

Chapter ~~13~~14

Capital Account

A. Concepts and Coverage

Reference:

~~2008-2025~~ SNA, Chapter ~~10~~11, ~~The~~ Capital Account.

13.14.1 The capital account ~~in of~~ the ~~international~~external accounts shows (a) *capital transfers receivable and payable between residents and nonresidents* and (b) *the acquisition and disposal of nonproduced, nonfinancial assets between residents and nonresidents*.

13.14.2 An overview of the capital account is shown in Table ~~13.14~~.1. The balance on the capital account shows the total credits less debits (or revenues less expenditures) for capital transfers and nonproduced, nonfinancial assets.¹ In addition, the sum of the current and capital account balances can also be shown as a balancing item. The balancing item is labeled as net lending (+)/net borrowing (–) from the capital and current accounts. That sum is also conceptually equal to net lending (+)/net borrowing (–) from the financial account, as discussed in paragraph [8.4]. Although conceptually equal, they ~~may usually~~ differ in practice (see also paragraphs [2.24] and [8.3]). The current and capital accounts show nonfinancial transactions, with the balance requiring net lending or net borrowing, while the financial account shows how net lending or borrowing is allocated or financed.

¹ In economic literature, “capital account” is often used to refer to what is called the financial account in this *Manual* and in the *SNA*. The term “capital account” was also used in this sense in the *Balance of Payments Manual* prior to the fifth edition.

~~13.3 In economic literature, “capital account” is often used to refer to what is called the financial account in this *Manual* and in the *SNA*. The term “capital account” was also used in the *Balance of Payments Manual* prior to the fifth edition. The use of the term “capital account” in this *Manual* is designed to be consistent with the *SNA*, which distinguishes between capital transactions and financial transactions.~~

13.14.4 The capital account in the external accounts is designed to be consistent with the SNA capital account. There is however one difference. The *SNA* capital account shows capital formation for the full range of produced and nonproduced assets (shown in Table 5.1). The corresponding parts of the international-external accounts show only transactions in nonproduced, nonfinancial assets. This is because T transactions in produced assets are included as imports and exports in the goods account and the services account, which does not distinguish whether those goods or services are destined for capital or current purposes.

13.14.5 The value of net lending/net borrowing in the international-external accounts is conceptually the same as the aggregate of net lending/net borrowing of the domestic sectors in the *SNA*. This is because all the resident-to-resident flows cancel out. It is also equal to the opposite of net lending/net borrowing of the rest of the world sector in the *SNA*. ~~The relationship between saving and net lending/net borrowing is shown in the capital account of the *SNA* as:~~

~~————— Net lending (+)/net borrowing (–)~~

~~————— = ——— Saving;~~

~~————— – ——— Acquisition of nonproduced, nonfinancial assets;~~

~~————— + ——— Disposal of nonproduced, nonfinancial assets;~~

~~————— + ——— Capital transfers receivable;~~

~~————— – ——— Capital transfers payable. _~~

13.14.6 Acquisition and disposal of nonproduced, nonfinancial assets are recorded at the time of change of ownership, in line with the general principles in paragraphs [3.41–3.59]. Capital transfers are recorded when all requirements and conditions for receiving them are satisfied and the receiving unit has an unconditional claim, such as when a court provides judgment, or an administrative ruling is made. If such judgment or ruling is subject to further appeal, then the time of recording is when the appeal is resolved. Determining ~~this the~~ time that the receiving unit has an unconditional claim can be complex if there is a wide variety of eligibility conditions that have various legal powers. In some cases, a potential transfer recipient has a legal claim when certain conditions are satisfied, such as the prior incurrence of expenses for a specific purpose, or the passage of legislation. In other cases, the transfer recipient never has a claim on the donor and it should be attributed to the time at which the cash payment is made, the asset is conveyed, or liability is canceled.

13.14.7 Acquisition and disposals of nonproduced, nonfinancial assets and capital transfers receivable and payable are recorded separately on a gross basis, rather than netted. Gross data are important in the context of cross-border analysis and allow the derivation of net flows, if needed. Principles for the recording and valuation of current and capital transfers are stated in paragraphs [12.16–12.19 fin Ch 13].

Table **13.14.1**. Overview of the Capital Account

	Cred- its/ <u>Rev- enues</u>	Deb- its/ <u>Ex- pendi- tures</u>
<i>Current account balance</i>		
Acquisitions (debits/expenditures)/disposals (<u>credits/revenues</u>) of nonproduced, nonfinancial assets		
n Natural resources		
Contracts, leases, and licenses		
<u>Marketing</u> assets		
<u>Crypto assets without a corresponding liability designed as a medium of exchange</u>		

Capital transfers

~~e~~Debt forgiveness

Capital taxes

Investment grants

~~e~~Other capital transfers

Nonlife insurance claims

One-off guarantees and debt assumption

Other

Capital account balance

Net lending (+)/net borrowing (-) (from current and capital accounts)

Note: This table is expository; for standard components, see [\[appendix 9\]](#).

B. Acquisitions and Disposals of Nonproduced, Nonfinancial Assets

Reference:

2008 SNA, Chapter 10, The Capital Account, and Chapter [\[13, The Balance Sheet\]](#).

13.14.8 Nonproduced, nonfinancial assets consist of:

~~(1a)~~ natural resources;

~~(2b)~~ contracts, leases, and licenses; ~~and~~

~~(3e)~~ marketing assets (and purchased goodwill); and

(4) crypto assets without a corresponding liability designed as a medium of exchange.

1. Natural resources

13.14.9 *Natural resources include land, mineral rights, forestry rights, water, fishing rights, air space, and electromagnetic spectrum. are assets that naturally occur, such as land, water resources, timber and fish stocks, and mineral and energy resources that have an economic value and over which ownership may be enforced and transferred. Environmental assets over which ownership rights have not, or cannot, be enforced, such as open seas or air, are excluded.* International transactions in land and other natural resources do not usually arise because notional resident units are generally identified as the owners of these immovable assets. (The identification of notional units is discussed in paragraphs [4.34–4.40].) As a result, purchases and sales of these assets are generally resident-to-resident transactions. In contrast to a change of ownership of the resource, the right to use a natural resource on a temporary basis is classified as rent (as discussed in paragraphs [11.85–11.90]) or a contract, lease, or license, if it amounts to an economic asset in its own right (as discussed in paragraph [13.14.11]).

14.9a A notional unit would also be identified in the case where a natural resource is split between two entities as may happen if the owner grants rights or permissions to a non-residents institutional unit to exploit the natural resource, to the extent that both the user and the legal owner are entitled to future economic benefits from the use of the resource (see paragraphs [12.xx-12.yy]).

13.14.10 International transactions in land arise when there are acquisitions and disposals of land for enclaves of international organizations and foreign governments. (International organizations are defined in paragraphs [4.103–4.107].) International transactions also occur when there are voluntary changes of sovereignty over a particular area, whether for payment or as a transfer. The value of any associated equipment and buildings ~~and equipment~~ would be shown separately respectively in the goods ~~and services~~ account and the services account (see paragraph [11.108]), if practical.

2. Contracts, leases, and licenses

13.14.11 Contracts, leases, and licenses covers those contracts, leases, and licenses that are recognized as economic assets. Contracts, leases, and licenses are non-produced assets where one party to a contract, lease or license is able legally and practically to realize the price difference between the market price for the use of

an asset or the provision of a service, and the price specified in the contract, lease or license. These assets are creations of society and its legal system, ~~and are sometimes called intangible assets.~~ Examples include marketable operating leases, permissions to use natural resources that are not recorded as outright ownership of those resources, permissions to undertake certain activities (including some government permits), and entitlements to purchase a good or service on an exclusive basis, if these permissions and entitlements are marketable. Transactions in these assets are recorded in the capital account, but holdings of these assets are not recorded in the IIP because there is no counterpart liability. (These assets are only recorded in the national balance sheet.)

13.14.12 A marketable operating lease can be transferred or subleased. It may be treated as an asset only when the lease specifies a predetermined price for the use of an asset that differs from the price the asset could be leased for at the current time. They could cover property, time-share accommodation (see paragraph [10.100(c)]), equipment, and other produced assets. Marketable operating lease asset ~~flows-transactions~~ are recorded in the capital account when the lessee sells the right and thus realizes the price difference.

14.12a The owners of the other licenses and permissions mentioned in paragraph [14.11] acquire the rights to make profits at least equal to the amount that was paid for the licenses and permissions. If the owners realize this profit by on-selling to non-residents then, this transaction is recorded in the capital account.

13.14.13 Some leases and licenses are not nonproduced, nonfinancial assets and, therefore, are not covered in the capital account. Examples include the following:

- If the right to use land or another natural resource is provided on a short-term, nontransferable basis, then amounts payable are classified as rent (discussed in paragraphs [11.85–11.90]).
- If a government provides permission to undertake an activity, unrelated to its ownership of an underlying asset or a service, and the permit does not meet the definition of an economic asset, then a tax is

recorded, or in limited circumstances a service –(discussed in paragraphs [10.180–10.181 and 12.30]).

An example of a tax could arise when a government issues a restricted number of gambling licenses.

- If ownership of intellectual property products, such as research and development, computer software and databases, and entertainment, literary, and artistic originals, is provided, then a service is recorded. Similarly, the provision of ~~temporary~~ right to use or reproduce intellectual property products is shown as a service or, sometimes, as a good. In contrast, the sale of franchises or trademarks is included under marketing assets (see paragraph [14.17]). (The treatment of these items is elaborated in [Table ~~1011.4~~].)
- A financial lease gives rise to a loan and a change of economic ownership of the leased asset to the lessee (discussed in paragraphs [5.56–5.60]). An operating lease for use of a produced asset gives rise to a service (discussed in paragraphs [10.153–10.157]).

~~13.14 According to general principles, various arrangements involving emissions permits can be classified in the balance of payments in different ways, including the following:~~

- ~~• If a nonresident enterprise purchases an emission permit from a resident government, the payment is classified as a cross-border tax on production in most circumstances. However, if the payment is part of the cost of establishing a direct investment enterprise in the resident economy, it is rerouted as a resident-to-resident transaction, with the payment by the nonresident enterprise recorded as an equity investment in its direct investment enterprise (see paragraph 4.47). Also, if the issuing government provides extensive services for the purchaser, the payment is instead classified in services (see paragraphs 10.180–10.181).~~
- ~~• If the permit is tradable (as most are), then it is an economic asset. A resale of this asset by a resident to a nonresident enterprise is recorded under contracts, leases, and licenses in the capital account (if it does not involve direct investment, as described in the previous bullet).~~

~~International expenditures associated with cleaning up or improving the environment are recorded consistent with general balance of payments classification principles, usually as services (see paragraph 10.152). (See 2008 SNA, Chapter 17, for further information.)~~

~~**13.14.15** Entitlements to future goods and services on an exclusive basis may would be an asset under contracts, leases, and licenses if the party that has the entitlement to purchase goods or services at a fixed price at some time in the future has the ability to sell the entitlement to another entity. -Examples include the transfer fees paid by one sporting club to another for the transfer of a player, or a publisher's exclusive right to publish new works by a named author or to issue recordings by a named musician. ~~and a transferable contract to acquire a good or service at a fixed price, which may be called an option.~~ -Very rarely, such an asset may have a negative value (e.g., where the contract has an obligation to purchase at one price, and the market price has fallen below that, so the purchaser under the contract may have to pay another party to take up the obligation).~~

~~**14.15a** Non-fungible tokens or NFTs are digital records hosted on a blockchain that are associated with a digital or physical asset or product but that are distinct from that asset or product. NFTs record the rights assigned to the NFT owner and are distinct from the associated asset or product. There are three types of rights that are embedded in NFTs that are conferred on the owners, only one of which is recorded in the capital account. NFTs that grant limited commercial rights to another asset or product from which the owner can derive economic benefits (e.g., some form of royalties) are recorded under contracts, leases and licenses in the capital account. NFTs that convey no ownership rights and only allow for personal use of another asset or product are recorded under services and discussed in paragraph [11.xx]. There is no need to record NFTs that grant full ownership rights to another asset or product in the external accounts because the transaction in the underlying asset or product should already be recorded.~~

~~**13.16** Another example of contracts, leases, and licenses can arise with time-share arrangements (see paragraph 10.100(c)).~~

3. Marketing assets (and purchased goodwill)

13.14.17 *Marketing assets are the capitalized value of expenditures on advertising and promotional activities, to enhance the overall impression a customer or potential customer gains from their experience with the company and its products. They consist of items such as brand names, mastheads, trademarks, logos, and domain names.* When sold separately from the entity that owns them, they are recorded as acquisitions and disposals of nonproduced, nonfinancial assets. (Marketing assets ~~is~~are included with purchased goodwill in the 2008-2025 SNA asset categories. However, goodwill is typically implicitly included in the purchase price of the equity of a corporation that is taken over and arises~~cannot be~~ separately ~~only in domestic accounts~~identified and sold to another party.)

13.14.18 Internet domain names are recognized as a marketing asset in some cases. However, normal registration fees payable to a domain authority represent a service, because the fees are in return for work done. In contrast, where the domain name has a premium value (i.e., in excess of the basic registration fee) because of its scarcity, it is a kind of license included under marketing assets. Similarly, the fee for designing a new logo is a business service, whereas an amount to acquire an existing logo would be included under marketing assets.

4. Crypto assets without a corresponding liability designed as a medium of exchange

14.18a Crypto assets are digital representations of value that use cryptography and distributed ledger technology such as blockchains to enable parties to transact directly with each other without the need for a trusted intermediary. Crypto assets without a corresponding liability designed as a medium of exchange are crypto assets for which there is no issuer. They consist of crypto assets without a corresponding liability designed to act as a general medium of exchange and those designed to act as medium of exchange within a platform only. Unlike similar digital assets issued by, for example, a central bank, crypto assets without a corresponding liability are recorded as nonproduced nonfinancial assets, and not as financial assets, mainly because there is no counterpart liability (see Chapter 16 for a discussion on different crypto assets). Although some of

these crypto assets may not yet act as a medium of exchange, and may be held only as a store of value, they derive their value from the expectation that they may be used sometime as a medium of exchange.

14.18b Crypto assets without a corresponding liability designed as a medium of exchange are fungible crypto assets. Fungible crypto assets are divisible and not unique.

14.18c Cross-border flows such as purchases of crypto assets without a corresponding liability as an investment are recorded in the capital account as credits/revenues for the selling economy and debits/expenditures for the purchasing economy.

14.18d Cross-border transactions in goods or services where payment is made using crypto assets without a corresponding liability would be recorded as an import or export in the goods account or the services account, and a corresponding amount recorded in the capital account as, respectively, a credit/revenue or debit/expenditure.

14.18e See [Box 11.x] for discussion of the treatment of validation of transactions relating to crypto assets.

14.18f Crypto assets are still relatively new and because of the possibility of changes in the ways that crypto assets may be used and/or regulated, the classification of crypto assets designed as a medium of exchange without a counterpart liability has been put on the SNA and BPM research agendas.

C. Capital Transfers

Reference:

2008-2025 SNA, Chapter 11.10, ~~The~~ Capital Account, Section F.

13.14.19 Capital transfers are unrequited transactions, either in cash or in-kind, transfers in which the ownership of an asset (other than cash or inventories) changes from one party to another; or which obliges one or both parties to acquire or dispose of an asset (other than cash or inventories); or where a liability is forgiven by the creditor. The definition of transfers and the distinction between current and capital transfers are given in paragraphs [12.12–12.15]. Governments, households, and nonprofit institutions undertake transfers to convey a benefit to another party.

13.14.20 Transfers from enterprises consist of compulsory transfers to governments or other units under court orders, or voluntary transfers to nonprofit institutions and other entities. Unlike governments, households, or nonprofit institutions, commercial entities do not generally have the motivation to transfer resources to other entities for no return, so there are only limited cases where a commercial entity provides a capital transfer to another commercial entity, and such as some [rare] cases of debt assumption, and activations of one-off guarantees, nonlife insurance claims or compensation payments ~~(as discussed further in paragraphs 8.42–8.45)~~.

13.14.21 There may be imputed capital transfers as a result of government use for fiscal purposes of entities resident in other economies, as discussed in paragraphs [8.24–8.26].

1. Debt forgiveness

Reference:

IMF and others, *External Debt Statistics: Guide for Compilers and Users*, Chapter 8, Debt Reorganization.

13.14.22 Debt forgiveness is the voluntary cancellation of all or part of a debt obligation within a contractual agreement between a creditor and a debtor.² In contrast to debt write-offs, debt forgiveness arises from

²This includes forgiveness of some or all of the principal amount of a credit-linked note arising from an event affecting the entity on which the embedded credit derivative was written, and forgiveness of principal that arises when a type of event contractually specified in the debt contract occurs—for example, forgiveness in the event of a type of catastrophe.

an agreement between the parties to the debt and it has the intention to convey a benefit, rather than unilateral recognition by the creditor that the amount can no longer be collected. With debt forgiveness, the contractual arrangement cancels or forgives all or part of the principal amount outstanding, including interest arrears (interest payments that fell due in the past) and any other interest costs that have accrued. Debt forgiveness does not arise from the cancellation of future interest payments that have not yet fallen due and have not yet accrued.

13.14.23 Debt forgiveness is distinguished from debt write-off and is treated as a capital transfer transaction. ~~In contrast to debt write-offs, debt forgiveness arises from an agreement between the parties to the debt and it has the intention to convey a benefit, rather than unilateral recognition by the creditor that the amount can no longer be collected.~~ Debt forgiveness is unlikely to arise between commercial entities; more commonly there are debt write-offs (as discussed in paragraphs [9.8–9.11]). The unilateral writing off of debt or repudiation of debt is not a transaction and is recorded as other changes in volume in the other changes in financial assets and liabilities account rather than as an entry in the capital account or financial account. ([Appendix 1] on exceptional financing and [Appendix 2] on debt reorganization provide additional information.)

5.2. Capital Taxes

Reference:

IMF, Government Finance Statistics Manual 2001-2014, Chapter 5, Revenue.

1314.28 Capital taxes consist of taxes levied charged at irregular and infrequent intervals on the values of the assets or net worth owned by institutional units or on the values of assets transferred between institutional units as a result of legacies, gifts inter vivos, or other transfers. They include:

- (a) Capital levies. Capital levies consist of taxes on the values of the assets or net worth owned by institutional units levied at irregular, and very infrequent, intervals of time; and

(b) Taxes on capital transfers. These consist of taxes on the values of assets transferred between institutional units. They consist mainly of inheritance taxes (death duties) and gift taxes, including those on gifts made between living members of the same family to avoid, or minimize, the payment of inheritance taxes. They do not include taxes on sales of assets.

Recurrent taxes on income and wealth as well as taxes on financial and capital transactions are classified as current transfers (see paragraphs [12.28–12.31]). Detail on the classification of taxes can be found in the *Government Finance Statistics Manual-2001*.

~~2. Nonlife insurance claims~~

~~13.24 Nonlife insurance claims are normally classified as current transfers. For exceptionally large claims, such as those following a catastrophe, some part of the claims may be recorded as capital transfers rather than as normal current transfers. It may be difficult for the parties to identify these events consistently, so, as a simplifying convention, all cross-border nonlife insurance claims are classified as current transfers, unless it is necessary to record a capital transfer to be consistent with the national accounts. To allow comparability with partner data, a supplementary item should be provided for insurance claims included in capital transfers. For current transfers relating to insurance premiums and claims, see paragraphs 12.41–12.46.~~

3. Investment grants

13.14.25 *Investment grants consist of capital transfers in cash or in kind made by governments [or international organizations] to other institutional units to finance all or part of the costs of their acquiring fixed assets. The recipients may be other governments or other entities. The recipients are obliged to use investment grants received in cash for purposes of gross fixed capital formation, and the grants are often tied to specific investment projects, such as large construction projects. Grants for investment made by organizations other than general*

government and international organizations are other capital transfers (see paragraph [13.14.29]). In contrast to investment grants, a foreign government may also fund an investment project as a direct investor (see paragraph [6.22]), in which case the amount invested is classified as equity in a direct investment enterprise. A direct investment stake is distinguished from a project funded by a capital transfer in that the direct investor owns voting power in the enterprise and has a right to future benefits, such as dividends or the right to sell the asset.

13.14.26 If the investment project continues over a long period of time, an investment grant in cash may be paid in installments. Payments of installments continue to be classified as capital transfers even though they may be recorded in a succession of different accounting periods. Investment grants in kind consist of transfers of transport equipment, machinery, and other equipment by governments to nonresident units and also the direct provision of buildings or other structures ~~for~~to nonresident units. Investment grants include transfers of military equipment in the form of weapons or equipment that are classified as fixed assets.

64. Other capital transfers

14.27a *Other capital transfers consist of capital transfers other than investment grants, capital taxes, and debt forgiveness.*

2. Nonlife insurance claims

1314.24 Nonlife insurance claims are normally classified as current transfers. For exceptionally large claims, such as those following a major catastrophe or disaster at national level, some part of the claims may be recorded as capital transfers rather than as normal current transfers. It may be difficult for the parties to identify these events consistently, so, as a simplifying convention, all cross-border nonlife insurance claims are classified as current transfers, unless it is necessary to record a capital transfer to be consistent with the national accounts. To allow comparability with partner data, a supplementary item should be provided for

insurance claims included in capital transfers. For current transfers relating to insurance premiums and claims, see paragraphs 12.41–12.46.

4. One-off guarantees and other debt assumption

13.14.27 Capital transfers occur when a one-off guarantee is activated and the guarantor acquires no claim on the debtor or a claim worth less than the value of the guarantee. The treatment is the same for other cases of debt assumption where the debt-assuming party assumer is not a guarantor.

- If the original debtor still exists, the capital transfer is from the debt-assuming party assumer to the debtor.
- If the original debtor no longer exists, the capital transfer is from the debt-assuming party assumer to the creditor.

The value of any claim the debt-assuming party assumer receives from the debtor (e.g., a promise of reimbursement) is regarded as a financial account transaction between the guarantor and the debtor. The treatment of one-off guarantees and other cases of debt assumption is described in more detail in paragraphs [8.42–8.45], including the circumstance when the guarantor is in a direct investment relationship with the debtor. Different types of guarantees are distinguished in paragraph [5.68].

~~5. Taxes~~

~~Reference:~~

~~IMF, Government Finance Statistics Manual 2001, Chapter 5, Revenue.~~

~~13.28 Capital taxes consist of taxes levied at irregular and infrequent intervals on the values of the assets or net worth owned by institutional units or on the values of assets transferred between institutional units as a result of legacies, gifts inter vivos, or other transfers. They include:~~

~~(a) Capital levies. Capital levies consist of taxes on the values of the assets or net worth owned by institutional units levied at irregular, and very infrequent, intervals of time; and~~

~~(b) Taxes on capital transfers. These consist of taxes on the values of assets transferred between institutional units. They consist mainly of inheritance taxes (death duties) and gift taxes, including those on gifts made between living members of the same family to avoid, or minimize, the payment of inheritance taxes. They do not include taxes on sales of assets.~~

~~Recurrent taxes on income and wealth as well as taxes on financial and capital transactions are classified as current transfers (see paragraphs 12.28–12.31). Detail on the classification of taxes can be found in *Government Finance Statistics Manual 2001*.~~

~~6. Other capital transfers~~

Other

~~13.14.29~~ Major ~~nonrecurrent~~ payments in compensation for extensive damages or serious injuries not covered by insurance policies that are typically intended to recover losses over a multi-year period or to replace a nonfinancial or financial asset are included in capital transfers. The payments may be awarded by courts of law or by arbitration, or settled out of court. They include payments of compensation for damages caused by major explosions, oil spillages, the side effects of pharmaceutical products, anti-competitive behavior, and so forth. However, if an amount payable under a court order or settlement is identifiable to a specific unpaid debt, it should be recorded under the relevant financial account item. See also paragraphs ~~[1213.55–1213.56]~~ for payments of compensation included in current transfers.

13.14.30 Assets of persons changing their economic territory of residence are other changes in volumes, and not imputed as being a transfer, as discussed in paragraphs [9.21–9.22].

13.14.31 Capital transfers include large gifts and inheritances (legacies), including those to non-profit institutions. These capital transfers could be made under wills or when the donor is still living. Capital transfers include exceptionally large donations by households or enterprises to nonprofit institutions to finance gross fixed capital formation, such as gifts to universities to cover the costs of building new residential colleges, libraries, and laboratories. Capital transfers also include cash grants from donor governments or multilateral financial institutions to the debtor economy to be used to repay debt (see paragraph [A1.7]).

13.14.32 A capital contribution to an international organization or nonprofit institution is a capital transfer if it does not give rise to equity for the provider of the contribution.

13.14.33 As discussed in paragraphs [3.79, 12.51, and A2.67–A2.68], there is a transfer element with respect to concessional lending. Where governments or international organizations provide loans with concessional interest rates, no adjustment is made to the recording of the loan or of interest, nor is any transfer recorded in the core external sector statistics. However, theThe transfer element ~~of concessional loans~~ can be shown as a capital transfer at inceptionas in supplementary data.

13.14.34 A bailout is a loosely defined term meaning a rescue from financial distress. One action that may occur as part of a bailout is that a government may buy assets for more than their market value. The sale and purchase of the asset should be recorded at the market value and a capital transfer from the government to the seller of the claim should be recorded for the difference between ~~the market price and~~ the total amount paid and the market price.

13.14.35 Household-to-household capital transfers may be identified separately when they are significant. They are included in the supplementary item personal remittances, as discussed in [Appendix 5].

14.35a As discussed in paragraph 13.XX citizenship of some countries or passports may be offered to individuals making nonrefundable economic contributions to that country. If these contributions are

Chapter 1314 Capital Account

specifically earmarked for capital investment projects, they should be recorded as capital transfers. Where these contributions are important, countries can publish a supplementary item within other capital transfers.