



STATISTICS

Proposed Research Topics- Fiscal Analysis

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Contents

- Treatment of tax expenditures, tax deferrals, and other similar incentives
- Retained earnings of public corporations and their impact on fiscal analysis
- Methodological guidance on compilation and analyzing SOE data
- GFS within fiscal analysis and policymaking
- Balance Sheet Analysis

Title:

Treatment of tax expenditures, tax deferrals, and other similar incentives

Type:

Contextual

Rank:

17th (joint)

MFS: No

SEEA: No

Background/Issues:

Tax expenditures and tax deferrals are widely used as important instruments within fiscal policy. These same government policy objectives could be achieved alternatively through subsidies or other direct outlays. As tax expenditures (and similar) are not recorded as flows within the GFS, it is noted in the GFSM 2014 that it is important to report these in supplementary reports.

Expected Outcomes:

- Recommendation on whether to define a supplementary table via which such tax expenditures can be reported.
- Additional guidance on the different types of tax expenditures (or tax abatements) and how they might feature in statistics.

Title:

Retained earnings of public corporations and their impact on fiscal analysis

Type:

Contextual

Rank:

11th (joint)

MFS: No

SEEA: No

Background/Issues:

The SNA/BPM update considered whether to record the reinvested earnings (RIE) of public corporations within the government accounts. Arguments in favor of the proposal are that it would remove the need for a super-dividend test and the operational profits and losses of public corporations would directly impact key government balancing items. However, this raises the following challenges;

1. How to interpret GFS in which the RIE of public corporations are included in the accounts, and what impact this might have on fiscal policy and analysis.
2. The applicability of this approach where government does not have 100% ownership or where control is not as a result of equity ownership, but rather due to other control factors.

Expected Outcomes:

- Evaluation of the pros and cons of recording the RIE of public corporations within the government accounts and assessment of the impact of this change on the fiscal interpretation of GFS.
- Recommendation on a format for presenting this data as supplementary items.

Note that there is no intention to treat the RIE of public corporations within the core government accounts as part of the update to the GFSM

Title: Methodological guidance on compilation and analyzing SOE data	Type: Contextual Rank: 1 st (joint) MFS: No SEEA: No
Background/Issues: <p>There is increasing demand from users for transparent fiscal information on the activities and balance sheets of public corporations. Although the <i>GFSM 2014</i> discusses the compilation of fiscal statistics for the public sector, including public corporations, it is relatively silent in terms of guidance on how to compile and analyze fiscal statistics for public corporations. Although some information is provided in the <i>GFSM 2014</i>, with respect to which transactions and stocks would and would not be relevant to public corporations (for example, taxes can only be collected by government units) this is not drawn together in one place, while in other respects the <i>GFSM 2014</i> is silent - for instance as to whether COFOG should be applied to the spending of public corporations, and if so how.</p>	
Expected Outcomes: <ul style="list-style-type: none"> • Guidance on compilation of GFS for public corporations, which could form a new appendix in the updated GFSM. No conceptual changes are envisioned. • Breakdowns of the GFS transaction and stock classifications could be considered to facilitate the analysis of interactions between government and public corporations. 	

Title:

GFS within fiscal analysis and policymaking

Type:

Contextual

Rank:

1st (joint)

MFS: No

SEEA: No

Background/Issues:

The Annex of Chapter 4 of the *GFSM 2014* briefly discusses using GFS within fiscal analysis and highlights certain fiscal indicators. However, there is no more detailed discussion on how the GFS can support the analysis of fiscal risks and sustainability. Neither is there discussion on the connection of GFS to the budgetary cycle and forecasts. Users have indicated an interest in this, in particular with respect to public financial management, considerations when including public corporations within the fiscal statistics, as well as how to deal with provisions and contingent liabilities, such as guarantees, which are recorded outside of the main GFS framework.

Expected Outcomes:

- Guidance on discussing these issues which could form a new appendix in the updated GFSM.

<p>Title: Balance Sheet Analysis</p>	<p>Type: Contextual Rank: 20th (joint) MFS: No SEEA: No</p>
<p>Background/Issues: IMF surveillance applies a Balance Sheet Approach (BSA) to analyze sustainability, as well as detect sector vulnerabilities and solvency or credit risks. However, although the BSA is founded on integrated balance sheets, such as those in the GFS framework, the <i>GFSM 2014</i> only includes passing references to the BSA and includes very little detail on how the BSA is used in fiscal analysis.</p>	
<p>Expected Outcomes:</p> <ul style="list-style-type: none"> • Recommendation on whether the BSA, as it is applied to the public sector, should be captured in the updated GFSM. 	

Title:

Crises and emergencies

Proposed by:

Galina Braverman

Background/Issues:

During the last few years, the world has faced several major states of emergency such as a global pandemic and major international military conflicts. These states of emergency have created compilation questions for GFS. IMF together with other international organizations developed special methodological notes on how to treat GFS issues related to the COVID-19 pandemic, but there are many other GFS recording issues related to crises and emergencies that could be helpfully addressed and clarified. Although the GFSM 2014 can provide the answers to most of these issues, this topic would benefit from being presented separately in the manual to provide a clear, comprehensive and holistic guidance to the compilers.

Expected Outcomes:

- A separate chapter/annex in GFS dedicated solely to addressing all issues arising from the states of emergency
- Clarification of the following issues: non-cash donations, confiscations, refugees, unpaid leave, alternative housing (including its COFOG classification), reserve soldiers (which temporarily produce the defense government services), guarantees and other support to businesses as a result of the emergency situation, destruction of fixed assets, compensation fund transactions and other topics either mentioned, or not, in the GFSM 2014 and different notes.

Questions and Discussion

Options for Each Research Topic

1. Endorse research topic for inclusion in global consultation, as is
2. Endorse research topic for inclusion in global consultation, subject to specified edits/changes
3. Endorse for inclusion in global consultation, but move research topic to “Group 1” issues list
4. Move research topic to list of topics requiring supplementary guidance outside the GFS Manual
5. Drop research topic completely from the proposed research agenda

Proposed Outcomes for Research Topics

Based on written consultation responses we would tentatively propose:

Option 1 : Endorse research topic for inclusion in global consultation, as is

- Treatment of tax expenditures, tax deferrals, and other similar incentives
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For discussion - as new topic not included in list shared for consultation

- Crises and emergencies