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NATIONAL ACCOUNTS AND BALANCES: SYSTEM OF NATIONAL ACCOUNTS (SNA)

Relationship of the revised System of National Accounts (SNA) to the
International Monetary Fund's Balance of Payments Manual

Report of the Secretary-General

SUMMARY

The present report describes the ongoing work of the Statistical Office concerning the external transactions of the national accounts and their relation to the balance of payments. The project includes two aspects: (a) the preparation of a manual on sources and methods for compiling the external-transactions account of SNA, which will be part 6 of the forthcoming Handbook of National Accounting, and (b) a reconciliation of that account and the IMF Balance of Payments Manual, with consideration of possible modifications in the SNA treatment of external transactions in order to bring the two sets of standards into closer harmony, as well as certain other modifications considered desirable for clarifying SNA. A detailed outline of part 6 of the Handbook has been prepared, and it is expected that a complete draft will be circulated to national statistical offices for comment before the twenty-first session of the Statistical Commission. For the second aspect of the project, a draft report (considered briefly by the Expert Group Meeting on Future Directions for Work on the United Nations System of National Accounts) will also be circulated for country comment before the Commission session. Points for discussion by the Commission are included (para. 21).

* E/CN.3/535.

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INTRODUCTION

1. The present report describes progress in the efforts of the United Nations Statistical Office to clarify the content of the external-transactions components of the national accounts, develop the methodology required for their preparation and improve their comparability with the balance-of-payments statistics collected by the International Monetary Fund (IMF). The project is a part of the continuing programme of the Statistical Office in two dimensions: (a) preparation of manuals, discussing sources of data and methods of compilation for various aspects of the national accounts, to be issued as parts of the forthcoming "Handbook of national accounting", and (b) improvement in the co-ordination of both recommended methodology and data collection among international organizations. The Bureau of Statistics of IMF is co-operating in the latter aspect of the work. Two outputs are envisaged, namely, a manual on sources and methods, which will be part 6 of the handbook, and a report discussing the problems that arise in reconciling the national accounts and the balance of payments, identifying the sources of differences and presenting a number of alternatives for achieving a closer reconciliation.

2. The project has been undertaken with the assistance of a consultant. ^{1/} It has involved the investigation of published materials, the circulation of a questionnaire to national statistical offices and personal visits to a number of national offices to discuss the nature of the problems encountered. Reflecting these inputs, a detailed outline of the manual on sources and methods has been prepared, and a draft report on reconciliation with the balance of payments has been completed and circulated to a number of experts for comment. The draft report was considered briefly by the Expert Group Meeting on Future Directions for Work on the United Nations System of National Accounts that was held in April 1980, there having been insufficient time available for a full discussion. It is expected that the draft will be circulated to national statistical offices in 1980, and a report on the comments received, as well as the draft itself, will be available to members of the Commission during the session. It is also expected that a draft of the manual on sources and methods will have been circulated and will also be available during the session.

I. MANUAL ON SOURCES AND METHODS

A. Description of the content of the manual

3. Annex I to the present report gives the chapter titles and main headings of the proposed part 6 of the handbook. After an introduction relating the external-transactions account to the rest of the national accounts and describing its layout, the manual will discuss the conceptual framework for the external

^{1/} Mr. P. N. Atcherley, Australian Bureau of Statistics, consultant to the United Nations.

transactions of the System of National Accounts (SNA), 2/ the classifications employed, sources and methods for current transactions and sources and methods for capital transactions. The Annexes will present a glossary of terms, a discussion of the problems of reconciliation between the SNA external-transactions account and the IMF Balance of Payments Manual 3/ and a complete presentation of both SNA and IMF tables and accounts. They will also present illustrative surveys and forms and selected references.

4. The manual stressed the importance of adherence in the external-transactions account to the same general principles as are applied throughout the national accounts and their linkage through common definitions, classifications and items of data. Among the basic principles discussed are the coverage of the account, the time of recording of transactions, questions of valuation, units of account and methods of currency conversion and the choice of statistical units. For each of these topics, the concepts of the SNA external-transactions account are compared with those of the IMF Balance of Payments Manual.

5. The chapters on sources and methods for current and capital transactions discuss each of the items of SNA table 26, and these chapters constitute the bulk of the manual. For each item or group of items, a more or less standard approach is used which includes a description of SNA concepts and classifications with, where necessary, a clarification or elaboration of the concepts, references to the IMF Manual highlighting any differences with SNA, a detailed description of sources of statistical data and methods of estimation, references to relevant SNA accounts and tables and, where useful, illustrative forms and surveys that might be used for data collection. These chapters emphasize practical problems of compiling the statistics. The approach adopted provides separate guidance depending upon whether or not balance-of-payments statistics are available based on the IMF Manual. While few countries would adhere completely to the IMF Manual in their balance-of-payments statistics, this is the only consistent standard for those statistics. In principle, if statisticians know the differences between their balance-of-payments statistics and the IMF Manual, they should be able to make the necessary adjustments to their own balance-of-payments statistics to meet SNA requirements. As a part of these chapters, a detailed index to sources and methods based on the ordering of flows in SNA table 26 will be provided.

B. Reconciliation between the external transactions of the System of National Accounts and the balance of payments of the International Monetary Fund

6. An essential step in the preparation of the manual is the development of a detailed reconciliation between the SNA external-transactions account and the

2/ A System of National Accounts (United Nations publication, Sales No. E.69.XVII.3).

3/ Balance of Payments Manual, fourth edition (Washington, DC, International Monetary Fund, 1977), 203 pp.

IMF Balance of Payments Manual. Apart from its usefulness as a basis for the SNA manual, such a reconciliation is important for other reasons. It establishes the congruence of SNA with the IMF Manual in terms of conceptual framework, classifications, definitions, data items etc. and thus should provide a useful tool for data management. Furthermore, by showing the many differences between SNA and the IMF Manual, the reconciliation highlights the need for changes in one or both of them to eliminate unnecessary inconsistency.

7. The importance of the reconciliation has long been recognized, and an attempt was made to accomplish it as part of the preparation of the fourth edition of the Balance of Payments Manual. That attempt was abandoned, however, as too difficult and time-consuming and not of sufficient interest to balance-of-payments analysts. It is, however, of much greater concern to national accountants, who must rely upon the balance of payments as a primary data source, and to analysts wishing to examine the interrelationships between the domestic economy and the rest of the world.

8. Now, therefore, the effort has been taken up again. Because of its fundamental nature, it was decided that the most thorough results would be obtained if parallel studies were undertaken from the SNA and Balance of Payments Manual viewpoints, and the two were later brought together. At the present time, draft reconciliations have been prepared both by the consultant to the United Nations Statistical Office and by the IMF Bureau of Statistics, but they have not yet been integrated. Annex II to the present report presents the Statistical Office reconciliation. The IMF reconciliation will be available to members of the Commission during the session.

II. PROPOSED CHANGES IN THE EXTERNAL-TRANSACTIONS ACCOUNT OF THE SYSTEM OF NATIONAL ACCOUNTS

9. The second aspect of the project on the external-transactions account of SNA deals primarily with differences between SNA and the IMF Balance of Payments Manual. As noted in paragraph 2 above, a draft report on this aspect of the project has been circulated to a number of experts for comment and was briefly considered by the Expert Group Meeting on Future Directions for Work on the United Nations System of National Accounts. The draft report contains both a general description of the principal differences in scope, concepts, definitions, classifications, items of data etc. between SNA and the IMF Manual and a series of short discussions of each of the specific differences, as well as several possible changes to the SNA treatment of external transactions that seem desirable for reasons other than consistency with the Balance of Payments Manual.

A. The approach adopted

10. There are various general approaches that could be adopted in considering what action should be taken in the light of the differences between SNA and the IMF Manual, which would simplify decisions on individual differences. Some of the possible approaches are as follows:

(a) It could be decided that the conceptual framework of SNA should not be compromised in any way and that modification of SNA to resolve any of the differences should be undertaken only if this can be done while adhering to the basic principles of SNA and to its objective of providing a comprehensive and detailed framework for the systematic and integrated recording of the flows and stocks of the economy.

(b) At the other extreme, it could be decided that consistency with the IMF Manual is the primary objective. Since the IMF Manual has recently been revised, it is unlikely to be further changed in the near future, which implies that the only way to achieve consistency is by changing SNA. It could also be decided that this would be an interim decision and that, if and when a full revision of SNA is undertaken, it would be expected that a similar review could be made of the IMF Manual, thus permitting co-ordinated and more rational decisions on the appropriate treatment of the present differences between SNA and the IMF Manual.

(c) It could be decided that no general philosophy should be adopted and that each of the differences should be examined and resolved on its own.

(d) It could be accepted that the general principles of SNA should be modified in cases where availability of data does not permit countries to conform with those principles.

(e) An alternative way of allowing for major data availability problems would be to recommend consistency with the general principles of SNA but indicate that, in practice, it might be necessary to adopt some alternative treatment. This approach would ensure that the basic principles were not compromised while, at the same time, would make some allowance for data availability.

(f) It could be argued that analytical usefulness should be the main criterion in considering modifications since, after all, the main purpose of SNA is as a standard for producing statistics relevant to user needs.

11. None of the above criteria on its own seems to meet the need. Criterion (a) is too rigid in that it would preclude minor changes to SNA which, although technically conflicting with its basic principles, could be considered worth while in order to provide consistency with the IMF Manual. It is worth noting that SNA already contains a number of recommendations on external transactions that do not conform strictly to its basic principles. On the other hand, criterion (b) is too flexible: the adoption of many changes to SNA that conflicted with its basic principles could seriously undermine the conceptual framework. To regard any decisions arising out of this approach as merely interim decisions does not seem useful, since the prospect of co-ordinated reviews of SNA and the IMF Manual is uncertain and also because changes that may take effect for only a few years cause undue inconvenience to users through breaks in the series and to compilers through the need to reorganize data collection and estimation systems. Criterion (c) is a more pragmatic approach but does not offer major guidelines.

12. Criterion (d) on its own has the disadvantage that undue weight might be given to current data problems whereas in a dynamic situation, data availability is continually changing and in most countries improving, so that data currently

unavailable may in a few years' time be readily available. Also, data availability is relative to the effort made to obtain the data and this, in turn, depends to a large extent on how analytically useful the data are seen to be by users. Finally, it is very difficult to determine the availability of data on a global basis. Should the matter be determined on the basis of a simple majority of countries, a weighted majority (with what weights?) or how? Data availability clearly has some relevance, but it can rarely be a decisive factor.

13. Criterion (e) is already used to some extent in SNA, as in other international standards, but a widespread use of this device can only serve to throw into serious doubt the relevance of the whole conceptual framework.

14. Analytical usefulness - criterion (f) - like data availability is obviously relevant as one of a number of criteria, but there would be serious difficulties in using it as the sole criterion. There are typically many different uses of statistics and the relative importance of each varies considerably over time and between countries. Also, this criterion is of little use in considering many of the present differences between SNA and the IMF Manual, since their practical importance is so minor that their treatment is of little if any relevance from the point of view of analytical usefulness, from either a national-accounts or a balance-of-payments point of view.

15. The approach adopted in considering possible modifications to SNA was, therefore to try to make due allowance for all relevant factors. Consistency with the conceptual framework was regarded as the prime objective, but some weight also had to be given to analytical usefulness, data availability and the desirability of consistency with the IMF Manual and other international standards.

16. Using a standard format, the discussion of each of the differences dealt with covers the present treatment in international standards and present statistical practice (where known), alternative options for treatment in SNA and, on the basis of the criteria outlined in the previous paragraph, proposals for the preferred approach in SNA. In some cases, these proposals would, if adopted, eliminate present differences between SNA and the IMF Manual, but in other cases, the differences would be perpetuated. A few possible changes to the treatment by SNA of external transactions not arising out of differences in international standards are also discussed. These mainly deal with instances where clarifications of the present intentions of SNA are needed.

B. Summary of proposals and comments received

17. Annex III to the present report lists the topics considered and summarizes the SNA treatment, the Balance of Payments Manual treatment and the preferred option selected in the report. On the basis of comments received to date, the proposals may be divided roughly into four categories: those on which there seems to be rather general agreement, those on which the commentators generally disagree with the proposal, those on which opinion is divided and those which evoked little interest. There seems to be widespread agreement with 14 of the 31 proposals made, namely those numbered 1-3, 6-8, 10, 11, 13, 18, 19, 24, 29 and 30 in annex III. There is clear disagreement with proposals 14, 15 and 16, which relate

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to airport taxes, other compulsory fees on travellers, bad debts written off and allocation of special drawing rights. On the remaining items, opinion was divided or little interest was expressed.

18. The proposals were considered briefly by the Expert Group Meeting on Future Directions for Work on the United Nations System of National Accounts. In view of the complexity of the issues involved and the limited time available, some participants did not feel able to express a view on the specific proposals in the report. However, the Expert Group did provide some tentative comments on a few of the proposals, with the caveat that these views may differ when a more exhaustive study of the report was undertaken. The group recommended that an ad hoc meeting be convened to discuss in detail the proposals in the report. In making the recommendation, the group expressed the view that continuing efforts to achieve greater consistency between SNA and the IMF Balance of Payments Manual represented a very worth-while objective. The group, in proposing further study of the report, believed there were good prospects of achieving this objective.

19. The items discussed by the group were those numbered 3, 8, 9 and 13 in annex III, namely those dealing with the timing of the recording of imports and exports, goods shipped on consignment without change of ownership goods imported for processing and subsequent re-export without change of ownership and reinvested earnings of direct investment enterprises. Those members of the group who expressed a view were generally supportive of the recommendations in the report in all of the cases except item 9, goods imported for processing, where there was some feeling that the present SNA treatment was necessary to meet the requirements of input-output statistics and that further study of the issue should be made before any change could be contemplated.

20. The entire report on proposed changes in the external sector of SNA will be circulated to national statistical offices for comment. A summary of the comments received will be made available to members of the Commission during the session, and an oral report will be made to the Commission.

III. POINTS FOR DISCUSSION

21. The Commission may wish to consider the following questions:

(a) Should the draft manual on sources and methods for compiling the external-transactions account of SNA be approved for publication as an aid to countries in compiling these statistics?

(b) With respect to the question of the proposed modifications of SNA:

(i) Are the criteria adopted appropriate?

(ii) Is there a need for an ad hoc group to consider the proposed modifications?

(iii) What should be the timing of implementation of the changes deemed to be desirable?

Annex I

OUTLINE OF "HANDBOOK OF NATIONAL ACCOUNTING; PART 6, EXTERNAL
TRANSACTIONS IN THE SYSTEM OF NATIONAL ACCOUNTS"

Preface

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Chapter I. PURPOSE AND SCOPE OF PART 6

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- B. Objectives
- C. Relationship of external-transactions account to rest of national accounts
- D. Layout

Chapter II. CONCEPTUAL FRAMEWORK FOR SNA EXTERNAL TRANSACTIONS

- A. Introduction
- B. Coverage
- C. Time of recording
- D. Valuation
- E. Unit of account and methods of currency conversion
- F. Statistical unit
- G. Other general principles
- H. Concepts of SNA external transactions and IMF Balance of Payments Manual compared

Chapter III. CLASSIFICATION OF SNA EXTERNAL TRANSACTIONS

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- B. Main aggregates
- C. Institutional sectors
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- A. Introduction
- B. Exports and imports of goods and services - general description
- C. Exports and imports of merchandise
- D. Transport and communication
- E. Insurance service charges
- F. Direct purchases in the domestic market, extraterritorial bodies
- G. Direct purchases in domestic market by non-residents and direct purchases abroad by residents
- H. Direct purchases abroad by government services
- I. Miscellaneous commodities

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- J. Compensation of employees
- K. Property and entrepreneurial income
- L. Other current transfers
- M. Priorities for improving statistics of current transactions

Chapter V. SOURCES AND METHODS FOR SNA CAPITAL TRANSACTIONS

- A. Introduction
- B. Capital transfers
- C. Purchases of intangible assets
- D. Gold and IMF special drawing rights
- E. Currency and transferable deposits
- F. Other deposits
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- H. Bonds, long term
- I. Corporate equities
- J. Short-term loans, not elsewhere classified
- K. Long-term loans, not elsewhere classified
- L. Proprietors' net additions to accumulation of quasi-corporate enterprises
- M. Trade credit
- N. Other financial assets and liabilities
- O. Priorities for improving statistics of capital transactions

Annex I. GLOSSARY OF TERMS

Annex II. RECONCILIATION BETWEEN SNA EXTERNAL TRANSACTIONS AND IMF BALANCE OF PAYMENTS MANUAL (BPM)

- 1. Introduction
- 2. Extent of consistency between SNA and BPM
- 3. Description of differences between SNA and BPM
- 4. Reconciliation of SNA and BPM aggregates

Table 1. External transactions and balance-sheet entries in SNA

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Table 3. Detailed reconciliation between SNA table 26 and BPM standard components

Annex III. SNA AND IMF TABLES AND ACCOUNTS FOR EXTERNAL TRANSACTIONS

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- 2. General guidelines on collection methodology
- 3. Illustrative surveys on external transactions
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Annex V. REFERENCES

- 1. Selected references on country methodology
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Annex II

RECONCILIATION BETWEEN TABLE 26 OF THE SYSTEM OF NATIONAL ACCOUNTS
AND THE STANDARD COMPONENTS OF THE BALANCE OF PAYMENTS MANUAL OF THE
INTERNATIONAL MONETARY FUND

The table below attempts to outline the combinations of balance-of-payments standard components which cover the same range of transactions as many of the items in SNA table 26. However, as can be seen from the necessary adjustments in the third column, a ready reconciliation is not possible.

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL (BPM) STANDARD COMPONENTS

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
1	6.2.11.1	Export of merchandise, f.o.b.	Merchandise (CREDIT) (Part)	<p>ADD</p> <ul style="list-style-type: none"> . goods exported for processing and subsequent re-import without a change of ownership . re-exports of goods after processing without a change of ownership . goods shipped between a branch and its parent that are specified in para.221 of the BPM . gold reclassified from a commodity to a non-monetary financial asset <p>SUBTRACT</p> <ul style="list-style-type: none"> . the timing difference between merchandise exports recorded on a change-of-ownership basis and merchandise exports recorded on a physical-movements basis . the market value of goods shipped on financial lease . goods shipped between a direct investment subsidiary and its parent or other related enterprises that do not involve a change of ownership, except those specified in para.221 of the BPM . transactions in non-monetary gold held as a financial asset <p>COMMENT</p> <ul style="list-style-type: none"> . Goods shipped on consignment without a change of ownership may or may not be included in this component. An adjustment may be necessary depending on the treatment adopted.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
1 cont.				<ul style="list-style-type: none"> • Treatment of mobile equipment operating in a particular country for at least a year is difficult to align as the SNA recommendations are unclear. An adjustment may be necessary depending on the treatment adopted. • Treatment of merchanting transactions is difficult to align as the SNA gives no specific guidance on whether or not to include any entries in merchandise. An adjustment may be necessary depending on the treatment adopted.
			Reserves - Monetary Gold - Counterpart to monetization (CREDIT)	<p>COMMENT</p> <ul style="list-style-type: none"> • The SNA is unclear on this point but apparently only the monetization of newly refined gold is covered in the SNA's merchandise.
			Other Transportation - Port services, etc (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> • The only relevant part of this component is bunkers, stores and ballast to ships and aircraft.
2	6.2.11.2	Transport and communication		
3		i, In respect of merchandise imports	-	<p>COMMENT</p> <ul style="list-style-type: none"> • The EPM does not include these resident/resident transactions (ie, freight services by resident carriers on merchandise imports) in the balance of payments.
4		ii, Other	Shipment (CREDIT) (Part)	<p>SUBTRACT</p> <ul style="list-style-type: none"> • insurance on merchandise and most other movable goods

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction	Standard Components	
4 cont.			Other Transportation - Passenger services (CREDIT) Port services etc (CREDIT) (Part)	<p>ADD</p> <ul style="list-style-type: none"> charter payments in respect of ships etc on financial lease <p>SUBTRACT</p> <ul style="list-style-type: none"> bunkers, stores and ballast to ships and aircraft <p>COMMENT</p> <ul style="list-style-type: none"> An adjustment may be necessary depending on the SNA's treatment of mobile equipment operating in a particular country for at least a year.
			Other Goods, Services and Income - Private - Other (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is communications.
5	6.2.11.3	Insurance service charges		
6		i. In respect of merchandise imports	-	<p>COMMENT</p> <ul style="list-style-type: none"> The BPM does not include these resident/resident transactions (ie, insurance service charges by resident insuring companies on merchandise imports) in the balance of payments.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
7		ii. Other	Shipment (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is insurance service charges (i.e. premiums less claims) on merchandise and most other movable goods.
			Other Goods, Services and Income - Private - Other (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is premiums less claims for non-merchandise insurance (or net amounts received and paid in the case of pension funds). <p>SUBTRACT from this part</p> <ul style="list-style-type: none"> the capital element inherent in life insurance transactions excluding interest (i.e. net additions to actuarial reserves, excluding interest on these reserves, which accrues to policy holders) in the case of pension funds, all but an amount equivalent to administrative expenses of these funds
8	6.2.11.4	Direct purchases in the domestic market, extraterritorial bodies	Other Goods, Services and Income - Official - Interofficial (CREDIT)(Part) Other, foreign official (CREDIT)(Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of these components is net purchases by extraterritorial civilian or military bodies stationed in the domestic territory.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
9	6.2.11.9	Miscellaneous commodities	Other Goods, Services and Income - Official - Interofficial (CREDIT)(Part)	<p>ADD</p> <ul style="list-style-type: none"> . profits on arbitrage transactions in foreign exchange . sales by residents to non-residents of immovable tangible assets (eg, structures) . lease payments in respect of goods on financial lease (excluding charter payments in respect of ships etc on financial lease) <p>SUBTRACT</p> <ul style="list-style-type: none"> . personal expenditures by diplomatic and military personnel stationed in the domestic territory . premiums less claims in respect of non-merchandise insurance (or net amounts received and paid in the case of pension funds) . rent on land in the domestic market paid by extra-territorial bodies . communications . fees received for processing of goods (ie value added to goods imported for processing and re-export)
			Other, resident official (CREDIT)(Part)	
			Other, foreign official (CREDIT)(Part)	
			Private - Other (CREDIT) (Part)	
			Merchandise (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> . The only relevant parts of this component are migrants' effects and gifts in kind.
			Other Transportation Port services, etc (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> . The only relevant part of this component is repair of carriers.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

SNA			BPM	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
Item	Flow	Type of Transaction	Standard Components	
9 cont.			Travel (CREDIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of this component is reimbursable outlays of foreign government officials and other non-resident travellers (eg, businessmen, crews, etc) in the domestic territory.
10	6.2.11.10	Adjustment of merchandise exports to change-of-ownership basis	Merchandise (CREDIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of this component is the timing difference between merchandise exports recorded on a change-of-ownership basis and merchandise exports recorded on a physical-movements basis.
11	6.2.12.1	Direct purchases in the domestic market, non-resident households	Travel (CREDIT) (Part)	SUBTRACT <ul style="list-style-type: none"> goods and services acquired by travellers without a quid pro quo reimbursable outlays of commercial and government travellers certain unrequited transfers paid by travellers, eg, airport taxes rent on land paid by travellers
			Other Goods, Services and Income - Official - Interofficial (CREDIT)(Part) Other, resident official (CREDIT)(Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of these components is personal expenditures by diplomatic and military personnel stationed in the domestic territory.

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction	Standard Components	
11 cont.			Other Goods, Services and Income - Private - Labour income not included elsewhere (n.i.e.) (CREDIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of this component is the expenditure of income by non-resident employees in the economy where they are employed, excluding rent paid on land.
12	6.2.10	Exports of goods and services		
13	6.4.1	Compensation of employees	Other Goods, Services and Income - Private - Labour income n.i.e. (CREDIT) (Part)	SUBTRACT <ul style="list-style-type: none"> expenditure of income by non-resident employees in the economy where they are employed
14	6.4.9	Property and entrepreneurial income	Investment Income - Direct investment income - Distributed earnings (CREDIT)	COMMENT <ul style="list-style-type: none"> Treatment of stock dividends and bonus shares is difficult to align as SNA gives no specific guidance on treatment. An adjustment may be necessary depending on treatment adopted.
			Investment Income - Other - Resident official, including interofficial (CREDIT) Foreign official, excluding interofficial (CREDIT) Private (CREDIT)	ADD <ul style="list-style-type: none"> imputed interest flows in respect of household equity in life insurance reserves and pension funds

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
14 cont.				<p>SUBTRACT</p> <ul style="list-style-type: none"> investment income portion of lease payments in respect of goods on financial lease <p>COMMENT</p> <ul style="list-style-type: none"> Treatment of stock dividends and bonus shares is difficult to align as SNA gives no specific guidance on treatment. An adjustment may be necessary depending on treatment adopted. An adjustment may be necessary depending on SNA's treatment of mobile equipment operating in a particular country for at least a year.
			Travel (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is the rent on land paid by travellers.
			Other Goods, Services and Income - Official - Interofficial (CREDIT) (Part) Other, foreign official (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is the rent on land in the domestic market paid by extraterritorial bodies.
			Private - Labour income n.i.e. (CREDIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is the rent on land paid by workers.
			Other Goods, Services and Income Private - Property income n.i.e. (CREDIT)	

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction	Standard Components	
15	6.6.22	Other current transfers from the rest of the world		
16		i. To general government	Unrequited Transfers - Official - Interofficial (CREDIT)(Part) Other resident official (CREDIT)(Part)	SUBTRACT . capital transfers . transfers to the central bank
			Travel (CREDIT) (Part)	COMMENT . The only relevant part of this component is the compulsory fees paid by travellers, eg airport taxes.
17		ii. To other resident sectors	Unrequited Transfers - Official - Other foreign official (CREDIT)(Part) Private - Migrants' transfers (CREDIT)(Part) Workers' remittances (CREDIT) Other (CREDIT) (Part)	ADD . transfers to the central bank . bad debts written off SUBTRACT . capital transfers . counterpart entry to the value of goods and services acquired by travellers without a quid pro quo
			Other Goods, Services and Income - Private - Other (CREDIT) (Part)	COMMENT . The only relevant part of this component is the premiums (less service charge) and claims in respect of casualty insurance.
18		Current receipts		
19	6.1.11.1	Imports of merchandise, c.i.f.	See separate components below	

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
20	6.1.11.1i	Imports, f.o.b.	Merchandise (DEBIT) (Part)	<p>ADD</p> <ul style="list-style-type: none"> . goods imported for processing and subsequent re-export without a change of ownership . re-imports of goods after processing without a change of ownership . goods shipped between a branch and its parent that are specified in para.221 of the BPM . gold reclassified from a non-monetary financial asset to a commodity <p>SUBTRACT</p> <ul style="list-style-type: none"> . the timing difference between merchandise imports recorded on a change-of-ownership basis and merchandise imports recorded on a physical-movements basis . the market value of goods shipped on financial lease . goods shipped between a direct investment subsidiary and its parent or other related enterprises that do not involve a change of ownership, except those specified in para.221 of the BPM . transactions in non-monetary gold held as a financial asset <p>COMMENT</p> <ul style="list-style-type: none"> . Goods shipped on consignment without a change of ownership may or may not be included in this component. An adjustment may be necessary depending on the treatment adopted.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
20 cont.				<ul style="list-style-type: none"> . Treatment of mobile equipment operating in a particular country for at least a year is difficult to align as the SNA recommendations are unclear. An adjustment may be necessary depending on the treatment adopted. . Treatment of merchanting transactions is difficult to align as the SNA gives no specific guidance on whether or not to include any entries in merchandise. An adjustment may be necessary depending on the treatment adopted.
			Other Transportation - Port services etc (DEBIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> . The only relevant part of this component is bunkers, stores and ballast to ships and aircraft.
21	6.1.11.1ii	Transport services on merchandise imports by non-residents	Shipment (DEBIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> . The only relevant part of this component is freight on merchandise imports.
22	6.1.11.1iii	Transport services on merchandise imports by resident industries	-	<p>COMMENT</p> <ul style="list-style-type: none"> . The BPM does not include these resident/resident transactions in the balance of payments.
23	6.1.11.2	Other transport and communication services by non-residents	Shipment (DEBIT) (Part)	<p>SUBTRACT</p> <ul style="list-style-type: none"> . insurance on merchandise and most other movable goods . freight on merchandise imports

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction	Standard Components	
23 cont.			Other Transportation - Passenger services (DEBIT) Port services etc (DEBIT) (Part)	<p>ADD</p> <ul style="list-style-type: none"> charter payments in respect of ships etc on financial lease <p>SUBTRACT</p> <ul style="list-style-type: none"> bunkers, stores and ballast to ships and aircraft <p>COMMENT</p> <ul style="list-style-type: none"> An adjustment may be necessary depending on the SNA's treatment of mobile equipment operating in a particular country for at least a year.
			Other Goods, Services and Income - Private - Other (DEBIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is communication.
24	6.1.11.1iv	Insurance service charges on merchandise imports, services by non-residents	Shipment (DEBIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is insurance service charges (ie premiums less claims) on merchandise imports.
25	6.1.11.1v	Insurance service charges on merchandise imports, services by resident industries	-	<p>COMMENT</p> <ul style="list-style-type: none"> The BPM does not include these resident/resident transactions in the balance of payments.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
26	6.1.11.3	Other insurance service charges, services by non-residents	<p>Shipment (DEBIT) (Part)</p> <p>Other Goods, Services and Income - Private - Other (DEBIT) (Part)</p>	<p>COMMENT</p> <p>The only relevant part of this component is insurance service charges (ie, premiums less claims) on most movable goods, other than merchandise.</p> <p>COMMENT</p> <p>The only relevant part of this component is premiums less claims for non-merchandise insurance (or net amounts received and paid in the case of pension funds).</p> <p>SUBTRACT from this part</p> <ul style="list-style-type: none"> the capital element inherent in life insurance transactions excluding interest (ie net additions to actuarial reserves, excluding interest on these reserves, which accrues to policy holders) in the case of pension funds, all but an amount equivalent to administrative expenses of these funds
27	6.1.11.4	Direct purchases abroad on capital account, government services	<p>Other Goods, Services and Income - Official - Interofficial (DEBIT)(Part) Other, resident official (DEBIT)(Part)</p>	<p>COMMENT</p> <p>The only relevant part of these components is net purchases in foreign countries for extra-territorial bodies and other direct uses abroad of the government of a country.</p> <p>SUBTRACT</p> <ul style="list-style-type: none"> direct purchases abroad on current account

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
28	6.1.11.9	Miscellaneous commodities	Other Goods, Services and Income - Official - Interofficial (DEBIT)(Part) Other, resident official (DEBIT)(Part) Other, foreign official (DEBIT)(Part) Private - Other (DEBIT) (Part)	<p>ADD</p> <ul style="list-style-type: none"> losses on arbitrage transactions in foreign exchange purchases by residents from non-residents of immovable tangible assets (eg. structures) lease payments in respect of goods on financial lease (excluding charter payments in respect of ships etc on financial lease) <p>SUBTRACT</p> <ul style="list-style-type: none"> personal expenditures by diplomatic and military personnel stationed abroad premiums less claims in respect of non-merchandise insurance (or net amounts received and paid in the case of pension funds) rent on land situated abroad paid by the resident official sector communications fees paid for processing of goods (ie. value added to goods exported for processing and re-import
			Merchandise (DEBIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant parts of this component are migrants' effects and gifts in kind.
			Other Transportation - Port services, etc (DEBIT) (Part)	<p>COMMENT</p> <ul style="list-style-type: none"> The only relevant part of this component is repair of carriers.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
28 cont.			Travel (DEBIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of this component is reimbursable outlays abroad of resident travellers other than government officials.
29	6.1.11.10	Adjustment of merchandise imports to change-of-ownership basis	Merchandise (DEBIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of this component is the timing difference between merchandise imports recorded on a change-of-ownership basis and merchandise imports recorded on a physical-movements basis.
30	6.1.12.1	Direct purchases abroad, resident households	Travel (DEBIT) (Part)	SUBTRACT <ul style="list-style-type: none"> goods and services acquired by travellers without a quid pro quo reimbursable outlays of commercial and government travellers certain unrequited transfers paid by travellers, eg airport taxes rent on land paid by travellers
			Other Goods, Services and Income - Official - Interofficial (DEBIT) (Part) Other, foreign official (DEBIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of these components is personal expenditures by diplomatic and military personnel stationed abroad.
			Other Goods, Services and Income - Private - Labour income n.i.e. (DEBIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of this component is the expenditure of income by residents in the foreign economy where they are employed, excluding rent paid on land.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction	Standard Components	
31	6.1.12.2	Direct purchases abroad on current account, government services	Other Goods, Services and Income - Official - Interofficial (DEBIT)(Part) Other, resident official (DEBIT)(Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of these components is net purchases in foreign countries for extra-territorial bodies and other direct uses abroad of the government of a country. SUBTRACT <ul style="list-style-type: none"> direct purchases abroad on capital account
			Travel (DEBIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of this component is reimbursable outlays of resident government officials travelling abroad.
32	6.1.10	Imports of goods and services		
33	6.3.1	Compensation of employees	Other Goods, Services and Income - Private - Labour income n.i.e. (DEBIT) (Part)	SUBTRACT <ul style="list-style-type: none"> expenditure of income by residents in the foreign economy where they are employed
34	6.4.8	Property and entrepreneurial income	Investment Income - Direct investment income - Distributed earnings (DEBIT)	COMMENT <ul style="list-style-type: none"> Treatment of stock dividends and bonus shares is difficult to align as SNA gives no specific guidance on treatment. An adjustment may be necessary depending on treatment adopted.

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
34 cont.			Investment Income - Other - Resident official, including interofficial (DEBIT) Foreign official, excluding interofficial (DEBIT) Private (DEBIT)	ADD . imputed interest flows in respect of household equity in life insurance reserves and pension funds SUBTRACT . investment income portion of lease payments in respect of goods on financial lease COMMENT . Treatment of stock dividends and bonus shares is difficult to align as SNA gives no specific guidance on treatment. An adjustment may be necessary depending on treatment adopted. . An adjustment may be necessary depending on SNA's treatment of mobile equipment operating in a particular country for at least a year.
			Travel (DEBIT) (Part)	COMMENT . The only relevant part of this component is the rent on land paid by travellers.
			Other Goods, Services and Income - Official - Interofficial (DEBIT)(Part) Other, resident official (DEBIT)(Part)	COMMENT . The only relevant part of this component is the rent on land situated abroad paid by the resident official sector,
			Private - Labour income, n.i.e. (DEBIT)(Part)	COMMENT . The only relevant part of this component is the rent on land paid by workers.

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction	Standard Components	
34 cont.			Other Goods, Services and Income - Private - Property income n.i.e. (DEBIT)	
35	6.6.21	Other current transfers to the rest of the world		
36		i. By general government	Unrequited Transfers - Official - Interofficial (DEBIT)(Part) Other, resident official (DEBIT)(Part)	SUBTRACT . capital transfers . transfers by central bank
37		ii. By other resident sectors	Travel (DEBIT) (Part)	COMMENT . The only relevant part of this component is the compulsory fees paid by travellers, eg. airport taxes.
			Unrequited Transfers - Official - Other, foreign official (DEBIT)(Part) Private - Migrants' transfers (DEBIT) (Part) Workers' remittances (DEBIT) Other (DEBIT) (Part)	ADD . transfers by the central bank . bad debts written off SUBTRACT . capital transfers . counterpart entry to the value of goods and services acquired by travellers without a quid pro quo

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
37 cont.			Other Goods, Services and Income - Private - Other (DEBIT) (Part)	COMMENT <ul style="list-style-type: none"> The only relevant part of this component is the premiums (less service charge) and claims in respect of casualty insurance.
38		Current disbursements		
39	6.7.3 or 6.7.2	Surplus on current transactions (18-38)		
40	6.7.6	Capital transfers from the rest of the world, net		
41		i. To general government	Unrequited Transfers - Official - Interofficial (CREDIT and DEBIT) (Part) Other, resident official (CREDIT and DEBIT)(Part)	SUBTRACT <ul style="list-style-type: none"> current transfers transfers (net) to central bank
42		ii. To other resident sectors	Unrequited Transfers - Private - Migrants' transfers (CREDIT and DEBIT)(Part) Other (CREDIT and DEBIT) (Part) Official - Other, foreign official (CREDIT and DEBIT)(Part)	ADD <ul style="list-style-type: none"> transfers (net) to central bank SUBTRACT <ul style="list-style-type: none"> current transfers

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

SNA		BPM	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments	
Item	Flow	Type of Transaction		Standard Components
43	6.7.5	Purchases of intangible assets, not elsewhere classified (n.e.c.) from the rest of the world, net	-	<p>COMMENT</p> <ul style="list-style-type: none"> The BPM has no equivalent component. It attributes ownership of non-financial intangible assets to a resident entity and treats the non-resident owner as acquiring a financial claim on that entity. Such claims are recorded indistinguishably in the Capital account.
44	6.7.8 or 6.7.9	Net lending 39 + 40 + 43	Current account balance	<p>ADD</p> <ul style="list-style-type: none"> full lease payments for goods shipped on financial lease arrangements bad debts written off profits and losses on arbitrage transactions in foreign exchange merchandise transactions between a branch and its parent company that are specified in para.221 of the BPM monetization of gold reclassification of gold from a commodity to a non-monetary financial asset net purchases of non-financial intangible assets transactions in immovable tangible assets (eg. structures) goods exported for processing and re-import without a change of ownership, re-exports without a change of ownership, and fees paid for processing of goods where no change of ownership occurs imputed interest flows in respect of household equity in life insurance reserves and pension funds

RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
44 cont.				<p>SUBTRACT</p> <ul style="list-style-type: none"> . the capital element inherent in life insurance and pension fund transactions . transactions in non-monetary gold held as a financial asset . reinvested earnings of direct investment enterprises . the full market value of goods shipped on financial lease arrangements . the investment income portion of lease payments for goods shipped on financial lease arrangements . transfers of goods between a direct investment subsidiary and its parent or other related enterprises that do not involve a change of ownership, except those specified in para.221 of the BPM . goods imported for processing and re-export without a change of ownership, re-exports without a change of ownership, and fees received for processing of goods where no change of ownership occurs <p>COMMENT</p> <p>Other adjustments may be necessary depending on the treatment adopted for:</p> <ul style="list-style-type: none"> . goods shipped on consignment without a change of ownership . the time of recording of merchandise transactions (ie. change-of-ownership basis or physical-movements basis)

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RECONCILIATION BETWEEN SNA TABLE 26 AND IMF BALANCE OF PAYMENTS MANUAL STANDARD COMPONENTS (continued)

Item	SNA		BPM Standard Components	Adjustments to BPM Standard Components to align them with SNA Table 26 Items, and other Comments
	Flow	Type of Transaction		
44 cont.				<ul style="list-style-type: none"> . mobile equipment operating on the domestic territory for at least a year . merchanting transactions . overseas territories or possessions . stock dividends or bonus shares

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Annex III

SUMMARY OF PROPOSALS FOR MODIFICATIONS

1. Scope of external-transactions account

a. BPM

Includes revaluations, at least of reserves

b. SNA

Excludes revaluations, excluding reclassification of gold

c. Preferred option

Confine to transactions

2. Unrequited transfers

a. BPM

Combine and treat all as current

b. SNA

Separate items for current and capital transfers

c. Preferred option

Combine and treat as current

3. Timing of recording of imports and exports

a. BPM

Change of ownership

b. SNA

In principle, change of ownership, but alternative practical guidelines.
Merchandise always on physical movements basis; goods and services on either basis.

c. Preferred option

Change of ownership. Eliminate adjustment item.

4. Point of valuation of merchandise trade

a. BPM

F.o.b. customs frontier exporting country

b. SNA

Exports f.o.b.; imports c.i.f.

c. Preferred option

F.o.b.

5. Financial leasing

a. BPM

Impute change of ownership

b. SNA

Strict change of ownership

c. Preferred option

Impute change of ownership

6. Purchases and sales of bunkers etc.

a. BPM

Include in transportation

b. SNA

Include in merchandise

c. Preferred option

Include in transportation

7. Transfers between affiliated enterprises

a. BPM

Transfers of goods between related enterprises treated as change of ownership except in specified cases.

b. SNA

Impute change of ownership between branch (quasi-corporate enterprises) and parent but not between related legal entities.

c. Preferred option

Modify SNA treatment

8. Goods shipped on consignment

a. BPM

Change of ownership preferred

b. SNA

Impute change of ownership

c. Preferred option

Time of change of ownership

9. Goods imported for processing

a. BPM

Change of ownership

b. SNA

Impute change of ownership

c. Preferred option

Time of change of ownership

10. Merchanting transactions

a. BPM

Purchases and sales within the same period should be excluded from merchandise. If bought in one period and sold in another, show as imports/deduction from imports. Include profit in "other goods, services and income".

b. SNA

Record gross margin in exports and imports of miscellaneous commodities.

c. Preferred option

Record net (amounts receivable less payable) and treat as provision of merchanting services.

11. Profits and losses on arbitrage

a. BPM

Regarded as capital gain or loss and excluded from current account.
Included in capital account.

b. SNA

Include in exports of goods and services

c. Preferred option

Treat as capital gains or losses. Include in financial items and in reconciliation accounts.

12. Compensation of employees

a. BPM

Covers payments to employees and expenditure out of this income

b. SNA

Treat as factor income. Do not record expenditure.

c. Preferred option

No change: treat as factor income

13. Reinvested earnings

a. BPM

Include in current and capital accounts

b. SNA

Exclude

c. Preferred option

Include in current and capital accounts

14. Airport taxes

a. BPM

Include in travel

b. SNA

Include in unrequited current transfers

15. Other compulsory fees on travellers

a. BPM

Include in travel

b. SNA

Include in unrequited current transfers

c. Preferred option

No change: include in unrequited current transfers

16. Bad debts written off

a. BPM

Exclude - valuation change

b. SNA

Treat as current transfers

c. Preferred option

No change: treat as unrequited current transfers

17. Immovable tangible assets

a. BPM

Cannot be held by a non-resident - instead the non-resident owns a claim on a resident.

b. SNA

Treat the same as other assets

c. Preferred option

No change: treat the same as resident/non-resident transactions in other assets

18. Non-financial intangible assets

a. BPM

Purchases of these assets are regarded as direct investments. Payments for their use are regarded as property income.

b. SNA

Purchases of these assets are shown separately from payments for their use, which are regarded as property income.

c. Preferred option

Combine purchases with payments for use of these assets.

19. Classification of financial assets and liabilities

a. BPM

Primary classification is by function

b. SNA

Primary classification is type of financial claim

c. Adopt function as the primary classification for external transactions

20. Degree of netness in recording capital transactions

a. BPM

Certain transactions in financial assets are netted against liabilities

b. SNA

Purchases and sales are netted for each class of financial asset and transactor. Assets are not netted against liabilities.

c. Preferred option

Adopt BPM basis of net recording (if accept functional classification)

21. Long-term/short-term classification

a. BPM

Distinction is based on original maturity - one year or less for short term and over one year for long term.

b. SNA

Distinction is based on original maturity - less than one year for short term and one year or more for long term.

c. Preferred option

Abandon this distinction

22. Gold

a. BPM

Distinguishes between monetary gold held by monetary authorities (treated as a financial asset) and non-monetary gold (treated as a commodity)

b. SNA

Distinguishes between gold for industrial use (treated as a commodity) and gold for non-industrial use (treated as a financial asset)

c. Preferred option

Adopt monetary/non-monetary distinction

23. Allocation of special drawing rights (SDRs)

a. BPM

Include in balance of payments (BOP)

b. SNA

Exclude from external-transactions account (ETA)

c. Preferred option

Exclude from ETA and show in reconciliation accounts

24. Revaluations of official reserves

a. BPM

Include in BOP

b. SNA

Exclude from ETA

c. Preferred option

No change; include in reconciliation accounts

25. Definition of domestic territory

a. BPM

No firm preference on overseas territories

b. SNA

Exclude overseas territories and possessions

c. Preferred option

Adopt BPM basis, though state preference for exclusion

26. Mobile equipment

a. BPM

Too difficult to summarize

b. SNA

Too difficult to summarize

c. Adopt BPM basis for determining resident status but treat transactions according to change-of-ownership principle.

27. Insurance transactions

a. BPM

Too difficult to summarize

b. SNA

Too difficult to summarize

c. Preferred option

Adopt BPM basis

28. Direct purchases of households: reimbursable outlays

a. BPM

Net of reimbursable outlays - in travel item

b. SNA

Exclude reimbursable outlays from these items and include in intermediate consumption.

c. Preferred option

No change: exclude reimbursable outlays from these items and include in intermediate consumption.

29. Withholding taxes on property income

a. BPM

No reference

b. SNA

No reference. Could interpret as favouring gross or net approach.

c. Preferred option

Gross recording of property income and withholding taxes

30. Illegal transactions

a. BPM

Include smuggled goods in merchandise

b. SNA

No reference

c. Preferred option

Include illegal transactions within production boundary in SNA

31. Stock dividends and bonus shares

a. BPM

Include in investment income

b. SNA

No reference

c. Preferred option

Exclude from ETA. Show in reconciliation accounts.
