STATISTICS

IMF Government Finance Statistics Advisory Committee

Meeting in Washington, D.C.

April 24–25, 2024

Paper: GFSAC/04/2024/B

Preliminary List of Research Topics

for Update to the GFSM 2014

Prepared by the Statistics Department

INTERNATIONAL MONETARY FUND

INTRODUCTION

1. **An essential initial stage in the update to the *Government Finance Statistics Manual 2014 (GFSM 2014)* is to agree on the list of the research topics to be addressed in the update.** This document provides a preliminary list of topics to be addressed in the update. In accordance with the proposed *Process and Timeline for Updating the GFSM 2014*, these topics are split into two broad groups.

- **Group 1 topics** relating to those recommendations arising from the update to the *System of National Accounts (SNA)* and the *Balance of Payments Manual (BPM),* where in the interests of harmonizing the macroeconomic statistical standards it is proposed to reflect the SNA/BPM recommendations in the updated GFSM (where relevant). See Annex 1 for list of these topics.

- **Group 2 topics** relating to either GFS-specific issues not covered by the SNA/BPM update or topics which were considered by the SNA/BPM update but which have GFS implications and/or complexities which warrant consideration and analysis within a GFS guidance note. See Annex 2 for list of these topics.

2. **The preliminary list of research topics has been compiled after reviewing user demand as outlined in the following documents.**

- Methodological inquires received from the IMF member country authorities and compilers since the publication of *GFSM 2014*
- List of GFS topics collated from the GFS community in Summer 2020
- SNA / BPM update guidance notes
- SNA / BPM additional issue and clarification notes
- Issues in GFS Strategy Note for Engagement with SNA / BPM update
- Research topics of the System of Environmental Economic Accounting Central Framework (SEEA CF).

3. **As set out in the *Process and Timeline for Updating the GFSM 2014*, brief GFS-cover notes will be prepared for each of the Group 1 topics and these, along with their respective guidance notes (GNs), are to be reviewed and endorsed by the GFSAC.** Once endorsed by the Government Finance Statistics Advisory Committee (GFSAC), the GNs and cover notes will be posted for the benefit of the GFS community and the recommendations on these topics will be included in the draft of the updated GFSM. The aim of the cover notes will be to highlight the key GFS implications of the SNA/BPM recommendations. In addition, where a GN makes proposals regarding extensions or breakdowns to existing classifications, then the cover note will propose which of these should are to be reflected within the updated GFSM, and agreement of the GFSAC will be sought on the proposals.

4. **Again, in accordance with the *Process and Timeline for Updating the GFSM 2014*, Group 2 topics will be advanced in a similar way to how research topics were considered under the SNA/BPM update.** That is, through the preparation of guidance notes which consider the relevant issues and make recommendations. These recommendations are to be discussed and agreed in task teams prior to being considered

by the GFSAC. The GFSAC will endorse each GN for global consultation, and the results of that consultation will be considered by the GFSAC prior to endorsement of the recommendations.

5. **The distinction between Group 1 and Group 2 topics is preliminary and prior to finalization of the research agenda consideration will be given as to whether any topics should be moved from one group to the other.** In particular, there may be some topics included in Group 2 which could be moved to Group 1 if further review identifies that the GFS-specific elements of the research topic do not merit production of a full guidance note.

6. **The list of Group 2 topics is preliminary and some of the proposed guidance notes include multiple issues which could be considered via separate guidance notes, if considered more appropriate.** In addition to the listed research topics, there will be a need to closely collaborate with the topics being addressed as part of the update to the Monetary and Financial Statistics (MFS), Classification of the Functions of Government (COFOG) and the update to the System of Environmental Economic Accounting Central Framework (SEEA CF).

7. **Annex 2 presents the Group 2 research topics by broad subject theme, but the topics can be disaggregated in a range of different ways.** Table 1 presents an analysis of the Group 2 topics by:

- Type (conceptual, clarifying, presentational, contextual) – *where the baseline assessed against is GFSM 2014.*
- Estimated resource needs to progress topic (high-H, medium-M, low-L) – *based on complexity and documentation available.*
- Relevance to other updates to the statistical standard (MFS and SEEA) – *Yes (Y) or No (N).*
- Relevance to countries (broad, country/region-specific).

The information in Table 1 is provided to help guide any selection of the research topics as well as for consideration when assigning research topics to task teams and deciding how best to advance specific topics.

8. **Estimates of resource needs consider the complexity of the issue, the extent to which documentation is already available, and the likelihood of there being divergent views on the topic.** For instance, GN 2.10 (Stock Positions and Related Flows with the IMF) and GN 2.31 (Balance Sheet Analysis) are considered to have a low resource need as fairly comprehensive documentation already exists it just requires bringing together in the form of a GFS guidance note. Meanwhile, GN 2.5 (Treatment of zakat) is considered to have a low resource need as the transactions are well defined and their treatment is unlikely to either be complex or controversial. By contrast, GN 2.8 (Valuation and recognition of loans) and GN 2.9 (Recording of provisions) are both largely considered to have high resource needs given that proposals in these areas are expected to be controversial and require more discussion and debate than other issues. While GN 2.2 (Boundary between government-controlled nonmarket and market producers engaged in financial activities) is estimated to have high resource needs due to the complexity of this topic and the number of different types of entities to consider.

9. **As a broad guide as how to interpret the estimated resource need:**

- A low resource topic might be expected to take only 3 months from inception to endorsement by the task team (ahead of consideration by GFSAC), whereas,
- A high resource topic might be expected to take 12 months for the same process of drafting, discussing, and endorsing the guidance note,
- A medium resource topic therefore is expected to take between 3 and 12 months to draft, discuss, and endorse within the task team.

Table 1: Group 2 Research Topics by Feature (sorted by estimated resource needs)

Ref.	Title	Theme	Type	Resource needs	MFS relevant	SEEA relevant	Country relevance
2.10	Stock Positions and Related Flows with the IMF	Debt and Provisions	Clarifying	L	Y	N	Broad
2.15	Environmental classifications within GFS	Natural Resources and Other Nonproduced Assets	Presentational	L	N	Y	Broad
2.17	Identifying, valuing and reporting government data assets	Natural Resources and Other Nonproduced Assets	Conceptual	L	N	N	Broad
2.22	Government subscriptions to regional or international organizations	Capital Injections and Transfers	Clarifying	L	N	N	Broad
2.23	A framework for the presentation of GFS metadata	Communicating GFS	Presentational	L	N	N	Broad
2.24	Communicating GFS to users	Communicating GFS	Presentational	L	N	N	Broad

2.31	Balance Sheet Analysis	Fiscal Analysis	Contextual	L	N	N	Broad
2.4	Transactions of government with sovereign wealth funds (and similar)	Sector or Transaction Classification	Conceptual	L	Y	N	Specific
2.5	Treatment of zakat	Sector or Transaction Classification	Clarifying	L	N	N	Specific
2.1	Boundary between government-controlled nonmarket producers engaged in nonfinancial activities (government units) and public nonfinancial corporations	Sector or Transaction Classification	Conceptual	M	N	N	Broad
2.6	Debt valuation issues	Debt and Provisions	Conceptual	M	Y	N	Broad
2.7	Debt assumption and debt payments on behalf of others	Debt and Provisions	Conceptual	M	Y	N	Broad
2.11	Treatment of Central Bank Quasi-fiscal Operations	Debt and Provisions	Clarifying	M	Y	N	Broad
2.12	Operating and financial Leases	Economic Ownership of Assets	Clarifying	M	N	N	Broad
2.13	Treatment of public-private partnerships (PPPs)	Economic Ownership of Assets	Conceptual	M	N	N	Broad
2.14	Accounting for natural resources and their exploitation in GFS	Natural Resources and Other Nonproduced Assets	Conceptual	M	N	Y	Specific
2.16	Climate-sustaining and climate-damaging subsidies and other transfers	Natural Resources and Other	Conceptual	M	N	Y	Broad

		Nonproduced Assets					
2.18	Social Security Schemes	Social Insurance	Conceptual	M	N	N	Broad
2.19	Government Assumption of Pension Obligations	Social Insurance	Conceptual	M	N	N	Specific
2.20	Capital transfers	Capital Injections and Transfers	Conceptual	M	N	N	Broad
2.21	Treatment of capital injections by government into corporations	Capital Injections and Transfers	Conceptual	M	N	N	Broad
2.25	Presentation of GFS flows related to natural resources	Communicating GFS	Presentational	M	N	N	Specific
2.26	Relationship between GFS and IPSAS	Communicating GFS	Contextual	M	N	N	Broad
2.27	Treatment of tax expenditures, tax deferrals, and other similar incentives	Fiscal Analysis	Contextual	M	N	N	Broad
2.28	Retained earnings of public corporations and their impact on fiscal analysis	Fiscal Analysis	Contextual	M	N	N	Broad
2.3	Indigenous governments and one-party states	Sector or Transaction Classification	Clarifying	M	N	N	Specific
2.30	GFS within fiscal analysis and policymaking	Fiscal Analysis	Contextual	M	N	N	Broad
2.2	Boundary between government-controlled nonmarket producers engaged in financial activities (government units) and public financial corporations	Sector or Transaction Classification	Conceptual	H	Y	N	Broad
2.29	Methodological guidance on compilation and analyzing SOE data	Fiscal Analysis	Contextual	H	N	N	Broad

2.8	Valuation and recognition of loans	Debt and Provisions	Conceptual	H	Y	N	Broad
2.9	Recording of provisions	Debt and Provisions	Conceptual	H	Y	Y	Broad

ANNEX 1: SNA / BPM GUIDANCE NOTES PROPOSED TO BE REVIEWED BY GFSAC FOR INCLUSION IN THE NEW GFSM

No.	Source Identifier	Source Domain	Guidance Note (GN), or similar, Title	Short summary of main GN recommendations
1.1	B.3	SNA/BPM	Treatment of centralized currency unions in macroeconomic statistics	GN includes recommendations with respect to the national agencies of currency union central banks and related transactions/stock positions. The main relevance for GFS is with respect to clarification on when transactions / positions with government should be treated as domestic and when external.
1.2	B.8	SNA/BPM	Recording citizenship-by-investment (CBI) programs	GN recommendation is to harmonize the treatment of CBI nonrefundable payments to government as non-tax revenue for government. The payments are to be either treated as current or capital transfers, dependent on the CBI program details.
1.3	B.9	SNA/BPM	Treatment of external assets and related income declared under tax amnesty in external sector statistics	The GN recommends that transactions and stock positions related to tax amnesties should be recorded in accordance with accrual principles. The GN supports the current text in the *GFSM 2014* which explains that the time of recording and measurement of tax revenue arising from tax amnesties will be in accordance with accrual principles and will depend on the nature of amnesty granted and whether the revenue has been previously accrued.
1.4	C.8	SNA/BPM	Recording penalties and fines	GN recommends adopting current *GFSM 2014* guidance which states that fines and penalties should only be recorded when an unconditional claim to the funds exists. GN also seeks to more clearly distinguish between current and capital transfers related to payments of compensation. Finally, GN provides recommendations on cross-border recording of fines payable by MNEs.

1.5	D.2	SNA/BPM	Valuation of unlisted equity in direct investment	The GN recommends improved guidance on the most appropriate calculation methods for valuing unlisted equity, with own funds at book value, transaction prices, and market capitalization being the favored approaches. The GN also recommends improved guidance on (i) the treatment of negative equity, and (ii) the treatment of provisions when calculating the valuation of unlisted equity using own funds at book value.
1.6	D.5	SNA/BPM	Eliminating imputations for an entity owned or controlled by general government that is used for fiscal purposes	The GN recommends maintaining the nonresident treatment of government controlled special purpose entities (SPEs) established in other countries. However, where the SPE is used for fiscal purposes the GN recommends extending the current imputations in the government accounts to not only reflect the debt of the SPEs but also other transactions and stock positions (including mirroring the SPE debt instrument).
1.7	D.17	SNA/BPM	Identifying superdividends and establishing the borderline between dividends and withdrawal of equity in the context of Direct Investment	The GN recommends to not apply the superdividend concept to accumulated reserves from ordinary earnings for foreign direct investment (FDI) enterprises. However, for all other entities any distributions out of accumulated reserves are to be treated as superdividends. The implication for GFS is that any distributions from public corporations to government out of accumulated reserves are to be treated as superdividends, in all cases other than FDI. For nonresident public corporations that are part of a Direct Investment ownership chain (i.e., FDI enterprises), the distributions out of accumulated reserves are to be treated as dividends.
1.8	F.3	SNA/BPM	Reverse transactions	The GN recommends maintaining the existing methodological framework in *BPM6*, *2008 SNA* and *GFSM 2014*, but to provide additional clarification on the recording of short (negative) positions. It also supports the current treatment of recording payments of manufactured dividends/interest as negative credit for the security borrower.

1.9	F.4	SNA/BPM	Financial derivatives by type	The GN recommendations include a new breakdown of financial derivatives by market risk category, instrument, and trading venue / clearing type. The latter two breakdowns being as supplementary items.
1.10	F.6	SNA/BPM	Capturing non-bank financial intermediation in the System of National Accounts and the External Sector Statistics	The GN recommendations include further breakdowns of financial corporations in the BPM and SNA, as supplementary items. The GN also recommends introducing “of which” categories for loans to identify non-performing loans as well as repurchase agreements, securities lending with cash collateral, and margin lending.
1.11	F.10	SNA/BPM	Treatment of cash collateral	The GN recommends a flexible interpretation of the nature of cash collateral liabilities, allowing a recording as deposits, loans or other accounts receivable/payable depending on circumstances. Currently the *2008 SNA*, *BPM6* and *GFSM 2014* all provide guidance that repayable margin payments in cash are to be classified as deposits (particularly if the debtor’s liabilities are included in broad money) or as other accounts receivable/payable. The GN recommends allowing for these payments to be recorded as transactions (and stock positions) in loans under certain circumstances.
1.12	F.14	SNA/BPM	Treatment of factoring transactions	The GN provides recommendations on the treatment of factoring with and without recourse. Following global consultation and discussion in AEG and BOPCOM, the GN recommends for both factoring with and without recourse that the factor’s claim against the debtor be treated as a loan and the factoring income as a fee paid by the original creditor on transfer of the claim. Further, it is recommended that the reclassification from trade credits to loans is treated as a transaction. The recommendation differs from the current guidance in *GFSM 2014* (see footnote 64 for para. 7.225) which advocates only treating factoring without recourse as loans (and not factoring with recourse).

1.13	F.15	SNA/BPM	Debt concessionality	The draft GN had initially recommended to partition concessionary loans between a “genuine” loan element and an “explicit” transfer element. While AEG, BOPCOM and respondents to the global consultation recognized merits in the recommended option on conceptual grounds, concerns were raised with respect to the practical application of this approach, as well as inconsistencies with the valuation principles of the SNA and BPM. Following discussion by AEG and BOPCOM it was agreed to never record a transfer element for concessional lending in the “core framework”, with the one exception of concessional loans provided by employers to employees (guidance for which already exists in the *2008 SNA*). However, information is to be collected on the transfer element of concessional lending as a supplementary item. This guidance is in line with the issues note prepared by the SNA/BPM editorial teams. As the *GFSM 2014* already prescribes memorandum items for concessional lending, and includes guidance on the treatment for concessional lending between employers and employees, the one change proposed by the GN is to no longer record a transfer element for concessional lending by central banks.
1.14	F.18	SNA/BPM	The recording of Crypto Assets in Macroeconomic Statistics	The draft GN recommends a classification typology of crypto assets and recommends treating crypto assets with corresponding liabilities as financial assets. However, the GN has greater difficulty in deciding how to treat crypto assets without a corresponding liability designed to act as a general medium of exchange (CAWLM), such as Bitcoin, and crypto assets that only act as a medium of exchange within a platform or network without a corresponding liability (CAWLP). After much discussion and consultation it was concluded that CAWLM and CAWLP should be treated as nonproduced nonfinancial assets within a distinct and separate category. However, the issue would be kept on the post-*2025 SNA* / *BPM7* research agenda in case future changes in the market or regulatory environment require the prescribed treatment to be revisited. It was also agreed to develop practical compilation

				guidance on the recording of crypto-assets. As the *GFSM 2014* is silent on the treatment of crypto-assets the agreed SNA / BPM treatment is considered a clarification.
1.15	G.4	SNA/BPM	Treatment of special purpose entities (SPEs) and residency	The GN recommends leaving the core SNA and BPM framework unchanged but collecting supplemental information on SPEs. The GN does not specifically address the treatment of government-controlled SPEs, which is instead addressed through the GN D.5.
1.16	G.9	SNA/BPM	Payments for Nonproduced Knowledge-Based Capital (Marketing Assets)	The GN recommends to move marketing assets from nonproduced assets (current treatment) to produced assets. This has implications on the production and asset boundary of the SNA. Within GFS, government marketing assets would need to be identified and capitalized through inclusion in the balance sheet and as transactions in net investment in nonfinancial assets. Further, any own-account capital formation of marketing assets would need to be recognized (with similar implications to the current recording of own-account government R&D). The UN Statistical Committee in its meeting of March 2024 concluded that the above recommendation on marketing assets would not be introduced in the *2025 SNA*, with the topic remaining on the research agenda.
1.17	WS.7	SNA/BPM	Emissions permits: the atmosphere as an asset	At the October 2022 AEG/BOPCOM meeting it was provisionally agreed to treat emission permits as financial assets which government creates and sells (or gives away). A government liability is maintained while the counterpart financial asset is in circulation. The financial asset might be traded before being eventually surrendered by companies to government (based on their emissions), at which point government revenue is recorded under taxes on production and the liability is removed. Discussion is ongoing as to the type of financial asset / liability to record for the emission permits and the valuation to use for the taxes on production at surrender. The recommended approach, as per the discussion note of the SNA and BPM editorial teams, is in line

				with the current treatment of emission permits as taxes on production and nonproduced assets.
1.18	WS.14	SNA	Distinction between taxes, services and other flows	The GN makes proposals with respect to four issues: (i) the treatment of payments for mandatory licenses; (ii) the definition of rent; (iii) the recording of permits to use or extract natural resources; and (iv) the rearrangement of transactions through government. In addition, the GN proposes a decision tree to assist in classifying government revenue. The most significant conceptual change is the recording of all payments for mandatory non-tradable licenses as taxes rather than the current recording which splits them between taxes and sales of service.
1.19	IF.1	SNA/BPM	Islamic Finance in the SNA and ESS	The GN provides comprehensive recommendations on the terminology, sector classification, instrument classification and treatment of select financial entities, instruments, and products which are unique to Islamic finance. As the *GFSM 2014* is silent on the treatment of Islamic finance any agreed treatment (within the existing conceptual framework) will be a clarification.
1.20	AI.1	SNA	Valuation principles and methodologies	The GN aims to provide further clarification on how to value transactions and stocks, particularly in nonmarket contexts. It also aims to provide more guidance on appropriate discount rates and calculations for rates of return to capital. The recommendations will be relevant to the valuation applied to GFS transactions and stocks.
1.21	AI.2	SNA	Treatment of Rent	The draft GN recommends that the definition of rent be expanded (to include data and other nonproduced nonfinancial assets), and also discusses where in the sequence of accounts rent should be recorded and whether or not rent should be included in the sum-of-costs approach for valuing output. The recommendations related to the definition of rent and its inclusion in sum-of-costs calculations are both relevant to GFS.

1.22	A.5	SNA	Differences between SNA and IPSAS/IAS	Recommendation: It is proposed that concrete drafting proposals for inclusion in the *2025 SNA* will be presented to the AEG, for their consideration (to be drafted by Brent Moulton (SNA Editorial Team), in close cooperation with João Fonseca (IPSAS secretariat)).
1.23	A.6 / X.54	SNA	Treatment of trusts and other types of funds as separate institutional units	Recommendation: To provide additional guidance on when to treat trusts as separate institutional unit, as well as distinguishing funds from fund beneficiaries, and fund managers. Includes proposals around the sector classification of employment-related pension funds, but does not consider government-controlled funds which are to be considered in a separate issue note (see below)
1.24	A.8 / X.55	SNA	Consistency in the application of the sum-of-costs approach	Recommendations: (i) to include return to capital in all cases, including non-market output; (ii) to expand the scope of assets for which a return to capital should be recognized, thus including work-in-progress, other inventories (where significant) and non-produced nonfinancial assets that are used in production; (iii) to exclude a return to capital for city parks and historical monuments on pragmatic grounds; (iv) to add depletion of natural resources as a cost (where relevant) to the sum of costs approach; and (v) to add rent as a cost to the sum-of-costs approach.
1.25	A.12 / X.9	SNA	Work-in-progress, transfer of ownership and capital services	Main recommendation which is of relevance to GFS is to include guidance on the conceptually preferred recording of work-in-progress, i.e. to only record a transfer in the case of an effective transfer of ownership; record partially completed structures as work-in-progress, also after a partial hand-over; record differences between stage payments and the effective transfer of ownership as other accounts payable/receivable.
1.26	A.14 / X.56	SNA	Add clarifications on the treatment of costs of ownership	No specific action required. During drafting, Peter van de Ven (Lead Editor *2008 SNA* Update) proposes to include relevant text, first and foremost in *2025 SNA* chapters 11 and 14.

			transfer for different types of assets	
1.27	A.15 / X.57	SNA	Add clarifications on the distinction between maintenance and capital repairs for intangible assets	No specific action required. During drafting, Peter van de Ven (Lead Editor *2008 SNA* Update) proposes to include relevant text in *2025 SNA* chapter 7.
1.28	A.16 / X.58	SNA	Possible alternative treatment of the transfer of leased assets at the end of the lease period	• Recommendation 1: From a conceptual point of view, the transfer of leased assets at the end of the lease period should be recorded as the building up of a financial claim, which is extinguished at the time of the transfer of the leased asset. Having said that, in line with the current guidance in the *2008 SNA*, it is considered appropriate to record the transfer of the relevant assets as capital transfers. In certain circumstances, however, particularly where there is a high degree of certainty that the asset will be transferred and where the value of that asset at the point of transfer will be significant, a recording of building up a financial claim should preferably be applied. • Recommendation 2: Furthermore, instead of only discussing the recording of transfers of leased assets in *2025 SNA* Chapter 20 on General government and the public sector, it is recommended to also pay attention to this issue in SNA 2025 Chapter 27 on Contracts, leases and licenses, and, more concisely, in *2025 SNA* Chapter 11 on Capital account. • Recommendation 3: Finally, where relevant, it is recommended to provide some further clarifications on the possible transfer of the economic ownership of natural resources in *2025 SNA* Chapter 27 on Contracts, leases and licenses.
1.29	B.2	SNA	Recording of share buybacks	It is recommended not to change the current recording of share buybacks (i.e., a purely financial transaction, without the imputation of a distribution of dividends in combination with a reinvestment of these dividends) and to put this issue in the post *2025 SNA*/*BPM7* Research

				Agenda, as part of the broader issue of extending the reinvested earnings approach.
1.30	B.4	SNA	Treatment of cash collateral	In relation to Guidance Note F.10 on Treatment of cash collateral, the lead author proposes updates to the Guidance Note with a consolidated recommendation leaving the current treatment unchanged and suggesting slight draft amendments to incorporate the views expressed by the BOPCOM and AEG.
1.31	Note 2	BPM	BPM Clarification Note 2: Remaining Maturity Classification— Clarification of the Definition	This note clarifies the definition of remaining maturity in *BPM6* (paragraphs 5.104 and 5.105). Conceptually, remaining maturity should be calculated by discounting payments due, with those falling within one year or less as short-term remaining maturity and those falling beyond one year as long-term remaining maturity. However, given practical considerations, the undiscounted value of principal payments to calculate remaining maturity provides an acceptable proxy.
1.32	Note 3	BPM	BPM Clarification Note 3: The Statistical Treatment of Negative Interest Rates	*BPM6* and other macroeconomic statistics manuals provide no explicit guidance on the treatment of negative interest rates. This note clarifies that negative interest rates on deposits should be recorded as negative income receivable by the investors (and payable by the financial institutions) in the primary income account excluding FISIM, like positive interest income on deposits.
1.33	Note 4	BPM	BPM Clarification Note 4: Clarification on Reserve Position in the IMF	This note clarifies that reserve position in the IMF should be classified as other deposits without a maturity breakdown. However, if a classification by original maturity is deemed necessary, it should be attributed as long-term, in line with the nature of its main component, the reserves tranche.

1.34	Note 5	BPM	BPM Clarification Note 5: Recording of Central Bank Swap Arrangements in Macroeconomic Statistics	This note clarifies that off-market central bank currency swap arrangements should be recorded as an exchange of deposits with maintenance of value. However, if the central banks conduct the transaction as a standard (market priced) currency swap, then it is recommended that the swap be recorded as an exchange of deposits with the simultaneous creation of a financial derivative, namely a forward contract.
1.35	Note 6	BPM	BPM Clarification Note 6: Statistical Treatment of Precious Metals Accounts	This note clarifies that allocated precious metals accounts other than monetary gold represent ownership of nonfinancial assets; and unallocated precious metals accounts are treated as deposits in foreign currency. For allocated precious metals accounts, certificate fees, as well as ongoing fees for storage, should be recorded as financial services. Further, this note reaffirms that the classification of monetary gold as a financial asset within reserve assets is an exception among commodities because of the historic role of gold in the international financial system.

ANNEX 2: GROUP 2 TOPICS - RESEARCH TOPICS PROPOSED FOR THE *GFSM 2014* UPDATE

No.	Research Topic	Short Description of Issues Proposed to Address within the Research Topic	Related Documents
Sector or Transaction Classification			
2.1	Boundary between government-controlled nonmarket producers engaged in nonfinancial activities (government units) and public nonfinancial corporations	Application of the *GFSM 2014* guidance on "economically significant prices" is challenging for many countries. Most countries assess the sector classification of government-controlled nonfinancial entities using the "market test" described in *GFSM 2014* paras. 2.69-2.75 where sales are expected to cover at least 50% of production costs, but the *GFSM 2014* para. 2.69 advises that there is "no prescriptive numerical relationship between the value of sales...and the production costs". Should the GFSM guidance be more prescriptive, and should it be extended to provide more guidance on defining sales and production costs for the market test? A particularly challenging case, that might merit further guidance, is the assessment of the sector classification of public utility companies with effective monopolies, another is the case of market regulatory agencies (already discussed in *GFSM 2014* paras. 2. 156-2.159). Therefore, it is proposed to develop a guidance note which considers providing more detailed and prescriptive guidance on how to determine the distinction between government-controlled nonmarket producers (government units) and market producers (public corporations) for the case where the unit in question is engaged in nonfinancial activities.	GFS Strategy Note on Effective Engagement of the GFS Community in the ISS Update
2.2	Boundary between government-controlled nonmarket producers engaged in financial activities (government units) and public financial corporations	There are many challenges when it comes to deciding on the market nature of government-controlled units engaged in financial activities. The concept of economically significant prices is harder to interpret for units engaged in financial activities, and generally the “market test” cannot be applied to these units. Therefore, can further guidance be provided on	GFS Strategy Note on Effective Engagement of the GFS

		how to assess whether a government-controlled entity engaged in financial activities should be considered a nonmarket unit, and so a government unit? With this question in mind, it is proposed to develop a guidance note which considers providing more detailed, and where possible, more prescriptive guidance on how to determine the distinction between government units and public financial corporations for different types of units engaged in financial activities. This should include reviewing current guidance on the sector classification of sovereign wealth funds, public pension funds, provident funds, public development/investment funds and statutory financial protection schemes.	Community in the ISS Update
2.3	Indigenous governments and one-party states	The notion of control used in statistical manuals is implicitly written from the viewpoint of a western, multiparty democracy that is either a republic, or a constitutional monarchy where the monarch has very weak powers. However, in countries that are de jure or de facto one-party states, or countries with an absolute or more powerful constitutional monarchy the delineation between units and assets controlled by the party or monarch and the state provide challenges that may require further guidelines to ensure consistent treatment in GFS. In addition, here is no specific guidance on the treatment and inclusion of indigenous governments in those countries where self-governing indigenous organizations have jurisdiction over land and ownership, as well as its economic authority over assets and liabilities, within specific territories. These indigenous governments typically have the functions of other levels of government to assume responsibility for the provision of goods and services to the community or individual households and to finance their provision out of taxation or other income, redistribute income and wealth by means of transfers, and engage in non-market production. Therefore, it is proposed to prepare a guidance note considering the different types of government structures/arrangements, as briefly described above, with a view to providing additional guidance on how these arrangements should be reflected in government sector delimitation and economic ownership.	

2.4	Transactions of government with sovereign wealth funds (and similar)	Sovereign wealth funds (SWFs) are created and funded by government. As discussed in *GFSM 2014* paras. 2.152 - 2.155, SWFs can be either classified as government units or public financial corporations according to the sector classification principle as to whether they are nonmarket or market producers. The topic of the sector classification is proposed to be considered under research topic 2.2. However, the appropriate treatment of transactions between the budgetary government unit(s) and SWFs (such as withdrawals and injections) can be equally important, with decisions about whether these transactions are above- or below-the-line having large impacts on the reported net lending / net borrowing of the budgetary government. Therefore, it is proposed to prepare a guidance note examining how these (often large) transactions should be recorded within GFS, taking into account that this may be impacted by the sector classification of the SWF.	
2.5	Treatment of zakat	Zakat is a charitable donation or payment required of Muslims, which is considered to be one of the five Pillars of Islam. It can be compulsory or voluntary and may be collected by government or non-governmental bodies, depending on the country and the exact basis of collection of the zakat. The *GFSM 2014* para. 5.39 briefly discusses the treatment of zakat taxes, but the guidance is limited and as a result the GFS treatment of zakat may vary between countries. Therefore, it is proposed to develop more detailed guidance on how to record zakat in the GFS, following a similar approach to that followed in the SNA/BPM guidance note on Islamic Finance (which does not mention zakat).	GN IF.1 Islamic Finance
Debt and Provisions			
2.6	Debt valuation issues	This proposed guidance note bands together several distinct issues with respect to debt valuation. (1) **Nominal value of debt liabilities**: Although the reporting of debt at nominal value has long been a feature of the GFS, there remains some confusion on exactly how to calculate nominal valuations. In part this is because the term nominal value is used	GN F.8 Valuation of Debt Securities at both Market and Nominal Value;

		differently outside macroeconomic statistics, but it is also likely due to the slightly different descriptions across the different statistical manuals on the concept of nominal value and how to calculate it for different instruments. It is therefore proposed to clarify how nominal value of different debt instruments should be calculated. (2) **Remaining / residual maturity**: Public debt reporting templates include information on the remaining (or residual) maturity of debt, however the *GFSM 2014* provides minimal guidance on how to calculate this. As with nominal value other macroeconomic statistical manuals differ slightly in its description, although the recent BPM Clarification Note 2 seeks to provide a standard definition to be used in the BPM, which distinguishes between a conceptual definition and a practically acceptable compilation approach. It is proposed to consider this issue for the GFSM and recommend extended guidance on how to calculate remaining / residual maturity. (3) **Interest accrual on debt securities**: The approach to accruing interest on debt securities is well documented, but for debt securities with coupon payments issued at premia/discount there is a difference when you calculate the accrued interest separately for the coupons and premia/discount (as done in the Public Sector Debt Statistics Guide) and when you calculate it based on an overall effective interest rate (as done in the Handbook on Securities Statistics). It is proposed to consider the different approaches in use and make recommendations with respect to GFS/PSDS. (4) **Asset-Backed Securities:** The issue of how to value the underlying assets and discounted income streams from those assets has been raised as a gap in the GFSM. Therefore, as part of this proposed guidance note it is proposed to research and evaluate the different valuation options.	BPM Clarification Note 2 on Remaining Maturity Classification
2.7	Debt assumption and debt payments on behalf of others	The current guidance on debt assumption refers to trilateral agreements between a creditor, former debtor, and new debtor, such as in the case of a called guarantee. The decision tree then focusing on the degree to which there is an effective financial claim between the new and original debtor. The current guidance raises four issues which it is proposed to	

		explore in a guidance note. **Firstly**, it is not uncommon for governments to regularly pay the debt servicing on behalf of corporations (usually public corporations) rather than formally call guarantees that might be in place. Under the *GFSM 2014* guidance this could be seen as an example of "debt payments on behalf of others" and the debt might never be reflected in the government balance sheet despite it is the one servicing the debt. European GFS guidance includes additional considerations as to when a debt should be considered as assumed and similar guidance could be reflected in the updated GFSM. **A second issue** is that the GFSM guidance advises that assumed debt of public corporations (which are going concerns) should be reflected as equity transactions. A similar approach is in place for capital injections (see separate proposed guidance note), but not for debt forgiveness/cancellation of public corporations. It is proposed to review this lack of consistency between the different debt operations, and between public and private corporations, with a view to considering whether the guidance should be updated. **Thirdly**, the current GFSM guidance is that cash reporting countries should not report capital transfers for debt assumptions. While from a pure cash reporting concept this is true, it is not fully in line with IMF advice to countries, where typically it would still be advised to show the one-off transaction in order to explain the debt movement. Therefore, it is proposed to consider what guidance should be included on debt assumption for cash reporting countries. **Fourthly**, the current drafting of the GFS guidance considers that in the case of debt assumption the capital transfer should always be between the debt assumer and the original debtor. However, the *BPM6* in para. 8.45 considers the case where the original debtor no longer exists and guides that in this scenario the capital transfer should be between the debt assumer and the creditor. It is proposed to consider whether this guidance should also be reflected in the *GFSM*.	

2.8	Valuation and recognition of loans	The SNA/BPM update has confirmed that loans within macroeconomic statistics will continue to be recorded at nominal value (see GN F.9 Valuation of loans). However, it proposes to acknowledge a wider set of scenarios under which the value of loans can be "reset". As this kind of reset is likely to be most common within the activities of the public sector, it is proposed to consider a set of scenarios where this reset should be applied within GFS, while maintaining consistency with the new SNA text on loan resets. A related topic is how to record bilateral instruments which have most of the contractual features of loans but where repayment is contingent on certain conditions. For instance, some Covid-19 "loans" had these features as do certain student loan arrangements. Eurostat have introduced in their *Manual on Government Deficit and Debt* guidance on income-contingent loans which effectively partition these "loans" into separate loan and transfer elements. It is proposed to consider whether a similar partitioning approach might be introduced in the *GFSM*, or whether they might be reflected through a provisions approach (see separate proposed guidance note) or alternatively simply treated as transfers from inception.	GN F.8 Valuation of Loans (Fair Value); GN WS.9 Recording of Provisions; Manual on Government Deficit and Debt 2022
2.9	Recording of provisions	The SNA and BPM update has considered the topic of provisions and concluded that in most cases these should remain outside the “core accounts”. Given the challenges of recording provisions within a quadruple-entry framework this is understandable. However, the challenges are significantly less within a double-entry reporting framework, such as the GFS, and so some discussion on the recording of provisions within GFS seems merited. In support of this, it is notable that provisions (and contingent liabilities) are often significant within the financial statements of government units and so their exclusion from GFS could in some circumstances distort the government's fiscal position. It should be acknowledged that the situation is not quite as clear cut as the above high-level summary might suggest. Some provisions are already explicitly reflected in the GFS and SNA/BPM, such as those for	GN F.8 Valuation of Loans (Fair Value); GN WS.9 Recording of Provisions

		standardized guarantees, while others are arguably implicitly included, such as in the guidance that tax revenues should be limited to those than can realistically be expected to be collected and not the full amount of identified tax obligations. In addition, the update to the SNA has reflected on the specific case of terminal costs (such as decommissioning costs) and concluded that the expected terminal costs (a type of provision liability) should be included in the value of gross fixed capital formation from inception to avoid negative fixed asset values at the end of life of the asset. Given the above background, it is proposed to develop a guidance note to consider the pros and cons for inclusion of provisions within the GFS, not only with respect to terminal costs but also with regard to financial assets and liabilities, such as for non-performing loans and concessional lending. One consideration for this guidance note will be the current treatment in the MFS which partially incorporates provisions on financial assets by recognizing a liability of the creditor for that portion of the value of nonperforming loans (and similar) which is not expected to be repaid by the debtor.	
2.10	Stock Positions and Related Flows with the IMF	Although the *GFSM 2014* devotes paragraphs A3.79 to A3.95, countries continue to ask for guidance on how to treat specific transactions with the IMF within their GFS. Therefore, it is proposed to review these paragraphs to identify any specific shortcomings or areas for elaboration. One area for particular attention, as it is not currently covered, would be on the treatment of Special Drawing Rights (SDRs) with currency unions and the different mechanisms by which governments can make fiscal use of SDR allocations. A resource for the development of this guidance note would be the IMF technical note on *How to Record the Allocations of SDRs in GFS.*	IMF Technical Note: How to Record the Allocations of SDRs in GFS
2.11	Treatment of Central Bank Quasi-fiscal Operations	The *GFSM 2014* in Box 6.2 provides specific guidance on the recording of implicit taxes or subsidies within the government accounts in the situation where the central bank interest rates are maintained above or below the market rate. However, there are other central bank operations	

		that may be performed by the central bank on behalf of government, which are quasi-fiscal in nature, but where there is currently no or limited guidance. For instance, when should central bank borrowing be considered in the central bank accounts, versus borrowing on behalf of government and so a government liability? It is proposed to prepare a guidance note, to consider under what circumstances should central bank operations and the associated stocks be reflected in the government accounts in order to comprehensively reflect fiscal activities and positions. In addition, the note would need to provide guidance on how these flows and stocks should be incorporated in the government accounts.	
Economic Ownership of Assets			
2.12	Operating and financial Leases	As part of the updated to the SNA and BPM there has been a clear decision to maintain the current approach of distinguishing between operating and financial leases based on who is the economic owner of the assets as assessed through an analysis of which part bears the majority of the related risks and receives the majority of the related rewards. However, this deviates from the current accounting treatment in IPSAS and IFRS which instead applies an approach based on a "right to use" asset. Although there is clear consensus that macroeconomic statistics will maintain a risk and reward approach to economic ownership of assets, it is suggested that there would be value in providing further improved guidance on the application of this high-level principle, as well as on the differences and correspondences between the international accounting treatment of leases and the statistical treatment of leases. To this end it is proposed to develop a guidance note which will review these issues and propose updates to the GFSM, particularly with respect to the relevant sections of Appendix 4 of the *GFSM 2014*.	GN C.5 Leases
2.13	Treatment of public-private partnerships (PPPs)	As part of the SNA/BPM update it has been decided not to change the current risk and reward approach to identifying the economic owner of assets involved in PPP arrangements, and so this same approach will	GN D.8 PPPs; SNA Action Point 7 on PPPs;

		continue to apply within the *GFSM*. However, given that PPPs are important fiscal policy tools in many countries, it is believed to be important to clarify and extend the current guidance on PPPs in the *GFSM 2014* (paras. A4.58 - A4.65). As part of the SNA update an issue note was drafted which included the following four recommendations to improve the language in PPPs within the SNA (i) To update the definition of a PPP in the statistical manuals and extend the introductory remarks to describe common PPP arrangements; (ii) to differentiate between PPPs where payments are made by the public partner for the provision of the public service or asset, and those where the payments are received from users of the public service or asset; noting the different statistical considerations when assessing who is the economic owner of the asset and the different statistical recordings when the asset is deemed to be on the government balance sheet; (iii) to highlight and explain differences between the international statistical standards and International Public Sector Accounting Standards for the recording of PPPs; (iv) to provide more definitive guidance on the statistical recording of PPP-related transaction by describing the preferred treatment (even if other treatments are acknowledged as being appropriate in some circumstances). All four recommendations are equally appropriate to the GFSM, and given that the GFSM necessarily needs to provide more detailed guidance on PPPs than the SNA it is proposed to prepare a guidance note which explores how these recommendations should be best reflected in the GFSM.	GFSAC 2020 paper
Natural Resources and Other Nonproduced Assets			
2.14	Accounting for natural resources and their exploitation in GFS	The SNA update process has, over a series of guidance notes (specifically, GNs WS.6, WS.8, WS.10 and WS.11) recommended significant changes to the treatment of natural resources through the identification of new natural resources (e.g. renewable energy resources), the accounting for the extraction of exhaustible natural resources (e.g. through the introduction of depletion as a new transaction), and the	GN WS.6 Economic ownership and depletion of natural resources

		partitioning or sharing of economic ownership of natural resources between owners (usually government) and extractors. The SNA recommendations require consideration on how best to reflect them within the GFS framework and presentation. They also raise questions on how governments should calculate and value certain stocks and transactions. It is therefore proposed to prepare a guidance note to review the SNA update recommendations on these topics with a view to addressing the GFS issues raised by the SNA updates. It is further proposed that this guidance note considers the related work being done within the SEEA CF update on the valuation of natural resources and the IPSAS project on natural resources.	GN WS.8 Accounting for biological resources GN WS.10 Valuation of mineral and energy resources GN WS.11 Accounting for renewable energy resources IPSAS Exposure Draft on Natural Resources Project
2.15	Environmental classifications within GFS	The SNA guidance note on environmental classifications (GN WS.12) recommends the disaggregation of specific institutional sectors, financial instruments, distributive transactions and nonfinancial assets to show “of which” categories for environmental classes and components, such as climate adaptation investment funds, green bonds, carbon taxes, environmental subsidies, and carbon capturing equipment (non-exhaustive list). Other guidance notes within the SNA update have also identified specific environmental assets, such as renewable energy assets. Many of these “of which” categories may also be relevant to include within GFS and it is important that the GFS is harmonized with the SNA with respect to asset categories. The SEEA CF also include a research topic on this issue, which also proposes to use the SNA recommendations as the starting point. Therefore, it is proposed that a	GN WS.12 Environmental Classifications

		guidance note is prepared to review the various new environmental asset and transaction classifications being recommended for inclusion in the SNA so as to consider which are also relevant to include within the updated GFSM. Further, it is proposed that this guidance note would consider if there are other environmental breakdowns which are of particular merit to include with the GFSM presentation.	
2.16	Climate-sustaining and climate-damaging subsidies and other transfers	Recommendation 6 of the G-20 Data Gaps Initiative 3, encourages G-20 economies to report "climate-impacting subsidies", both those which are climate-sustaining and climate-damaging. Work is currently ongoing to define "climate-impacting subsidies". In parallel to this the SEEA CF research agenda includes an item to consider the reporting of "potentially environmentally damaging subsidies and related transfers". These work areas highlight that there is a clear policy interest in these transfers. Therefore, it is proposed that a guidance note is prepared to explore possible definitions of climate-sustaining and climate-damaging subsidies. This guidance note should be prepared either by, or with the assistance of those working on implementing G-20 DGI Recommendation 6. It is also proposed to work closely with SEEA CF colleagues.	Concept Note for G20 DGI-3 Recommendation 6
2.17	Identifying, valuing and reporting government data assets	As part of the SNA and BPM update it has been agreed to include data as an additional asset category, specifically as a nonfinancial produced intangible asset where the data is (i) produced and used in production for more than one year, and (ii) provides an economic benefit when used in the productive activities of its owner. In addition, all own account production of data is considered capital formation. The SNA and BPM recommendations distinguish between data and ‘observable phenomena’ (OP) and data, with OP being inputs for data and not having value (unless purchased). The implications of these changes in the SNA and BPM are that in the GFS, government data assets will need to be identified and capitalized through inclusion in the balance sheet and in net investment in nonfinancial assets (including for own-account capital formation of data assets). The full implications of this for the government	GN DZ.6 recording of data in the national accounts

		accounts have not been explored, nor has this particular development had much GFS involvement to-date. Therefore, it is proposed to prepare a guidance note that firstly explains the SNA/BPM decisions with regard to data assets and the implications for GFS presentation and compilation. It is also envisaged that the guidance note will consider issues related to identifying government data assets and valuing them.	
Social Insurance			
2.18	Social Security Schemes	The SNA update has authored an issue note seeking to provide clarification on: (i) distinction between social security and employment-related schemes; (ii) constructive liabilities; (iii) delineation between social insurance and employer-independent schemes; and (iv) provident funds. The GFSM aims to follow the same sector classification principles of the SNA. However, due to the different purposes of the two standards, the GFSM does deviate from the SNA with respect to how the transactions and stocks related to employment-related social insurance schemes are recorded. Therefore, it is proposed to develop a guidance note which considers the SNA recommendations from a GFSM perspective to ensure that they are appropriately integrated in the updated GFSM. In addition, there are related topics where the GFSM has, and requires, more detailed guidance than included in the SNA. This may include further guidance on identifying between social security schemes (what is meant by "schemes that cover the community as a whole or large sections of the community"), for which the entitlements are contingent liabilities, from other social insurance schemes where the entitlements are reported as actual liabilities. In addition, the SNA term "constructive liability" is not used in the GFSM and so requires some examination. Finally, GFSM 2014 is the only current statistical manual to make mention of provident funds (paras. 2.148 - 2.151) so some examination of whether the current *GFSM 2014* text on provident funds needs to be updated is proposed.	SNA Action Point 13 on social security and employment-related schemes

2.19	Government Assumption of Pension Obligations	The *GFSM 2014* paras. A2.60 to A2.63, discuss government assumption of pension obligations of other institutional units. However, the current guidance is limited and has several gaps. One such gap is when the pension liabilities of provident funds are assumed into a social security scheme. More generally, there are cases where pension entitlements that are accumulated in the second pillar are transferred to the first pillar of the country's pension system, accompanied by the transfer of associated assets. The transfer might be voluntary, encouraged by government or compulsory. It is therefore proposed to develop a guidance note to explore the different scenarios under which pension liabilities may be assumed with a view to expanding the current guidance. Eurostat's *Manual on Government Deficit and Debt* may provide a good starting point for this proposed guidance note as it discusses different scenarios related to the transfer of pension entitlements in Sections 1.3.4 and 3.7.	Eurostat's Manual on Government Deficit and Debt (Sections 1.3.4 and 3.7)
Capital Injections and Transfers			
2.20	Capital transfers	Distinguishing between capital and current transfers is not always straightforward and *GFSM 2014* provides limited guidance on this. The principal existing guidance being in *GFSM 2014* paragraph 6.124 and Box 6.3. The SNA/BPM guidance note C.8 on Fines and Penalties has highlighted that some compensation payments should be recorded as capital transfers and others as current transfers. While this is currently captured within *GFSM 2014* para. 6.124 it is not clear that such payments meet the definition of capital transfers currently included in the macroeconomic statistics glossary. It is therefore proposed to prepare a guidance note which considers the features that distinguish a capital transfer from a current transfer, as well as the time of recording of capital transfers within the accrual reporting framework of the GFSM. As part of this guidance note an update to the current definition of a capital transfer may be recommended.	GN C.8 Recording penalties and fines

2.21	Treatment of capital injections by government into corporations	When governments inject funds into a corporation this could typically have the feature of a subsidy, a capital transfer, a loan, or an increase in equity. When the injection is in-kind then an even wider range of recording options are possible. *GFSM 2014* Figure A3.2 provides a decision tree for the recording of capital injections. However, consistent application of this decision tree has proved difficult due to the need to interpret terms such as whether an injection has the expectation of a "realistic return" and whether a unit in distress is a "going concern". Concerns have also been raised around recording capital injections into distressed public corporations (particularly ones where government is the sole owner) as increases in equity, particularly when other means of government support to public corporations (such as debt cancellation) are always treated above-the-line as capital transfers. It is therefore proposed to prepare a guidance note which reviews the statistical treatment of capital injections, as per *GFSM 2014*, and proposes any updates to the current guidance. It is proposed that the guidance note focus in particular on the appropriate recording of government support to public corporations, including Central Banks, as well as Central Banks within the context of monetary unions (clarifying if necessary whether capital injections into Central Banks should be treated any differently to other public corporations). The same guidance note may also usefully consider whether there is merit in separately distinguishing transactions with public corporations within the GFS analytical framework (similarly to how grants to other government units are separately identifiable).	
2.22	Government subscriptions to regional or international organizations	The guidance in *GFSM 2014* on membership dues and subscription fees is relatively limited (see *GFSM 2014* para. 6.42). Section 4.7 of Eurostat's *Manual on Government Deficit and Debt* provides more detailed guidance for capital increases in multilateral development banks and when these capital subscriptions should be recorded as capital transfers, equity increases, or loans. It is proposed to develop a guidance note exploring the related issues, not only in relation to multilateral development banks	GN B.12 Treatment of equity in international organizations

		but also other international organizations, to provide recommendations as to whether the current *GFSM 2014* guidance should be updated and/or extended.	
Communicating GFS			
2.23	A framework for the presentation of GFS metadata	Within the SNA/BPM guidance note on assessment frameworks to measure alignment with statistical standards (GN CM.1) there was inclusion of a provisional GFS framework. This framework was proposed as a tabular method for sharing metadata on disseminated GFS in a standardized way which would help users better understand the data and assist compilers in identifying work programs to further improve the GFS. This provisional framework was subject to limited consultation with the GFS community and so it is proposed to develop a GFS-specific guidance note which explains and evaluates the proposed framework and makes recommendations on how it can be further improved. As part of this evaluation, it is proposed to compare and contrast the metadata framework with the IMF's DQAF approach to quality.	GN CM.1 An Assessment framework to Measure Alignment with the EASS
2.24	Communicating GFS to users	The SNA/BPM has proposed several changes to statistical terminology (GN CM.2) as well as proposals to standardize the language used when disseminating economic statistics (GN CM.3). It is proposed to develop a short GFS guidance note to evaluate the different proposals in these guidance notes which are of relevance to GFS and make a series of recommendations around which terminology should be used in the updated *GFSM*. The guidance note might also consider other approaches that would be beneficial to users when communicating GFS.	GN CM.2 Terminology and branding of the EASS; GN CM.3 A taxonomy for communicating economic statistics releases, products and product updates
2.25	Presentation of GFS flows related to natural resources	For countries rich in natural resources it can often be important in fiscal analysis (such as sustainability analysis) to separately present flows (particularly revenues) which are related to the exploitation of natural	IMF Template for the collection of data from

		resources. As part of the IMF's Managing Natural Resource Wealth Thematic Fund, a template for the collection of data from government revenues from natural resources was established. In addition IMF's Fiscal Affairs Department has produced a Resource Revenue transparency code. It is proposed to develop a guidance note to consider whether the updated GFSM should provide guidance on the reporting of flows related to natural resources. This would not only consider the existing guidance on GFS revenues but also consider any implications from the new treatment for depletion and the "split-asset" approach to natural resources, as well as any advances in this area made by SEEA and within the IPSAS.	government revenues from natural resources
2.26	Relationship between GFS and IPSAS	Increasingly governments are producing financial statements based on IPSAS. In addition, GFS compilers frequently use accounting data as source data when compiling GFS. Against this background it is proposed to prepare a guidance note to review and expand Appendix 6 of the *GFSM 2014* to provide further guidance on the conceptual and presentational differences between IPSAS-based accounts and GFS. The objectives would be to inform users of key differences and assist compilers in translating accounting source data so that it is compatible with GFS principles and concepts. This guidance note would be partially informed by the IPSAS project on Presentation of Financial Statements.	IPSAS documents
Fiscal Analysis			
2.27	Treatment of tax expenditures, tax deferrals, and other similar incentives	Tax expenditures and tax deferrals are widely used as important instruments within fiscal policy. These same government policy objectives could be achieved alternatively through subsidies or other direct outlays. As tax expenditures (and similar) are not recorded as flows within the GFS, it is noted in *GFSM 2014* para. 5.28 that it is important to report these in supplementary reports. However, no guidance is provided on how to report these tax expenditures (and similar). It is therefore proposed to prepare a guidance note which elaborates on the different types of tax expenditures (or tax abatements) and how they might feature	

		in statistics, possibly with a proposed supplementary table via which such tax expenditures can be reported.	
2.28	Retained earnings of public corporations and their impact on fiscal analysis	The SNA/BPM update considered whether it would be appropriate to record the reinvested earnings (RIE) of public corporations within the government accounts, in a similar way to that which is applied within foreign direct investment (FDI) arrangements. Arguments made in favor of the proposal are that it would remove the need for a superdividend test and the operational profits and losses of public corporations would directly impact key government balancing items. However, challenges have also been raised, first and foremost how to interpret GFS in which the RIE of public corporations are included in the accounts, and what impact this might have on fiscal policy and analysis. In addition, there are questions about the applicability of this approach where government does not have 100% ownership or where control is not as a result of equity ownership, but rather due to other control factors. Against this background, it is proposed to prepare a guidance note which firstly evaluates the pros and cons of recording the RIE of public corporations within the government accounts, secondly sets out the impact of this change on the fiscal interpretation of GFS - again with pros and cons as to the usefulness for fiscal analysis and policymaking, and thirdly proposes a format for presenting these data as supplementary items for those countries who may wish to introduce this approach as an alternative presentation. Note that there is no intention to treat the RIE of public corporations within the core government accounts as part of the update to the GFSM. The guidance note might also wish to consider the treatment of share buybacks as done in Annex 1 of the SNA/BPM guidance note on reinvested earnings (GN F.2).	GN F.2 Asymmetric treatment of retained earnings; GN D.17 Identifying superdividends
2.29	Methodological guidance on compilation and analyzing SOE data	There is increasing demand from users for transparent fiscal information on the activities and balance sheets of public corporations. Although the *GFSM 2014* discusses the compilation of fiscal statistics for the public sector, including public corporations, it is relatively silent in terms of	IMF tool on compiling GFS for State Owned

		guidance on how to compile and analyze fiscal statistics for public corporations. Although some information is provided in the *GFSM 2014*, with respect to which transactions and stocks would and would not be relevant to public corporations (for example, taxes can only be collected by government units) this is not drawn together in one place, while in other respects the *GFSM 2014* is silent - for instance as to whether COFOG should be applied to the spending of public corporations, and if so how. It is therefore proposed to develop a guidance note, discussing the compilation of GFS for public corporations, which could form a new appendix in the updated *GFSM*. Note that no conceptual changes are envisioned as part of this guidance note, although breakdowns of the GFS transaction and stock classifications could be considered to facilitate the analysis of interactions between government and public corporations.	Enterprises (SOEs)
2.30	GFS within fiscal analysis and policymaking	The Annex of Chapter 4 of the *GFSM 2014* briefly discusses using GFS within fiscal analysis and highlights certain fiscal indicators. However, there is no more detailed discussion in the *GFSM 2014* on how the GFS can support the analysis of fiscal risks and sustainability. Neither is there discussion on the connection of GFS to the budgetary cycle and forecasts. Users have indicated an interest in this in particular with respect to public financial management, considerations when including public corporations within the fiscal statistics, as well as how to deal with provisions and contingent liabilities, such as guarantees, which are recorded outside of the main GFS framework. It is therefore proposed to develop a guidance note discussing these issues which could form a new appendix in the updated GFSM. Note that no conceptual changes are envisioned as part of this guidance note.	
2.31	Balance Sheet Analysis	IMF surveillance applies a Balance Sheet Approach (BSA) to analyze sustainability, as well as detect sector vulnerabilities and solvency or credit risks. However, although the BSA is founded on integrated balance sheets, such as those in the GFS framework, the *GFSM 2014* only includes passing references to the BSA and includes very little detail on	IMF's Balance Sheet Approach

		how the BSA is used in fiscal analysis. It is proposed therefore to develop a guidance note which briefly discusses the BSA as it is applied to the public sector with a view to providing recommendations on how and whether this should be captured in the updated *GFSM*. Note that no conceptual changes are envisioned as part of this guidance note.	