activities and the placement of capital transfers means that the GFS balancing item for the first section of the Statement of Government Operations, the net operating balance, differs from saving, the final balancing item in the sequence of current accounts in the SNA.⁶

⁵Explicit provision is made in the SNA for flexibility in the presentation of stocks and flows. The accounts described here comprise the basic presentation described in Chapters VI through XIII of the 1993 SNA.

Table A3.1 Sequence of SNA Transaction Accounts

Current accounts	I.	Production Account
	II.1.1.	Generation of Income Account
	II.1.2.	Allocation of Primary Income Account
	II.2.	Secondary Distribution of Income Account
	II.4.1.	Use of Disposable Income Account ¹
Accumulation accounts	III.1.	Capital Account
	III.2.	Financial Account

¹There is an alternative sequence of accounts in which the Secondary Distribution of Income Account (II.2) is augmented with the Redistribution of Income In-kind Account (II.3) and the Use of Disposable Income account (II.4.1) is replaced by the Use of Adjusted Disposable Income Account (II.4.2). See Chapters VIII and IX of the 1993 SNA for additional details on these accounts.

Net lending/borrowing is the balancing item for the second and third sections of the Statement of Government Operations and for the Capital and Financial Accounts of the SNA.⁷

12. The GFS Statement of Other Economic Flows covers all other economic flows, classified by type of asset or liability affected and whether the flow is a holding gain⁸ or an other change in the volume of assets. In the SNA, the same distinction between holding gains and other changes in the volume of assets is made, but these two types of flows are recorded in separate accounts rather than in a single statement: the Other Changes in Volume of Assets Account and the Revaluation Account.⁹ The coverage of the GFS Balance Sheet is identical to the coverage of the Balance Sheet in the SNA.

D. Use of GFS data to compile the SNA

13. Despite the structural similarities, the different treatments of certain activities in the two systems and the particular needs of fiscal analysis mean that the actual transactions and other flows recorded in the various statements and accounts may differ. This section reviews these differences, which are also noted in the main text.

⁶The net operating balance is comparable to “changes in net worth due to saving and net capital transfers,” an aggregate determined in the Capital Account of the SNA.

⁷Because of the different treatments of some activities, net lending/borrowing and saving in the GFS system differ from net lending/borrowing and saving in the SNA.

⁸As stated in Chapter 10, holding gain is used as a short reference to holding gain or loss.

⁹“Revaluations” and “holding gains” are used interchangeably in the 1993 SNA.

14. In addition, it is likely that in many countries the statistics compiled for the GFS system will be used by the compilers of the national accounts as the starting point for compiling statistics for the general government sector of the SNA. Table A3.2 identifies the SNA account in which a transaction from the GFS system would be recorded, the SNA classification code, and whether the transaction is considered a resource, use, change in an asset, change in a liability, or change in net worth.¹⁰ When a transaction is recorded in a current account of the SNA, it is classified as a “use” (a reduction in the economic value of the unit) or a “resource” (an addition to the economic value of a unit). When a transaction is recorded in an accumulation account of the SNA, it is classified as a change in an asset, a change in a liability, or a change in net worth depending on its effect on the balance sheet. This section also provides guidance on estimating selected elements of the SNA.

I. Accounting for production

15. The productive activities of government are recorded quite differently in the two statistical systems. As a result, deriving the production-related entries of the SNA from statistics of the GFS system is complex. In order to facilitate an understanding of the links between the two systems, the SNA accounts are referred to by their names and the SNA and GFS classification codes are indicated the first time a particular category of flows is referenced.¹¹

16. Output is the value of goods and services produced during an accounting period. It is not recorded as such in the GFS system because most of the output of general government units is distributed on a non-market basis. In the SNA, transactions related to the production of goods and services are recorded in the Production and the Generation of Income Accounts.

a. The Production Account

17. The Production Account includes (1) the output (SNA classification code P.1) of all goods and services produced by a general government unit as a

resource, with the total divided into market output (P.11), output for own final use (P.12) (referred to as own-account capital formation in this manual), and other nonmarket output (P.13); (2) intermediate consumption of goods and services (P.2) as a use; and (3) consumption of fixed capital (K.1) as a use. The balancing item is value added (B.1), which can be presented gross or net of consumption of fixed capital.

18. The total output of the general government sector is determined as the sum of the output of nonmarket establishments and the output of market establishments. The output of the two types of establishments is derived quite differently, as described in the following paragraphs.

19. The output of nonmarket establishments cannot be determined from sales statistics because most of it is distributed without charge or sold for prices that are not economically significant. Instead, the output of nonmarket establishments is defined to be equal to the sum of the production costs: compensation of employees, intermediate consumption, consumption of fixed capital, other taxes on production paid, and other subsidies on production received (as a negative value). In order to make this calculation, the total values of each of these expense categories need to be divided into expenses incurred by market and non-market establishments.

20. The output of market establishments is equal to the sales of those establishments (GFS revenue category 1421) plus changes in inventories of work in progress and finished goods of those establishments. Thus, GFS data on the total change of those types of inventories need to be divided into separate data for market and nonmarket establishments for SNA purposes.

21. Once the total output of the general government sector has been estimated, it must be allocated among the three components: market output, output for own final use, and other nonmarket output. Output for own final use is the value of nonfinancial assets constructed for own use by general government units and is available directly from the GFS system as memorandum item 3M1 in Table 8.1.¹² Market output and other nonmarket output, however, are not available directly and do not necessarily

¹⁰Table A3.2 is designed to be read from left to right. The left column is a list of transaction categories in the GFS system. The right column identifies the SNA category in which a given GFS transaction would be recorded. The SNA category may, however, include transactions that are not recorded in the GFS system or transactions from more than one GFS category.

¹¹SNA classification codes for transactions and other flows have the form of a letter (D, F, K, or P) followed by a number. SNA codes for balancing items use the letter B. The GFS coding system is presented in Appendix 4.

¹²In the SNA, provision is made to value this output at market prices if the assets constructed on own account are also offered for sale on the market. In the GFS system, it is assumed that assets constructed on own account by the general government sector are not offered for sale on the market so that valuation based on the cost of production is acceptable.

correspond to the output of market and nonmarket establishments because nonmarket establishments can produce market output.

22. Market output is the sum of the entire output of market establishments, actual sales of nonmarket establishments, and other output that is imputed to have been sold. Imputed sales are in-kind transactions that are valued at market prices. They comprise goods and services produced by general government units and provided (a) to employees as part of their compensation, (b) as social benefits in accordance with employer social insurance schemes, (c) to other governments and international organizations, and (d) to nonprofit institutions serving households and to individuals or households in compensation for damage or in settlement of an insurance claim. These transactions are described in more detail in paragraph 33. Once market output and output for own final use are determined, the value of other nonmarket output can be calculated residually as the total output of the general government sector less output for own final use and market output.

23. Intermediate consumption is needed for the SNA production account but is not a GFS expense category. It is the total value of all goods and services consumed by general government units in their productive activities. Intermediate consumption is equal to:

Use of goods and services (GFS expense category 22).

plus

Goods and services used in own-account capital formation (memorandum item 3M12).

plus

The consumption of financial intermediation services indirectly measured (FISIM) and insurance services.

minus

Goods purchased for resale.

plus

The change of inventories of work in progress, finished goods, and goods purchased for resale.

24. For SNA purposes, the values for FISIM and insurance services are derived by partitioning actual interest and non-life insurance premium transactions. A financial intermediary sets its interest rates for depositors and borrowers at levels that will provide a margin large enough to defray the costs of providing its services to its depositors and borrowers without explicit fees. Interest payable to or receivable from a

financial intermediary is, therefore, partitioned in the SNA into a payment for FISIM services and an adjusted amount of interest. Similarly, the payment of non-life insurance premiums is partitioned into purchases of services from the insurance enterprise and the payment of net non-life premiums (D.71). In the GFS system, these partitions are not made because they can be estimated only with the aid of data for the entire economy. Instead, the entire values of the actual transactions are recorded as interest and non-life insurance premiums.¹³

25. Establishments engaged in own-account capital formation by definition do not purchase goods for resale and do not have changes in inventories of work in progress or finished goods. All other establishments could have these items.

26. Consumption of fixed capital in the SNA equals the expense category of the same name in the GFS system (23) plus the amount recorded as a component of own-account capital formation (memorandum item 3M13).

b. The Generation of Income Account

27. The Generation of Income Account starts with value added and then includes (1) compensation of employees (D.1) as a use, (2) other taxes on production (D.29) paid as a use, and (3) other subsidies on production (D.39) received as a negative use. Its balancing item is the operating surplus (B.2), which also can be presented gross or net of consumption of fixed capital.

28. Compensation of employees in the SNA equals the expense category of the same name in the GFS system (21) plus the amount recorded as a component of own-account capital formation (memorandum item 3M11).

29. The taxes and subsidies that are included in the valuation of the output of nonmarket establishments consists of other taxes on production paid by general government units to other government units and other subsidies on production received by general government units from other government units. These amounts are likely to be rare and/or small in magnitude. Taxes paid are classified in the GFS system as miscellaneous other expense (282) and subsidies are classified as grants received from other

¹³See Annexes III and IV of the 1993 SNA for additional details on the estimation of these services.

levels of national government (133). Both would be eliminated in consolidation when statistics for the general government sector are compiled.

2. Final consumption

30. Final consumption is a key component of gross domestic product. It is implemented in the SNA in two ways: final consumption expenditure (P.3) and actual final consumption (P.4). The difference between them is social transfers in kind (D.63), which represents the final consumption of goods and services purchased by general government units but actually consumed by households.

31. Final consumption expenditure of the general government sector is not an element of the GFS system. It can be calculated as

Total output, as described in paragraphs 18 to 20.

plus

Purchases of goods and services that are transferred to households without further transformation.

minus

Actual and imputed sales of goods and services, including sales of used goods and scrap.

minus

Changes in inventories of work in progress and finished goods.

minus

Output of own-account capital formation.

32. Purchases of goods and services that are transferred to final consumers without further transformation are classified as social security benefits in kind (2712), social assistance benefits in kind (2722), or other current expense (2821) depending on the nature of the program governing their distribution. See paragraph 36 for additional details.

33. Actual sales of goods and services is the sum of sales by market establishments (1421), administrative fees (1422), and incidental sales by nonmarket establishments (1423). Imputed sales include the following:

- Goods and services produced by the general government sector and provided as social benefits in kind in accordance with employer social insurance schemes are treated as if there had been a transfer to the beneficiaries in cash followed by a sale of the output to the beneficiaries. Thus, the output is shown in the SNA as final consumption expenditure of the households while the transfer is shown

as a social benefit (recorded in the Secondary Distribution of Income Account/social benefits other than social transfers in kind/private funded social insurance benefits (D.622) or unfunded employee social insurance benefits (D.623)).

- Goods and services produced by the general government sector and provided as grants in kind to other governments and international organizations are treated as if there had been a transfer in cash followed by a sale of the output to the recipients of the goods and services. The output is shown as exports (P.6) in the case of grants to foreign governments and international organizations and either government final consumption expenditure or gross fixed capital formation (P.51) in the case of grants to other domestic general government units. The transfer is shown in the Secondary Distribution of Income Account/other current transfers/current transfers within general government (D.73) or current international cooperation (D.74) or in the Capital Account/capital transfers/investment grants (D.92) or other capital transfers (D.99).
- Goods and services produced by the general government sector and provided to employees as wages in kind are treated as compensation of employees paid in cash followed by a sale to the employees (1424). The compensation is recorded in the Generation of Income Account/compensation of employees/wages and salaries (D.11), and the output is recorded as household final consumption expenditure.
- Goods and services produced by the general government sector and provided as transfers in kind to non-profit institutions serving households or to individuals or households as compensation for damage to property or personal injury or as the settlement of an insurance claim are treated as a transfer in cash and a sale of market output. The transfer is recorded in the Secondary Distribution of Income Account/other current transfers/non-life insurance claims (D.72) or miscellaneous current transfers (D.75), and the output is recorded as final consumption expenditure of the households sector or the non-profit institutions serving households sector.

34. When an existing good is sold, the amount received from its sale is recorded as negative final consumption expenditure if the acquisition of the good had been classified as final consumption expenditure. For example, acquisitions of weapons and weapon-delivery systems by the military are classified as final consumption expenditure. Therefore,

sales of used military weapons and weapon-delivery systems are negative final consumption expenditure. Sales of used goods and scrap are part of miscellaneous and unidentified revenue (145).

35. Changes in inventories of work in progress and finished goods are categories 31222 and 31223 in Table 8.1. Own-account capital formation is part of output but not part of final consumption expenditure. In the GFS system, the value can be obtained from memorandum item 3M1.

36. As mentioned in paragraph 32, the difference between final consumption expenditure and actual final consumption is social transfers in kind. The GFS expense categories of social security benefits in kind (2712) and social assistance benefits in kind (2722) consist entirely of reimbursements of households for purchases of social security benefits in kind or direct purchases by general government units of social security or social assistance benefits from market producers. In addition, category 2821 may include purchases of individual nonmarket goods and services (D.632), such as purchases of education, recreation, and cultural services from market producers. Also included in social transfers in kind is the value of goods and services produced by general government units and transferred to households as social security benefits, social assistance benefits, or individual nonmarket goods and services. Information on these goods and services may be obtainable from the cross-classification of the Classification of Functions of Government (COFOG) and economic type of expense in Table 6.3. The annex to Chapter 6 lists the services that are considered individual.

3. Social insurance

37. Social contributions paid by employers as part of compensation of employees in the GFS system (212) is identical to the same category in the SNA (D.12). The amount recorded for social contributions received by units operating social insurance schemes, however, can be quite different in the two systems. In the SNA, all social contributions received by employees as compensation are deemed to be paid to the operator of the scheme as social contributions (D.61). In the GFS system, social contributions paid to employer social insurance schemes providing pensions and other retirement benefits are classified as incurrences of liabilities by the operator of the scheme (3316) rather than as revenue from social contributions (12).

38. In addition to social contributions paid as compensation of employees, operators of funded employer

social insurance schemes are deemed in the SNA to pay property income attributed to insurance policyholders (D.44) to the beneficiaries of the schemes equal to the property income and net operating surplus earned from the investment of the reserves of the scheme. This property income is then deemed to be paid by the beneficiaries to the operator of the scheme as a supplemental social contribution. These imputed social contributions are not recorded in the GFS system. The value of this item must be derived from the records of the applicable social insurance schemes.

39. In the SNA, all social benefits paid, including pensions and other retirement benefits, are recorded either in the Secondary Distribution of Income Account/social benefits other than social transfers in kind (D.62) or in the Redistribution of Income Account/social transfers in kind. In the GFS system, the expense category of social benefits (27) is narrower. It includes (a) all social security and social assistance benefits except benefits in the form of goods and services produced by general government units and (b) employer social benefits except retirement benefits and all benefits in the form of goods and services produced by general government units. Retirement benefits are classified as reductions in liabilities of insurance technical reserves. The costs of social benefits produced by general government units are recorded as costs of production in the various GFS expense categories, such as compensation of employees and use of goods and services. The estimation of social security and social assistance benefits produced by general government units has already been mentioned in paragraph 36. Employer social benefits would have to be estimated similarly.

40. In the SNA, an entry in the Use of Disposable Income and Use of Adjustment Disposable Income Accounts is labeled the adjustment for the change in the net equity of households in pension funds" (D.8). It is equal to the total value of the actual social contributions payable to funded employer retirement schemes plus the total value of social contribution supplements minus the value of the associated service charges minus the total value of the pensions paid out as social insurance benefits by funded employer retirement schemes. The different treatment of retirement schemes eliminates the need for this item in the GFS system.

4. Other transactions and other economic flows

41. The GFS system includes a detailed classification of taxes based on common practices in tax administration. In the SNA, taxes are classified according to their role in economic activities as (1) taxes on

production and imports (D.2), (2) current taxes on income, wealth, etc. (D.5), or (3) capital taxes (D.91). The result is that some tax categories in the GFS system, such as motor vehicle taxes, need to be allocated between two of the SNA tax categories according to whether they are payable by producers or final consumers. These taxes are indicated in Table A3.2. The information necessary to allocate these taxes, however, may not be available to the GFS compilers.

42. There are several types of property income:

- Dividends (D.421 in the SNA and 1412 or 2811 in the GFS system), withdrawals from income of quasi-corporations (D.422, 1413, and 2812), and rent (D.45, 1415, and 2814) are identical in both systems.
- The amounts recorded as interest revenue (1411) and expense (24) in the GFS system must be adjusted for recording in the SNA (D.41) when they include sums paid to or received from financial intermediaries. This adjustment, which was described in paragraph 24, can be made only by compilers of the national accounts.
- Property income attributed to insurance policy holders with respect to funded employer social insurance schemes was described in paragraph 38 as a transaction in the SNA equal in value to the property income and/or net operating surplus earned by the fund from the investment of its reserves. In the GFS system this item (2813) is equal to the increase in the liability of a defined-benefit retirement scheme resulting from the passage of time. The SNA values can be derived from the detailed records of the retirement schemes.
- Reinvested earnings on direct foreign investment (D.43) is not recorded in the GFS system; it must be estimated from other sources. It is described in footnote 9 of Chapter 5.

43. Other current transfers (D.7) in the SNA is a disparate collection of entries that are found in various places in the GFS system. Net non-life insurance premiums must be adjusted for the imputation of the sale or purchase of insurance services, as described in paragraph 24. In the GFS system, gross non-life insurance premiums are recorded as miscellaneous and unidentified revenue (145) or miscellaneous other expense (282). Non-life insurance claims are identical in both systems. As with premiums, they are recorded in the GFS system as miscellaneous and unidentified revenue

(145) or miscellaneous other expense (282). Current transfers within general government and current international cooperation are recorded in the GFS system as current grants received (1311, 1321, or 1331) or paid (2611, 2621, or 2631) except for goods and services produced by general government units (paragraph 33). Miscellaneous current transfers might be recorded as fines, penalties, and forfeits (143), current voluntary transfers other than grants (1441), miscellaneous and unidentified revenue (145), miscellaneous other expense (282), or goods and services produced by general government units (paragraph 33).

44. Most of the entries in the Capital Account of the SNA can be derived directly from the corresponding entries in the GFS system. In particular, acquisitions less disposals of tangible fixed assets (P.511) is the sum of acquisitions less disposals of buildings and structures (3111), machinery and equipment (3112), and cultivated assets (31131). Acquisitions less disposals of intangible fixed assets (P.512) is the same as category 31132 in the GFS system. Additions to the value of nonproduced nonfinancial assets (P.513) is part of the GFS entry for the acquisition of nonproduced assets (314) and consists of the value of major improvements to nonproduced nonfinancial assets (P.5131) and costs of ownership transfer on nonproduced nonfinancial assets (P.5132).

45. Consumption of fixed capital in the SNA is identical to the total value of consumption of fixed capital recorded in Table 8.1. Changes in inventories in the SNA (P.52) is the same as changes in inventories in the GFS system, but the amounts for types of inventories differ because the GFS system includes a category for strategic stocks that does not appear in the SNA. Strategic stocks are classified as goods for resale in the SNA.

46. Acquisitions less disposals of valuables (P.53), land and other tangible nonproduced assets (K.21), and intangible nonproduced assets (K.22) are the same as the corresponding items in the GFS system with the exception of the amounts recorded as additions to the value of nonproduced nonfinancial assets in the SNA described in paragraph 44.

47. Capital transfers in the SNA are recorded in various places in the GFS system. Capital transfers receivable can be recorded as estate, inheritance, and gift taxes (1133), other nonrecurrent taxes on property (1135), capital grants (1312, 1322, and 1332), or capital voluntary transfers other than grants (1442). Capital

transfers payable can be recorded as capital grants (2612, 2622, and 2632) or other expense/miscellaneous other expense/other capital transfers (2822).

48. With the exception of transactions in insurance technical reserves and shares and other equity, the transactions recorded in the Financial Account of the SNA should be identical to the transactions recorded in Table 9.1. The transactions recorded under insurance technical reserves differ in the two systems because of the different treatment of employer social insurance schemes that provide pensions and other retirement benefits. The receipt of social contributions and payment of social benefits by unfunded retirement schemes are treated as transactions in insurance technical reserves in the GFS system but as transfer payments in the SNA. The amounts recorded as increases in insurance technical reserves for property expense attributed to insurance policyholders also differ in the two systems, as explained in para-

graph 42. Transactions in shares and other equity differ because the SNA includes reinvested earnings on direct foreign investment as an imputed purchase of shares and other equity but this imputation is not made in the GFS system. Instead, the increase in the value of shares and other equity is treated as a holding gain.

49. For the most part, other flows are the same in both systems. A few differences arise from differing treatments of certain activities. As described in the previous paragraph, reinvested earnings on direct foreign investment is an imputed transaction in the SNA but a holding gain in the GFS system. In the SNA, the difference between the change in the liability of a funded employer retirement scheme from the passage of time (paragraph 42) and the amount that can be attributed to property income attributed to insurance policyholders is treated as a holding gain. This holding gain does not appear in the GFS system.

Table A3.2: Correspondence of GFS and SNA Transaction Categories

GFS Transaction Category	SNA Account and Transaction Category in Which the GFS Transaction Is Recorded
Revenue Transactions	
<i>Taxes</i>	
1. Taxes on income, profits, and capital gains	The Secondary Distribution of Income Account/current taxes on income, wealth, etc./taxes on income (D.51) (resource)
2. Taxes on payroll and workforce	The Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource)
3. Taxes on property	
Recurrent taxes on immovable property	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource) Taxes paid by final consumers, including owner-occupiers of dwellings, are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59) (resource)
Recurrent taxes on net wealth	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59) (resource)
Estate, inheritance, and gift taxes	The Capital Account/capital transfers/capital taxes (D.91) (increase in net worth)
Taxes on financial and capital transactions	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) (resource)
Other nonrecurrent taxes on property	The Capital Account/capital transfers/capital taxes (D.91) (increase in net worth)
Other recurrent taxes on property	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59) (resource)
4. Taxes on goods and services	
Value-added taxes	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/value-added-type taxes (D.211) (resource)
Sales taxes	Taxes on domestically produced goods and services are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) (resource) Taxes on imported goods and services are recorded in the Allocation of Primary Income Account/taxes on products/taxes and duties on imports, excluding VAT/taxes on imports, excluding VAT and duties (D.2122) (resource)
Turnover and other general taxes on goods and services	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) (resource)
Excises	Taxes on domestically produced goods and services are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) (resource) Taxes on imported goods and services are recorded in the Allocation of Primary Income Account/taxes on products/taxes and duties on imports, excluding VAT/taxes on imports, excluding VAT and duties (D.2122) (resource)
Profits of fiscal monopolies	The Allocation of Primary Income Account: taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) (resource)
Taxes on specific services	Taxes on domestically produced goods and services are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) (resource) Taxes on imported goods and services are recorded in the Allocation of Primary Income Account/taxes on products/taxes and duties on imports, excluding VAT/taxes on imports, excluding VAT and duties (D.2122) (resource)
Motor vehicle taxes	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59) (resource)

Table A3.2: Correspondence of GFS and SNA Transaction Categories (continued)

GFS Transaction Category	SNA Account and Transaction Category in Which the GFS Transaction Is Recorded
Revenue Transactions (continued)	
<i>Taxes (continued)</i>	
Other taxes on use of goods and on permission to use goods or perform services	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59) (resource)
Other taxes on goods and services	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59) (resource)
5. Taxes on international trade and transactions	
Customs and other import duties	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes and duties on imports, excluding VAT/import duties (D.2121) (resource)
Taxes on exports	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/export taxes (D.213) (resource)
Profits of export or import monopolies	Profits of import monopolies are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes and duties on imports, excluding VAT/taxes on imports, excluding VAT and duties (D.2122) (resource) Profits of export monopolies are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/export taxes (D.213) (resource)
Exchange profits	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) (resource)
Exchange taxes	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) (resource)
Other taxes on international trade and transactions	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59) (resource)
6. Other taxes	
Other taxes paid solely by business	The Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) (resource)
Other taxes paid by other than business or unidentified	The Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59) (resource)
<i>Social contributions</i>	The Secondary Distribution of Income Account/social contributions (D.61)(resource)
<i>Grants</i>	Current grants are recorded in the Secondary Distribution of Income Account/other current transfers/current transfers within general government (D.73) or current international cooperation (D.74) (resource) Capital grants are recorded in the Capital Account/capital transfers/investment grants (D.92) or other capital transfers (D.99) (increase in net worth)
<i>Property income</i>	The Allocation of Primary Income Account/property income (D.4) (resource) See the paragraph 24 of the text for a possible adjustment related to financial intermediation services indirectly measured.
<i>Sales of goods and services</i>	Sales at prices that are economically significant are recorded in the Production Account/output/market output (P.11) (resource) Sales at prices that are not economically significant are recorded in the Production Account/output/other nonmarket output (P.13) (resource) Imputed sales of goods and services are recorded in the Production Account/output/market output (P.11) (resource)
<i>Fines, penalties, and forfeits</i>	The Secondary Distribution of Income Account/other current transfers/miscellaneous current transfers (D.75) (resource)
<i>Voluntary transfers other than grants</i>	Current transfers are recorded in the Secondary Distribution of Income Account/other current transfers/miscellaneous current transfers (D.75) (resource) Capital transfers are recorded in the Capital Account/capital transfers/investment grants (D.92) or other capital transfers (D.99) (increase in net worth)
<i>Miscellaneous and unidentified revenue</i>	Sales of scrap and used goods not classified as assets are recorded in the Production Account/intermediate consumption (P.2) (negative use) All other transactions are recorded in the Secondary Distribution of Income Account/other current transfers/miscellaneous current transfers (D.75) (resource)

Table A3.2: Correspondence of GFS and SNA Transaction Categories (continued)

GFS Transaction Category	SNA Account and Transaction Category in Which the GFS Transaction Is Recorded
Expense Transactions	
<i>Compensation of employees</i>	The Generation of Income Account/compensation of employees (D.1) (use). The SNA category also includes compensation of employees related to the construction of nonfinancial assets on own account, which is recorded in the GFS system as the net acquisition of fixed assets or valuables.
<i>Use of goods and services</i>	Most transactions are recorded in the Production Account/intermediate consumption (P2) (use). The SNA category also includes transactions related to own-account capital formation, which are recorded in the GFS system as the net acquisition of fixed assets or valuables. See paragraph 23 of the text for a more complete derivation of intermediate consumption.
<i>Consumption of fixed capital</i>	The Production Account/consumption of fixed capital (K.1) (use). The SNA category also includes consumption of fixed capital related to the construction of nonfinancial assets on own account, which is recorded in the GFS system as the net acquisition of fixed assets or valuables.
<i>Interest</i>	The Allocation of Primary Income Account/property income/interest (D.41) (use). See paragraph 24 of the text for a possible adjustment related to financial intermediation services indirectly measured.
<i>Subsidies</i>	The Allocation of Primary Income Account/subsidies (D.3) (negative resource)
<i>Grants</i>	Current transfers are recorded in the Secondary Distribution of Income Account/other current transfers/current transfers within general government (D.73) or current international cooperation (D.74) (use)
	Capital transfers are recorded in the Capital Account/capital transfers/investment grants (D.92) or other capital transfers (D.99) (decrease in net worth)
<i>Social benefits</i>	Social benefits in cash and all funded employer and unfunded employee social insurance benefits are recorded in the Secondary Distribution of Income Account/social benefits other than social transfers in kind (D.62) (use).
	All other social benefits in kind are recorded in the Use of Disposable Income Account/final consumption expenditure/individual consumption expenditure (P.31) (use)
<i>Other expense</i>	Property expense other than interest is recorded in The Allocation of Primary Income Account/property income (D.4) (use)
	Current taxes paid to other government units are recorded in Generation of Income Account/taxes on production and imports /other taxes on production (D.29) (use)
	Other current transactions are recorded in the Secondary Distribution of Income Account/other current transfers/miscellaneous current transfers (D.75) (use)
	Capital transfers are recorded in the Capital Account/capital transfers/capital taxes (D.91), investment grants (D.92), or other capital transfers (D.99) (decrease in net worth)

Table A3.2: Correspondence of GFS and SNA Transaction Categories (concluded)

GFS Transaction Category	SNA Account and Transaction Category in Which the GFS Transaction Is Recorded
Transactions in Nonfinancial Assets	
<i>Net acquisition of fixed assets</i>	Transactions other than consumption of fixed capital are recorded in the Capital Account/gross fixed capital formation (P51) (change in assets). In the SNA, transactions related to the construction of fixed assets on own account will also be recorded under compensation of employees, intermediate consumption, consumption of fixed capital, and taxes less subsidies on production.
<i>Consumption of fixed capital</i>	The Capital Account/consumption of fixed capital (K.1) (decrease in assets)
<i>Changes in inventories</i>	The Capital Account/changes in inventories (P52) (change in assets)
<i>Net acquisition of valuables</i>	The Capital Account/acquisitions less disposals of valuables (P53) (change in assets)
<i>Net acquisition of nonproduced assets</i>	The Capital Account/acquisitions less disposals of nonproduced nonfinancial assets (K.2) (change in assets)
Transactions in Financial Assets and Liabilities	
<i>Monetary gold and SDRs</i>	The Financial Account/monetary gold and SDRs (F.1) (change in assets)
<i>Currency and deposits</i>	The Financial Account/currency and deposits (F.2) (change in assets and/or change in liabilities)
<i>Securities other than shares</i>	The Financial Account/securities other than shares (F.3) (change in assets and/or change in liabilities)
<i>Loans</i>	The Financial Account/loans (F.4) (change in assets and/or change in liabilities)
<i>Shares and other equity</i>	The Financial Account/shares and other equity (F.5) (change in assets and/or change in liabilities)
<i>Insurance technical reserves</i>	The Financial Account/insurance technical reserves (F.7) (change in assets and/or change in liabilities)
<i>Financial derivatives</i>	The Financial Account/financial derivatives (F.6) (change in assets and/or change in liabilities)
<i>Other accounts receivable/payable</i>	The Financial Account/other accounts receivable/payable (F.8) (change in assets and/or change in liabilities)