

5. Revenue

This chapter defines the concept of revenue and describes its classification.

A. Revenue and its components

5.1 Revenue is an increase in net worth resulting from a transaction. For general government units, there are four main sources of revenue: taxes and other compulsory transfers imposed by government units, property income derived from the ownership of assets, sales of goods and services, and voluntary transfers received from other units.

5.2 Tax revenue, which forms the dominant share of revenue for many government units, is composed of compulsory transfers to the general government sector. Certain compulsory transfers, such as fines, penalties, and most social security contributions, are excluded from tax revenue. Refunds and corrections of erroneously collected tax revenue have the appearance of transactions that decrease the net worth of the government unit imposing the tax. More accurately, they are adjustments that allow the excessive increase in net worth previously recorded to be corrected. As such, these transactions are treated as negative revenue.

5.3 All other types of revenue are frequently combined into a heterogeneous category of nontax revenue. In this manual, however, the various other types of revenue are separately identified and include social contributions, grants, property income, sales of goods and services, and miscellaneous other revenue.

5.4 Social contributions [GFS]¹ are actual or imputed receipts from either employers on behalf of

their employees or from employees, self-employed, or nonemployed persons on their own behalf that secure entitlement to social benefits for the contributors, their dependents, or their survivors. The contributions may be compulsory or voluntary.

5.5 Grants are noncompulsory transfers received by government units from other government units or international organizations. When statistics are compiled for the general government sector, grants from other domestic government units would be eliminated in consolidation so that only grants from foreign governments and international organizations would appear. Grants may be classified as capital or current and can be received in cash or in kind.

5.6 Property income [GFS] is received when general government units place financial assets and/or nonproduced assets at the disposal of other units. Interest, dividends, and rent are the major components of this category.

5.7 Sales of goods and services include sales by market establishments, administrative fees, incidental sales by nonmarket establishments, and imputed sales of goods and services. Some administrative fees are so high that they are clearly out of proportion to the cost of the services provided. Such fees are classified as taxes.

5.8 Sales of goods and services are recorded as revenue without deduction of the expenses incurred in generating that revenue. It is quite possible for general government units to sell their output at prices that are less than the cost of production. Indeed, as nonmarket producers, most general government units distribute their output without charge or for prices that are not economically significant. In these cases, the net worth of the unit has decreased because the expense from production is higher than the revenue from the sale of the goods and services

¹[GFS] indicates that this item has the same name but different coverage in the 1993 SNA.

in question. In a broader perspective, however, the general government unit is seen as having decided to produce the goods or services as a matter of public policy and to impose some fees or sell some items, rather than give them away, to defray some of the costs or to eliminate some of the excess demand that otherwise would exist. In this view, the resources have already been committed and the fees or sales receipts are an increase in the unit's net worth.

5.9 Other types of nontax revenue that might be received are fines, penalties, forfeits, settlements arising from judicial processes, voluntary transfers other than grants, and sales of existing goods, including used military items.

5.10 The disposal of a nonfinancial asset other than inventory by sale or barter does not affect net worth and these transactions are not revenue. They are transactions in nonfinancial assets as described in Chapter 8.

5.11 Fiscal analysis often makes use of the concept of "fiscal burden," which is the amount of compulsory transfers imposed by units of the general government sector on the rest of the economy. While not a part of the revenue classification, it can be approximated by the sum of tax revenue and social security contributions. Depending on the analytic purpose, if a supranational organization also imposes compulsory transfers, they may need to be added. To the extent that voluntary social security contributions exist, they should be subtracted. Fines, penalties, and forfeits are compulsory transfers but are not normally part of the fiscal burden.

B. Classification and recording of revenue

5.12 Revenue is composed of heterogeneous elements. Accordingly, the elements are classified according to different characteristics depending on the type of revenue. For taxes the classification scheme is determined mainly by the base on which the tax is levied. Grants are classified by the source from which the revenue is derived, and property income is classified by type of income. The complete classification system is shown in Table 5.1.

5.13 Revenue should be recorded according to the accrual basis, which is when the activities, transactions, or other events occur that create the claims to receive the taxes or other types of revenue. The application of

the general rule to the various types of revenue is indicated in each section of the classification as necessary.

5.14 With the exception of taxes and social contributions, the amount of revenue to be recorded is the entire amount to which the general government unit has an unconditional claim. As indicated in Chapter 3, the amount of taxes and social contributions recorded must take into account the fact that the government unit receiving the revenue is usually not a party to the transaction or other event that creates the obligation to pay the taxes or social insurance contributions. Consequently, many of these transactions and events permanently escape the attention of the tax authorities. The amount of revenue from taxes and social insurance contributions should exclude the amounts that possibly could have been received from such unreported events had the government learned about them. In other words, only those taxes and social insurance contributions that are evidenced by tax assessments and declarations, customs declarations, and similar documents are considered to create revenue for government units.

5.15 In addition, it is typical that some of the taxes and social insurance contributions that have been assessed will never be collected. It would be inappropriate to accrue revenue for an amount that the government unit does not realistically expect to collect. Thus, the difference between assessments and expected collections represents a claim that has no real value and should not be recorded as revenue. The amount of taxes and social insurance contributions that is recorded as revenue should be the amount that is realistically expected to be collected. The actual collection, however, may be in a later period, possibly much later.

5.16 It is not always clear whether a compulsory transfer is a tax or a social security contribution. Social security contributions include all compulsory payments made by insured persons, or their employers, to government units providing social security benefits in order to secure entitlement to those benefits, provided the contributions are levied as a function of earnings, payroll, or the number of employees. When income is used as a proxy for gross wages, as for the self-employed, the receipts are included as social security contributions. Voluntary contributions also may be made to secure the entitlement.

5.17 Compulsory transfers levied on other bases and earmarked for social security expenditures are taxes and are classified according to their respective tax

Table 5.1: Classification of Revenue

I	Revenue	I2	Social contributions [GFS]
II	Taxes	I21	Social security contributions
I11	Taxes on income, profits, and capital gains	I211	Employee contributions
I111	Payable by individuals	I212	Employer contributions
I112	Payable by corporations and other enterprises	I213	Self-employed or nonemployed contributions
I113	Unallocable	I214	Unallocable contributions
I12	Taxes on payroll and workforce	I22	Other social contributions
I13	Taxes on property	I221	Employee contributions
I131	Recurrent taxes on immovable property	I222	Employer contributions
I132	Recurrent taxes on net wealth	I223	Imputed contributions
I133	Estate, inheritance, and gift taxes	I3	Grants
I134	Taxes on financial and capital transactions	I31	From foreign governments
I135	Other nonrecurrent taxes on property	I311	Current
I136	Other recurrent taxes on property	I312	Capital
I14	Taxes on goods and services	I32	From international organizations
I141	General taxes on goods and services	I321	Current
I1411	Value-added taxes	I322	Capital
I1412	Sales taxes	I33	From other general government units
I1413	Turnover and other general taxes on goods and services	I331	Current
I142	Excises	I332	Capital
I143	Profits of fiscal monopolies	I4	Other revenue
I144	Taxes on specific services	I41	Property income [GFS]
I145	Taxes on use of goods and on permission to use goods or perform activities	I411	Interest [GFS]
I1451	Motor vehicle taxes	I412	Dividends
I1452	Other taxes on use of goods and on permission to use goods or perform activities	I413	Withdrawals from income of quasi-corporations
I146	Other taxes on goods and services	I414	Property income attributed to insurance policyholders
I15	Taxes on international trade and transactions	I415	Rent
I151	Customs and other import duties	I42	Sales of goods and services
I152	Taxes on exports	I421	Sales by market establishments
I153	Profits of export or import monopolies	I422	Administrative fees
I154	Exchange profits	I423	Incidental sales by nonmarket establishments
I155	Exchange taxes	I424	Imputed sales of goods and services
I156	Other taxes on international trade and transactions	I43	Fines, penalties, and forfeits
I16	Other taxes	I44	Voluntary transfers other than grants
I161	Payable solely by business	I441	Current
I162	Payable by other than business or unidentifiable	I442	Capital
		I45	Miscellaneous and unidentified revenue

base. In particular, receipts based on net income personalized by adjustments for personal deductions and exemptions are classified as income taxes, even if earmarked for the payment of social security benefits. Compulsory payments levied as a function of earnings, payroll, or the number of employees that do not secure entitlement to social security benefits are classified as taxes on payroll or workforce.

I. Taxes (II)²

5.18 The coverage, timing, and valuation of tax revenue in the GFS system and 1993 SNA are identical, but the classification systems differ. The 1993 SNA

²The numbers in parentheses after each classification category are the GFS classification codes. Appendix 4 provides all classification codes used in the GFS system.

has provisions for compilation of (i) taxes on production and imports; (ii) current taxes on income, wealth, etc.; and (iii) capital taxes. The approach adopted in the GFS system is to classify taxes mainly by the base on which the tax is levied. Taxes are grouped into six major categories: (i) taxes on income, profits, and capital gains; (ii) taxes on payroll and workforce; (iii) taxes on property; (iv) taxes on goods and services; (v) taxes on international trade and transactions; and (vi) other taxes. The borderlines between these categories are not always clear, and the text provides additional commentary in questionable cases.

5.19 Normally, designating a tax for a particular use does not affect its classification. An exception is the distinction between taxes on payroll and workforce

and social security contributions. If the revenue is designated for use in a social security scheme, then it is a social security contribution. Otherwise, it is a tax on payroll and workforce.

5.20 The classification of taxes in this manual is quite similar to the classification employed in *Revenue Statistics*, which is published annually by the Organisation for Economic Co-operation and Development. The two primary differences are that in *Revenue Statistics* compulsory social security contributions are treated as taxes and the categories of taxes on goods and services and taxes on international trade and transactions are combined into a single category.

5.21 Taxes and other compulsory transfers should be recorded when the activities, transactions, or other events occur that create government claims to the taxes or other payments. This time is not necessarily the time at which the event being taxed occurred. For example, the obligation to pay tax on capital gains normally occurs when an asset is sold, not when its value appreciates.

5.22 Tax refunds generally are treated as negative taxes. Refunds are adjustments for overpayments. They are attributed to the period in which the event occurred that generated the overpayment. In the case of a value-added-type tax, taxpayers other than final consumers normally are allowed a refund of taxes paid on purchases. If this refund exceeds the taxes paid by that taxpayer, the net refund is treated as a negative tax.

5.23 Tax credits are amounts deductible from the tax that otherwise would be payable. Some types of credits can result in a government unit making a net payment to the taxpayer. Such net payments are treated as an expense rather than a negative tax.

5.24 In some cases, one government unit collects taxes and then transfers some or all of them to another government unit. Depending on the arrangement, the taxes passed on to the second government unit may be reassigned as tax revenue of that unit or they can be recorded as tax revenue of the collecting unit and a grant from that unit to the second government unit.

5.25 In general, a tax is attributed to the government unit that (a) exercises the authority to impose the tax (either as a principal or through the delegated authority of the principal), (b) has final discretion to set and

vary the rate of the tax, and (c) has final discretion over the use of the funds.

5.26 Where an amount is collected by one government for and on behalf of another government, and the latter government has the authority to impose the tax, set and vary its rate, and determine the use of the proceeds, then the former is acting as an agent for the latter and the tax is reassigned. Any amount retained by the collecting government as a collection charge should be treated as a payment for a service. Any other amount retained by the collecting government, such as under a tax-sharing arrangement, should be treated as a current grant. If the collecting government was delegated the authority to set and vary the rate as well as decide on the ultimate use of the proceeds, then the amount collected should be treated as tax revenue of this government.

5.27 Where different governments jointly and equally set the rate of a tax and jointly and equally decide on the distribution of the proceeds, with no individual government having ultimate overriding authority, then the tax revenues are attributed to each government according to its respective share of the proceeds. If an arrangement allows one government unit to exercise ultimate overriding authority, then all of the tax revenue is attributed to that unit.

5.28 There may also be the circumstance where a tax is imposed under the constitutional or other authority of one government, but other governments individually set the tax rate in their jurisdictions and individually decide on the use of the proceeds of the tax generated in their jurisdictions. The proceeds of the tax generated in each respective government's jurisdiction are attributed as tax revenues of that government.

a. Taxes on income, profits, and capital gains (111)

5.29 Taxes on income, profits, and capital gains generally are levied on (i) wages, salaries, tips, fees, commissions, fringe benefits, and other compensation for labor services; (ii) interest, dividends, rent, and royalty incomes; (iii) capital gains and losses, including capital gain distributions of investment funds; (iv) profits of corporations, partnerships, sole proprietorships, estates, and trusts; (v) taxable portions of social security, pension, annuity, life insurance, and other retirement account distributions; and (vi) miscellaneous other income items.

5.30 Taxes on income, profits, and capital gains are attributed either to *individuals (1111)* or to *corporations and other enterprises (1112)*. When the information needed to determine whether taxes should be attributed to either of these categories is not available, the taxes are treated as *unallocable (1113)*. Income taxes on estates are treated as taxes on individuals. Income taxes on nonprofit units are treated as taxes on corporations. Income taxes on trusts are treated as taxes on individuals when the beneficiaries are individuals, and as taxes on corporations otherwise.

5.31 These taxes may be levied on actual or estimated income and profits and on realized or unrealized capital gains. The amount of income subject to tax is usually less than gross income because various deductions are permitted. A profits tax is levied on revenue less allowable deductions.

5.32 In principle, income taxes and social contributions based on income should be attributed to the period in which the income is earned, even though there may be a significant delay between the end of the accounting period and the time at which it is feasible to determine the actual liability of the taxpayer. In practice, however, some flexibility is permitted. In particular, as a practical deviation from the general principle, income taxes deducted at source, such as pay-as-you-earn taxes, and regular prepayments of income taxes may be recorded in the periods in which they are paid and any final tax liability on income may be recorded in the period in which the liability is determined.

5.33 Income taxes are normally imposed on the income earned during an entire year. If monthly or quarterly statistics are compiled, indicators of seasonal activity or other appropriate indicators may be used to allocate the annual totals.

5.34 Under imputation systems of corporate income tax, shareholders are wholly or partly relieved on their liability for an income tax on dividends paid by the corporation out of income or profits liable to corporate income tax. The relief is usually called a tax credit although it actually is a means of allocating a tax among taxpayers. If the relief exceeds a shareholder's total tax liability, the excess may be payable to the shareholder. Because this "tax credit" is an integral part of the imputation system of corporate income tax, any net payment to shareholders is treated as a negative tax rather than expense. This treatment differs from the general treatment of tax cred-

its described in paragraph 5.23. The total tax paid by the corporation is attributed to corporations (1112) and the credits are attributed to the shareholders.

b. Taxes on payroll and workforce (112)

5.35 This category consists of taxes that are collected from employers or the self-employed either as a proportion of payroll size or as a fixed amount per person and that are not earmarked for social security schemes. Payments earmarked for social security schemes are classified as *social security contributions (121)*.

c. Taxes on property (113)

5.36 This item includes taxes on the use, ownership, or transfer of wealth. The taxes may be levied at regular intervals, one time only, or on a change in ownership.

5.37 Taxes on the ownership or use of specific types of property often are based on the value of the property at a particular time but are deemed to accrue continuously over the entire year or the portion of the year that the property was owned, if less than the entire year. Taxes on the transfer of wealth are recorded at the time of the transfer, and some taxes on the ownership or use of property are recorded at a specific time, such as a one-time tax on net wealth.

5.38 The following taxes are similar to taxes on property but are classified elsewhere: Taxes on immovable property that are levied on the basis of a presumed net income are recorded as *taxes on income, profits, and capital gains (111)*.

- Taxes on the use of property for residence, where the tax is payable by either proprietor or tenant and the amount payable is a function of the user's personal circumstances, such as pay or the number of dependents, are treated as *taxes on income, profits, and capital gains (111)*.
- Taxes on construction, enlargement, or alteration of all buildings, or those whose value or use density exceeds a certain threshold, are included in *taxes on use of goods and on permission to use goods or perform activities (1145)*.
- Taxes on use of one's own property for special trading purposes, such as selling alcohol, tobacco, or meat, are recorded under *taxes on use of goods and on permission to use goods or perform activities (1145)*.

- Taxes on exploitation of land and subsoil assets not owned by government units, including taxes on extraction and exploitation of minerals and other resources, are recorded in *other taxes on goods and services* (1146). Payments to a government unit as the owner of land and subsoil assets are recorded in *rent* (1415). Payments for licenses for the permission to exploit land and subsoil assets are classified in *taxes on use of goods and on permission to use goods or perform activities* (1145).
- Taxes on capital gains resulting from the sale of property are included in *taxes on income, profits, and capital gains* (111).

5.39 Taxes on property are divided into six categories: recurrent taxes on immovable property; recurrent taxes on net wealth; estate, inheritance, and gift taxes; taxes on financial and capital transactions; other nonrecurrent taxes on property; and other recurrent taxes on property.

5.40 Recurrent taxes on immovable property (1131).

This item covers taxes levied regularly on the use or ownership of immovable property, which includes land, buildings, and other structures. The taxes can be levied on proprietors, tenants, or both. The amount of the taxes is usually a percentage of an assessed property value that is based on a notional rental income, sales price, capitalized yield, or other characteristics such as size or location. Unlike *recurrent taxes on net wealth* (1132), liabilities incurred on the property are usually not taken into account in assessment of these taxes.

5.41 Recurrent taxes on net wealth (1132). This item covers taxes levied regularly on net wealth, which is usually defined as the value of a wide range of movable and immovable property less liabilities incurred on that property.

5.42 Estate, inheritance, and gift taxes (1133).³ This item covers taxes on transfers of property at death and on gifts. Taxes on the transfer of property at death include estate taxes, which are usually based on the size of the total estate, and inheritance taxes, which

³This category is one of the two categories of taxes that are considered to be capital taxes in the 1993 SNA. The other category is *other nonrecurrent taxes on property* (1135). Capital taxes are taxes levied at irregular and very 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. The identification of capital taxes is necessary to calculate gross and net saving, which are two of the supplemental balances described in Chapter 4 and are also balances in the 1993 SNA.

may be determined by the amount received by beneficiaries and/or their relationship to the deceased.

5.43 Taxes on financial and capital transactions (1134).

This item includes taxes on change of ownership of property, except those classified as gifts, inheritance, or estate transactions. Included are taxes on the issue, purchase, and sale of securities, taxes on checks and other forms of payment, and taxes levied on specific legal transactions, such as the validation of contracts and the sale of immovable property. This category does not include taxes on the use of goods (part of 1145); taxes on capital gains (part of 111); *recurrent taxes on net wealth* (1132); *other nonrecurrent taxes on property* (1135); fees paid to cover court charges or for birth, marriage, or death certificates (part of 1422); *sales taxes* (11412); or general stamp taxes (part of 116).

5.44 Other nonrecurrent taxes on property (1135).⁴

This item covers taxes on net wealth and property that are levied on a one-time basis or at irregular intervals. It includes taxes on net wealth levied to meet emergency expenditures or to effect a redistribution of wealth; taxes on property, such as betterment levies, that take account of increases in land values due to government permission to develop the land or the provision by government of additional local facilities; taxes on the revaluation of capital; and any other exceptional taxes on particular items of property.

5.45 Other recurrent taxes on property (1136). This item includes any recurrent taxes on property not included in categories 1131, 1132, or 1134, such as recurrent gross taxes on personal property, jewelry, cattle, other livestock, other particular items of property, and external signs of wealth. Taxes on the use of particular types of movable property, such as motor vehicles and guns, are classified in *taxes on use of goods and on permission to use goods or perform activities* (1145).

d. Taxes on goods and services (114)

5.46 Included in this item are all taxes levied on the production, extraction, sale, transfer, leasing, or delivery of goods and rendering of services. Also included are taxes on the use of goods and on permission to use goods or perform activities. Taxes on goods and services include

⁴This category is classified as capital taxes in the 1993 SNA, which are described in footnote 3.

- Value-added taxes.
- General sales taxes, whether levied at manufacturer/production, wholesale, or retail level.
- Single-stage taxes and cumulative multistage taxes, where “stage” refers to stage of production or distribution.
- Excises.
- Taxes levied on the use of motor vehicles or other goods.
- Taxes levied on permission to use goods or perform certain activities.
- Taxes on the extraction, processing, or production of minerals and other products.

5.47 This category does not include *taxes levied on international trade and transactions* (115) but does include taxes levied upon importation or at the border if the liability does not result solely from the fact that the goods have crossed the border and is applicable to domestic goods or transactions as well. Taxes on goods and services are divided into six categories as described in the following paragraphs.

5.48 General taxes on goods and services (1141).

This item includes all taxes, other than *customs and other import duties* (1151) and *taxes on exports* (1152), levied on the production, leasing, delivery, sale, purchase, or other change of ownership of a wide range of goods and the rendering of a wide range of services. Such taxes may be levied regardless of whether the goods or services are produced domestically or imported, and they may be imposed at any stage of production or distribution. Receipts from adjustments made in connection with these taxes when goods cross a border are included. Conversely, refunds of these taxes when goods are exported are treated as negative taxes within this category. When taxes are levied on a limited range of goods rather than a wide range, they are included in *excises* (1142). Borderline cases are resolved on the basis of the predominant character of the tax. This item is subdivided into the following categories.

- **Value-added taxes (11411).** A value-added tax (VAT) is a tax on goods or services collected in stages by enterprises but which is ultimately charged in full to the final purchasers. It is described as a

deductible tax because producers are not usually required to pay the government the full amount of the tax they invoice to their customers, as they are permitted to deduct the amount of tax they have been invoiced on their own purchases of goods or services intended for intermediate consumption or fixed capital formation. VAT is usually calculated on the price of the good or service, including any other tax on the product. VAT may also be payable on imports of goods or services in addition to any import duties or other taxes on the imports.

- **Sales taxes (11412).** This category includes all general taxes levied at one stage only, whether at manufacturing or production stages or on wholesale or retail trade.
- **Turnover and other general taxes on goods and services (11413).** This category includes multi-stage cumulative taxes, which include a tax each time a transaction takes place without deduction for taxes paid on inputs and all general consumption taxes where elements of value-added, sales, or multistage taxes are combined.

5.49 Excises (1142). Excises are taxes levied on particular products, or on a limited range of products, that are not classifiable under *general taxes on goods and services* (1141); *profits of fiscal monopolies* (1143); *customs and other import duties* (1151); or *taxes on exports* (1152). Excises may be imposed at any stage of production or distribution and are usually assessed by reference to the value, weight, strength, or quantity of the product. Included are special taxes on individual products such as sugar, beetroot, matches, and chocolates; taxes levied at varying rates on a certain range of goods; and taxes levied on tobacco goods, alcoholic drinks, motor fuels, and hydrocarbon oils. If a tax collected principally on imported goods also applies, or would apply, under the same law to comparable domestically produced goods, then the revenue therefrom is classified as arising from excises rather than from import duties. This principle applies even if there is no comparable domestic production or no possibility of such production. Taxes on electricity, gas, and energy are regarded as taxes on goods and are included under excises rather than *taxes on specific services* (1144).

5.50 Profits of fiscal monopolies (1143). This item covers that part of the profits of fiscal monopolies that is transferred to the government. Fiscal monopolies are public corporations or public quasi-corporations that exercise the taxing power of government by the use of

monopoly powers over the production or distribution of a particular kind of good or service. The monopolies are created to raise government revenues that could otherwise be gathered through taxes on private sector production or distribution of the commodities concerned. Typical commodities subject to fiscal monopolies are tobacco products, alcoholic beverages, salt, matches, petroleum products, and agricultural products.

5.51 Fiscal monopolies are distinguished from public enterprises such as rail transport, electricity, post offices, and other communications services. Such enterprises may enjoy a monopoly or quasi-monopoly but normally exist primarily to further the interests of public economic or social policy rather than to raise revenue for government. Transfers to government from such public enterprises are treated as *dividends* (1412) or *withdrawals of income from quasi-corporations* (1413). The concept of fiscal monopoly does not extend to state lotteries, the profits of which are also regarded as *dividends* (1412) or *withdrawals of income from quasi-corporations* (1413). Export and import monopoly profits transferred from marketing boards or other enterprises dealing with international trade are similar to fiscal monopoly profits, but are classified as *profits of export or import monopolies* (1153).

5.52 While in principle only the excess of the monopoly profits over some notional “normal” profits should be treated as taxes, it is difficult to estimate this amount, and, in practice, the value of the taxes should be taken as equal to the amount of the profits actually transferred from fiscal monopolies to government. Any reserves retained by fiscal monopolies are excluded. The taxes are recorded when the transfer takes place rather than when the profits were earned.

5.53 Taxes on specific services (1144). All taxes levied on payments for specific services, such as taxes on transport charges, insurance premiums, banking services, entertainment, restaurants, and advertising charges, are included here. Also included in this item are taxes levied on gambling and betting stakes for horse races, football pools, lotteries, and so forth. Taxes on entry to casinos, races, etc. are also classified as selective taxes on services. If, however, the taxes form part of a general tax on goods and services, the revenue is recorded under category 1141. Taxes on individual gains from football pools or other gambling proceeds are classified in *taxes on income, profits, and capital gains* (111). Profits transferred to government from state lotteries are regarded as *dividends* (1412) or *withdrawals of income from quasi-*

corporations (1413). Taxes on checks and on the issue, transfer, or redemption of securities are classified as *taxes on financial and capital transactions* (1134). Stamp tax revenues that cannot be assigned to taxes on services or other transactions are classified as *other taxes* (116). Taxes on electricity, gas, and energy are included under *excises* (1142).

5.54 Taxes on use of goods and on permission to use goods or perform activities (1145). One of the regulatory functions of government is to forbid the ownership or use of certain goods or the pursuit of certain activities unless specific permission is granted by issuing a license or other certificate for which a fee is demanded. If the issue of such licenses involves little or no work on the part of government, the licenses being granted automatically on payment of the amounts due, it is likely that they are simply a device to raise taxes, even though the government may provide some kind of certificate, or authorization, in return. However, if the government uses the issue of licenses to exercise a regulatory function—for example, checking the competence or qualifications of the person concerned, checking the efficient and safe functioning of the equipment in question, or carrying out some other form of control that it would otherwise not be obliged to do—the receipts should be treated as sales of services rather than receipts of taxes, unless the receipts are clearly out of all proportion to the costs of providing the services. The borderline between taxes and *administrative fees* (1422) is not always clear-cut in practice.

5.55 More specifically, the following types of fees are considered taxes: (a) fees where the payer of the levy is not the receiver of the benefit, such as a fee collected from slaughterhouses to finance a service provided to farmers; (b) fees where government is not providing a specific service in return for the levy even though a license may be issued to the payer, such as a hunting, fishing, or shooting license that is not accompanied by the right to use a specific area of government land; and (c) fees where benefits are received only by those paying the fee but the benefits received by each individual are not necessarily in proportion to the payments, such as a milk marketing levy paid by dairy farmers and used to promote the consumption of milk.

5.56 Although taxes in this category are levied on the use of goods rather than on the ownership or transfer of goods, registration of the ownership of goods may generate the tax claim. For example, registration of the ownership of animals or motor vehicles may be the event that causes a tax on the use of

these items to be assessed. Taxes on the use of goods may apply even to functionally unusable goods, such as antique motor vehicles or guns.

5.57 Borderline cases arise with taxes on the permission to perform business activities, which are levied on a combined income, payroll, or turnover base. If it is possible to estimate receipts related to each base, then the total should be allocated among the bases. If separate amounts cannot be estimated, but it is known that most of the receipts are derived from one base, then the whole of the receipts are classified according to that base. Borderline cases also arise with taxes on the ownership or use of property that could be classified as *recurrent taxes on immovable property* (1131), *recurrent taxes on net wealth* (1132), or *other recurrent taxes on property* (1136). Unlike the taxes under this item, category 1131 is confined to taxes on the ownership or tenancy of immovable property and such taxes normally are related to the value of the property. The taxes included in 1132 and 1136 are confined to ownership rather than use of assets, apply to groups of assets rather than particular goods, and are based on the value of assets.

5.58 This category is subdivided into motor vehicle taxes and other taxes on the use of goods and on the permission to use goods or perform services:

- **Motor vehicle taxes (11451).** This category includes taxes on the use of motor vehicles or permission to use motor vehicles. It does not include taxes on motor vehicles as property or net wealth or tolls for use of roads, bridges, and tunnels.
- **Other taxes on use of goods and on permission to use goods or perform services (11452).** Business and professional licenses are included in this category. Such licenses can take the form of taxes on permission to carry on a business in general or a particular business or profession. General business taxes or licenses levied in a fixed amount, on a schedule according to the kind of business, or on the basis of various indicators such as floor space, installed horsepower, capital, or shipping tonnage would be included. It would not cover business taxes levied on gross sales, which would be classified under *general taxes on goods and services* (1141). Taxes or licenses for particular kinds of businesses would include permission to sell goods or provide services. These taxes may be levied at regular intervals, on a one-time basis, or each time goods are used. Also included in this category are

pollution taxes levied on the emission or discharge into the environment of noxious gases, liquids, or other harmful substances.

Taxes in this category other than business and professional licenses include taxes on permission to hunt, shoot, or fish, and taxes on the ownership of pets when the right to carry out these activities is not granted as part of a normal commercial transaction. They also include radio and television licenses, unless the public authorities provide general broadcasting services, in which case a service payment, rather than a tax, is involved.

5.59 Other taxes on goods and services (1146).

This item includes taxes on the extraction of minerals, fossil fuels, and other exhaustible resources from deposits owned privately or by another government and any other taxes on goods or services not included in categories 1141 through 1145. Taxes on the extraction of exhaustible resources usually are a fixed amount per unit of quantity or weight, but can be a percentage of value. The taxes are recorded when the resources are extracted. Payments for the extraction of exhaustible resources from deposits owned by the government unit receiving the payment are classified as *rent* (1415).

e. Taxes on international trade and transactions (115)

5.60 Customs and other import duties (1151). This item covers revenue from all levies collected on goods because they are entering the country or services because they are delivered by nonresidents to residents. The levies may be imposed for revenue or protection purposes and may be determined on a specific or ad valorem basis, but they must be restricted by law to imported products. Included are duties levied under the customs tariff schedule and its annexes, including surtaxes that are based on the tariff schedule, consular fees, tonnage charges, statistical taxes, fiscal duties, and surtaxes not based on the customs tariff schedule. Taxes that fall on imports only because the imports fall into a wider category of goods that are subject to the tax are recorded under *general taxes on goods and services* (1141) or *excises* (1142).

5.61 Taxes on exports (1152). This category includes all levies based on the fact that goods are being transported out of the country or services are being delivered to nonresidents by residents. Rebates on exported goods that are repayments of previously paid general consumption taxes, excises, or import

duties are deducted from the gross amounts receivable from the respective taxes, not from amounts receivable in this category.

5.62 Profits of export or import monopolies (1153).

Governments may establish enterprises with the monopoly right to export or import particular goods and/or control services provided to or received from nonresidents to raise revenue that could be gathered through taxes on exports, imports, or dealings in foreign exchange. When such monopolies exist, the profits remitted to government by the monopolistic enterprises or marketing boards are considered to be taxes. Such profits are recorded as tax revenue when transferred to the government and do not include the retained reserves of the enterprises or marketing boards.⁵ Profits received from export or import enterprises or marketing boards that do not represent monopoly profits are recorded as *property income* (141). Profits transferred to the government from public enterprises or marketing boards dealing in commodities domestically, outside of international trade, are recorded under *property income* (141) or *profits of fiscal monopolies* (1143).

5.63 Exchange profits (1154). When the monopoly powers of government or monetary authorities are exercised to extract a margin between the purchase and sale prices of foreign exchange, other than to cover administrative costs, the revenue derived constitutes a compulsory levy exacted from both purchaser and seller of foreign exchange. It is the common equivalent of an import duty and export duty levied in a single exchange rate system or of a tax on the sale or purchase of foreign exchange. Like the profits of export or import monopolies, the revenue represents the exercise of monopoly powers for tax purposes and is included in tax revenues when received by government. This category does not include any transfer to government of exchange profits realized other than as a result of maintenance of an exchange rate differential.

5.64 Exchange taxes (1155). This item covers taxes that are levied upon the sale or purchase of foreign exchange, whether at a unified exchange rate or at different exchange rates. Included are taxes on remittances abroad if the taxes are levied on the purchase of foreign exchange that is to be remitted. Remittance

⁵If an enterprise of this type both obtains profits from its exports or imports of some products and provides a subsidy on other products, then the taxes and subsidies should be separately recorded to the extent possible rather than recording only the net value of taxes less subsidies.

taxes that are not levied on the purchase of foreign exchange are recorded under *other taxes on international trade and transactions* (1156).

5.65 Other taxes on international trade and transactions (1156). This item includes other taxes levied on various aspects of international trade and transactions, such as taxes levied exclusively or predominantly on travel abroad, taxes on insurance or investment abroad, and taxes on remittances abroad, excluding taxes levied on the purchase of foreign exchange to be remitted abroad, which are included in *exchange taxes* (1155).

f. Other taxes (116)

5.66 This item covers revenue from taxes levied predominantly on a base or bases other than those described under the preceding tax headings. Also included is revenue from unidentified taxes and interest and penalties collected for late payment or nonpayment of taxes but not identifiable by tax category. The item is subdivided into *other taxes paid solely by business* (1161) and *other taxes paid by other than business or unidentifiable* (1162). The item includes taxes on persons that are not based on income or presumptive income, sometimes referred to as poll taxes, head taxes, or capitation taxes. Personal taxes based on actual or presumptive income are recorded as *taxes on income, profits, and capital gains* (111). Also included are stamp taxes that do not fall exclusively or predominantly on a single class of transactions or activities covered by other taxes. Examples would be revenues from the sale of stamps required to be affixed to contracts and checks. Revenues from the sale of stamps assignable to a single category, such as liquor and cigarettes, would be shown as taxes on those products, either *excises* (1142) or *taxes on specific services* (1144). Also included would be an expenditure tax that is levied on purchases but is personalized by the application of personal deductions and exemptions and revenue from taxes levied on a combination of several tax bases, where the revenue cannot be readily allocated to each tax base or to one predominant tax base.

2. Social contributions [GFS] (12)

5.67 As defined in paragraph 5.4, social contributions are actual or imputed receipts either from employers on behalf of their employees or from employees, self-employed, or nonemployed persons on their own behalf that secure entitlement to social benefits for the

contributors, their dependents, or their survivors.⁶ The contributions may be compulsory or voluntary. Social contributions are classified as social security contributions (121) or other social contributions (122) depending on the type of scheme receiving them.

5.68 The coverage of social contributions in the GFS system is more restricted than in the *1993 SNA*. In the GFS system, social contributions consist of all social security contributions and all contributions to unfunded employer social insurance schemes that provide benefits other than retirement benefits. In the *1993 SNA*, social contributions also include contributions to autonomous and nonautonomous pension funds and to unfunded schemes that provide retirement benefits. The transactions that are treated as social contributions in the *1993 SNA* but not in the GFS system are treated as incurrences of liabilities in the GFS system.

5.69 Social contributions are levied as a function of earnings, payroll, or the number of employees. When income is used as a proxy for gross wages, however, as for the self-employed, the receipts are included here. Compulsory payments assessed on a different base but earmarked for social insurance schemes are treated as taxes.

5.70 As discussed in paragraphs 5.14 and 5.15, the amount of social contributions recorded as revenue should only be the amount that is realistically expected to be collected. The actual collection, however, may be in a later period, perhaps much later.

a. Social security contributions (121)

5.71 Contributions to social security schemes are classified by the source of the contribution. **Employee contributions (1211)** are either paid directly by employees or are deducted from employees' wages and salaries and transferred on their behalf by the employer. **Employer contributions (1212)** are paid directly by employers on behalf of their employees. Amounts paid by general government employers are not eliminated by consolidation when the paying and receiving units are in the same sector or subsector because the contributions are considered to be rerouted as described in paragraph 3.20 of Chapter 3 and then paid by the employees. **Self-employed or nonemployed contributions (1213)** are paid by contributors who are not employees. **Unallocable contributions (1214)** are those contributions whose source cannot be deter-

mined. If any contributions were voluntary, a memorandum item of their total amount would be useful for computing the fiscal burden and other uses.

b. Other social contributions (122)

5.72 Other social contributions include actual and imputed contributions to social insurance schemes operated by governments as employers on behalf of their employees that do not provide retirement benefits. Unlike social security schemes, social insurance schemes for government employees generally tie the level of benefits directly to the level of contributions. Such schemes usually are operated by a government only for its own employees, but they can be operated by one government on behalf of the employees of many governments.

5.73 Employee contributions (1221) include amounts paid directly by employees or transferred from wages and salaries and other compensation by employers on behalf of employees. **Employer contributions (1222)** include amounts paid by employers on behalf of their employees. As with employer contributions to social security schemes, these contributions are not eliminated by consolidation when the paying and receiving governments are in the same sector or subsector.

5.74 Imputed contributions (1223) arise when government employers provide social benefits directly to their employees, former employees, or dependents out of their own resources without involving an insurance enterprise or an autonomous or nonautonomous pension fund. In this situation, existing employees are considered protected against various specified social risks, even though no payments are being made to cover them. The amount of revenue accrued in this category is the value of employer social contributions that would be needed to secure the de facto entitlements to the social benefits.

3. Grants (13)

5.75 Grants are noncompulsory current or capital transfers received by a government unit from either another government unit or an international organization. Grants are classified first by the type of unit paying the grant and then by whether the grant is current or capital.

5.76 Three sources of grants are recognized in the GFS system: **grants from foreign governments (131)**, **grants from international organizations**

⁶The coverage of social benefits is described in Chapter 6.

(132), and *grants from other general government units* (133). The last category, grants from other general government units, is required only when statistics are compiled for a subsector of the general government sector. Otherwise these transactions are eliminated in consolidation.

5.77 Current grants are those made for purposes of current expenditure and are not linked to or conditional on the acquisition of an asset by the recipient. Capital grants involve the acquisition of assets by the recipient and may consist of a transfer of cash that the recipient is expected or required to use for the acquisition of an asset or assets (other than inventories), the transfer of an asset (other than inventories and cash), or the cancellation of a liability by mutual agreement between the creditor and debtor.⁷ If doubt exists regarding the character of a grant, it should be classified as current.⁸

5.78 Grants in kind should be valued at current market prices. If market prices are not available then the value should be the explicit costs incurred in providing the resources or the amounts that would be received if the resources were sold. In some cases, the donor and the recipient may view the value quite differently. In this case, the valuation from the viewpoint of the donor should be used.

5.79 Grants are recorded when all requirements and conditions for receiving them are satisfied and the receiving unit has an unconditional claim. Determining this time can be complex because there is a wide variety of eligibility conditions that have varying legal powers. In some cases, a potential grant recipient has a legal claim when it has satisfied certain conditions, such as the prior incurrence of expenses for a specific purpose or the passage of legislation. In many cases, the grant recipient never has a claim on the donor and it should be attributed to the time at which the cash payment is made.

4. Other revenue (14)

5.80 In addition to taxes, social contributions, and grants, revenue includes property income, sales of goods and services, and miscellaneous other types of revenue.

⁷Appendix 2 provides details on this and other types of government debt operations.

⁸The identification of capital grants is necessary to calculate gross and net saving.

a. Property income [GFS] (141)

5.81 Property income includes a variety of forms of revenue earned by a general government unit when it places financial and/or nonproduced assets that it owns at the disposal of other units. Revenue in this category may take the form of interest, dividends, withdrawals from income of quasi-corporations, property income attributed to insurance policyholders, or rent.⁹

5.82 *Interest [GFS] (1411)* is receivable by general government units that own certain kinds of financial assets, namely deposits, securities other than shares, loans, and accounts receivable.¹⁰ These types of financial assets are created when a general government unit lends funds to another unit. Interest is the revenue earned by the creditor for permitting the debtor to use its funds. Interest revenue accrues continuously over the period that the financial asset exists. The rate at which interest accrues may be stated as a percentage of the outstanding principal, a predetermined sum of money, or both.

5.83 The contract between creditor and debtor may call for periodic payments equal to the amount of interest that has accrued but not yet been paid, but in other cases there may be no such requirement so that the interest accrued is not due to be paid until the end of the contract. Combinations of these methods are also possible. To the extent that interest has accrued without being paid, the debtor's total liability to the creditor has increased. Any periodic or other payments reduce the total liability but are not revenue transactions.

5.84 Many considerations must be taken into account when determining the amount of interest revenue to record. To avoid repetition, interest is described in more detail in paragraphs 6.39 to 55 of Chapter 6.

⁹In the 1993 SNA, reinvested earnings on direct foreign investment is another type of property income. Briefly, a direct foreign investment enterprise is either an unincorporated branch of a nonresident enterprise or a corporation in which at least one foreign investor owns sufficient shares to have an effective voice in its management. An increase in retained earnings of a direct foreign investment enterprise is treated as if it were remitted to the foreign direct investors in proportion to their ownership of the equity of the enterprise and then reinvested in additional equity. The imputed remittance of these retained earnings is treated as property income in the 1993 SNA but not in the GFS system. Such an increase in the value of the equity held by a government unit that is a direct foreign investor is accounted for as a holding gain in the same way as it is for other equity holdings (see Chapter 10). This different treatment causes net lending/borrowing in the two systems to differ. Reinvested earnings on direct foreign investment are described in paragraphs 7.119 to 7.122 of the 1993 SNA.

¹⁰Financial assets and their classification are defined in Chapter 7.

5.85 Dividends (1412). General government units, in their capacity as shareholders and owners of a corporation, become entitled to receive dividends as a result of placing equity funds at the disposal of that corporation. Equity funds do not entitle shareholders to a fixed or predetermined income. Instead, the board of directors or other managers of the corporation must declare a dividend payable on their own volition. Dividends are recorded either on the date they are declared payable or, if no prior declaration occurs, on the date the payment is made.

5.86 General government units may receive dividends from private or public corporations. Distributions of profits by public corporations may take place irregularly and may not be explicitly labeled as dividends. Nevertheless, except for the distributions noted below, dividends include all distributions of profits by corporations to their shareholders or owners, including profits of central banks transferred to government units, profits derived from the operation of monetary authority functions outside the central bank, and profits transferred by state lotteries. Distributions of *profits of fiscal monopolies* (1143) and *profits of export or import monopolies* (1153), however, are classified as taxes, as described in paragraphs 5.50 and 5.62.

5.87 When payments are received from public corporations, it can be difficult to decide whether they are dividends or withdrawals of equity. Dividends are payments a corporation makes out of its current income, which is derived from its ongoing productive activities. A corporation may, however, smooth the dividends it pays from one period to the next so that in some periods it pays more in dividends than it earns from its productive activities. Such payments are still dividends. Distributions by corporations to shareholders of proceeds from privatization receipts and other sales of assets and large and exceptional one-off payments based on accumulated reserves or holding gains are withdrawals of equity rather than dividends.

5.88 Withdrawals from income of quasi-corporations (1413). By definition, quasi-corporations cannot distribute income in the form of dividends, but the owner may choose to withdraw some or all of the income. Conceptually, the withdrawal of such income is equivalent to the distribution of corporate income through dividends and is treated the same way. The amount of income that the owner of a quasi-corporation chooses to withdraw will depend largely on the size of its net income. All such withdrawals are recorded on the date the payment actually occurs.

5.89 As with dividends, withdrawals from income of quasi-corporations do not include withdrawals of funds realized from the sale or other disposal of the quasi-corporation's assets. The transfer of funds resulting from such disposals is recorded as a reduction of the equity of quasi-corporations owned by government. Similarly, funds withdrawn by liquidating large amounts of accumulated retained earnings or other reserves of the quasi-corporation are treated as withdrawals from equity.

5.90 Property income attributed to insurance policyholders (1414). Insurance enterprises hold technical reserves in the form of prepayments of premiums, reserves against outstanding claims, and actuarial reserves against outstanding risks in respect of life insurance policies. These reserves are considered to be assets of the policyholders or beneficiaries, including any general government units that are policyholders, and liabilities of the insurance enterprises. Any income received from the investment of insurance technical reserves is also considered to be the property of the policyholders or beneficiaries and is described as property income attributed to insurance policyholders. This type of property income, which is likely to be rare and/or small for general government units, is described in greater detail in paragraphs 6.76 to 6.80 of Chapter 6.

5.91 Rent (1415). Rent is the property income received from certain leases of land, subsoil assets, and other naturally occurring assets. Other leases of these types of assets, especially leases of the electromagnetic spectrum, may be considered the sale of an intangible nonproduced asset. The terms and conditions governing the classification of leases of naturally occurring assets were still under discussion at the time of publication of this manual. The remainder of this section concerns only those leases classified as rent.

5.92 As with interest, rent accrues continuously to the asset's owner throughout the period of the contract. The rent recorded for a particular accounting period is, therefore, equal to the value of the accumulated rent that becomes payable over the accounting period and may differ from the amount of rent that becomes due for payment or is actually paid during the period.

5.93 General government units may own subsoil assets in the form of deposits of minerals or fossil fuels and may grant leases that permit other units to extract these deposits over a specified period of time in return for a payment or series of payments. These payments

are often described as “royalties,” but they are rents that accrue to owners of assets in return for putting the assets at the disposal of other units for specified periods of time. The rents may take the form of periodic payments of fixed amounts, irrespective of the rate of extraction, or, more usually, will be derived according to the quantity, volume, or value of the asset extracted. Enterprises engaged in exploration on government land may make payments to general government units in exchange for the right to undertake test drilling or otherwise investigate the existence and location of subsoil assets. Such payments are also treated as rents even though no extraction may take place.

5.94 Other types of rent include payments for the right to cut timber on noncultivated government land, to exploit bodies of unmanaged water for recreational or commercial purposes, including fishing, to use water for irrigation, and to graze animals on government land.

5.95 Rent should not be confused with severance taxes, business licenses, or other taxes. Severance taxes are imposed on the extraction of minerals and fossil fuels from land owned privately or by another government. If the payment counts toward the taxes on profits, then it should be classified as *taxes on income, profits, and capital gains* (111). Payments counted toward a tax on the gross value of production should be classified as *other taxes on goods and services* (1146). Payments for a license or permit to conduct extraction operations should be classified as *taxes on use of goods and on permission to use goods or perform activities* (1145).

5.96 Rent should also not be confused with the rental of produced assets, which is treated as *sales of goods and services* (142). The difference in treatment arises because lessors of produced assets are engaged in a production process whereby they provide services to the lessees, such as maintaining inventories of fixed assets available for lease at short notice and repairing and maintaining the leased assets. General government units that own land, subsoil assets, or the electromagnetic spectrum and merely place these assets at the disposal of other units are not considered to be engaged in productive activity. The rentals paid by tenants are treated as payments for the provision of building or housing services.

5.97 A single transaction may comprise both rent and sales of goods and services. Such an event can occur, for instance, when a general government unit,

in a single contract, leases land and buildings situated on the land, and the contract does not separately identify the rent on the land from rental of the buildings. If there is no objective basis on which to apportion the payment between rent on land and rental on the buildings, the whole amount is recorded as a rental if the value of the building is greater than the value of the land and vice versa.

b. Sales of goods and services (142)

5.98 Sales by market establishments (1421). As defined in Chapter 2, an establishment is a part of an enterprise situated in a single location and at which only a single productive activity is carried out or the principal productive activity accounts for most of the value added. A market establishment within a government unit is an establishment that sells or otherwise disposes of all or most of its output at prices that are economically significant. This category consists of the sales of all market establishments that are part of the units for which statistics are being compiled. Because all establishments of public corporations are market establishments, all sales of public corporations are included here. Rentals of produced assets are treated as sales of services and are included in this category. Sales of nonfinancial assets are disposals of nonfinancial assets as described in Chapter 8 and are not sales of goods and services.

5.99 Administrative fees (1422). This item includes fees for compulsory licenses and other administrative fees that are sales of services. Examples are drivers' licenses, passports, court fees, and radio and television licenses when public authorities provide general broadcasting services. For these fees to be considered a sale of a service, the general government unit must exercise some regulatory function—for example, checking the competence or qualifications of the person concerned, checking the efficient and safe functioning of the equipment in question, or carrying out some other form of control that it would otherwise not be obliged to do. If a payment is clearly out of all proportion to the cost of providing the service, then the fee is classified as *taxes on use of goods and on permission to use goods or perform activities* (1145).

5.100 Incidental sales by nonmarket establishments (1423). This item covers sales of goods and services by nonmarket establishments of general government units other than administrative fees.

Included are sales incidental to the usual social or community activities of government departments and agencies, such as sales of products made at vocational schools, seeds from experimental farms, postcards and art reproductions by museums, fees at government hospitals and clinics, tuition fees at government schools, and admission fees to government museums, parks, and cultural and recreational facilities that are not organized as public corporations.

5.101 Imputed sales of goods and services (1424). When a unit produces goods and services for the purpose of using them as compensation of employees in kind, the unit is acting in two capacities: as an employer and as a general producer of goods and services. In order to indicate the total amount paid as compensation of employees, it is necessary to treat the amount paid in kind as if it had been paid in cash as wages and salaries and then the employees had used the cash to purchase the goods and services. This category includes the total value of these imputed sales.

5.102 Sales of goods are recorded when legal ownership changes. If that time cannot be determined precisely, recording may take place when there is a change in physical ownership or control. Transactions in services normally are recorded when the services are provided. Some services are supplied or take place on a continuous basis. For example, operating leasing, and housing services are continuous flows and, in concept, are recorded continuously as long as they are being provided.

c. Fines, penalties, and forfeits (143)

5.103 Fines and penalties are compulsory current transfers imposed on units by courts of law or quasi-judicial bodies for violations of laws or administrative rules. Out-of-court agreements are also included. Forfeits are amounts that were deposited with a general government unit pending a legal or administrative proceeding and that have been transferred to the general government unit as part of the resolution of that proceeding.

5.104 Fines and penalties assessed for infringement of regulations identified as relating to a particular tax are recorded together with that tax. Other fines and penalties identifiable as relating to tax offenses are classified as *other taxes* (116).

5.105 Most fines, penalties, and forfeits are determined at a specific time. These transfers are recorded when the general government unit has a legal claim to the funds, which may be when a court renders judgment or an administrative ruling is published, or it may be when a late payment or other infringement automatically causes a fine or penalty.

d. Voluntary transfers other than grants (144)

5.106 This category includes gifts and voluntary donations from individuals, private nonprofit institutions, nongovernmental foundations, corporations, and any other source other than governments and international organizations. *Current voluntary transfers other than grants (1441)* include, for example, contributions to government of food, blankets, and medical supplies for relief purposes. *Capital voluntary transfers other than grants (1442)* include transfers for the construction or purchase of hospitals, schools, museums, theaters, and cultural centers and gifts of land, buildings, or intangible assets such as patents and copyrights. If it is not clear whether the transfer is current or capital, it is classified as current.¹¹

e. Miscellaneous and unidentified revenue (145)

5.107 Included in this category are all revenues that do not fit into any other category. Items that might appear here are sales of used military and other goods that were not classified as assets, sales of scrap, non-life insurance claims against insurance corporations, non-life insurance premiums of government-operated insurance schemes, payments received for damage to government property other than payments from a judicial process, and any revenues for which adequate information is not available to permit their classification elsewhere.

¹¹The identification of capital transfers is necessary to calculate gross and net saving.