



Joint Thirty-Ninth Meeting of the  
IMF Committee on Balance of Payments Statistics  
and Twenty-First Meeting of the Advisory Expert  
Group on National Accounts

Inter-secretariat  
Working Group on  
National Accounts

Washington, D.C.  
October 18–20, 2022

BOPCOM—22/16  
SNA/M4.22/25  
For discussion

## CM.2 Terminology and Branding of the Economic Accounting Statistical Standards



## CM.2 Terminology and Branding of the Economic Accounting Statistical Standards<sup>1,2,3</sup>

*The presentation of macroeconomic statistics has a significant impact on how the statistics are interpreted and used by all users including governments, researchers, students, businesses, media, and the public. Therefore, macroeconomic statistics should be presented and communicated in such a way that the full extent of its analytical usefulness, quality, scope, comparability, and policy applications are maximized and reflect the wide user base. To this end, the terminology and branding of the macroeconomic frameworks need an international communication strategy that align with the latest technology and current cultural norms. Over the last decade, there has been a deliberate effort to harmonize the concepts and methodologies in the economic accounting statistical standards (EASSs) to the extent possible. However, there are still some cases in which the terminologies used to describe the same concept, method, process, or account vary across the manuals, and even more so across countries. In addition, these terms have, in some cases, started to drift from the terms used by governments, businesses, and the public. The Communication Task Team (CMTT) proposes to improve the alignment of these terminologies, update terms where appropriate, and improve the branding of the statistical standards such that comprehension and usability of macroeconomic statistics could be improved. These proposals were discussed at meetings of the AEG and the BOPCOM and incorporate the feedback from the meeting as well as from the December 2021 global consultation.*

### SECTION I: INTRODUCTION

---

**1. Macroeconomic statistics should be presented and communicated in such a way that users can fully understand and benefit from their analytical power, quality, scope, and comparability.** To this end, the terms used in the economic accounting statistical standards (EASSs) and their branding require a review and update along with an intentional communication strategy. A part of this strategy is the harmonization and alignment of sophisticated and precise technical terms across the System of National Accounts (SNA), Balance of Payments Manual (BPM) and Government Finance Statistics Manual (GFSM) which are widely used by governments, businesses, academics, and the public to monitor the latest trends in international trade, government fiscal balances and overall economic activity.

---

<sup>1</sup> Prepared by Mr. Albert Braakmann (Federal Statistical Office of Germany, Lead Author), Celestino Giron (ECB), John Verrinder (Eurostat), Achille Pegoue and David Bailey (IMF), Joao Carlos Fonseca (IPSASB), Henry Vargas Campos (Costa Rica), Luke Croydon (United Kingdom), Litia Simbangala (Zambia), Mr. James Tebrake (IMF) and Ms. Francien Berry (IMF). The work was undertaken under the supervision of Mr. Sanjiv Mahajan (United Kingdom: Chair, CMTT) including drafting contributions. We are grateful for the comments of the SNA Lead Editor, Peter van de Ven

<sup>2</sup> Where the designation “country” appears in this GN, it covers economies or economic territories.

<sup>3</sup> This note was presented at the IMF’s Balance of Payments Statistics Committee (the Committee) meeting on October 28, 2021, and was subsequently sent for global consultation. The committees’ comments from the March 2022 AEG/BOPCOM meetings as well as the feedback from the global consultation were taken onboard in this version of the note.

**2. Each of the major EASSs has its own history, methodology, and terminology and serves a different audience and purpose.** Nevertheless, for consistency, during the last update of the EASSs deliberate effort was made by both the Balance of Payments Statistics Committee (the Committee) and Government Finance Statistics Advisory Committee (GFSAC) to align the concepts in the BPM and GFSM with those of the SNA, as far as possible.

**3. At its thirteenth Meeting, the Advisory Expert Group (AEG) recognized that while the SNA brand is perceived to be strong, it is not effectively communicated.**<sup>4</sup> The AEG stressed the need for more user-friendly terminology, while acknowledging the challenges in finding a common terminology that would adequately serve the needs of all users while maintaining the technical precision required to ensure an accurate interpretation of macroeconomic statistics, increase transparency and assist with international comparisons. Against this background, the AEG recommended that guidance on the updating of EASS terminology and branding be developed with the goal of improving how macroeconomic statistics are communicated to and used by users.

**4. This Guidance Note (GN) contains three sections:** (i) a review of the concepts, terminologies, and labels across the SNA, BPM, and GFS and proposals for further harmonization or alignment; (ii) a proposal to revise or amend certain terms or definitions in the manuals to include more descriptive terminology without disregarding the precision needed; and (iii) a glossary of “often used terms” in a user-friendly language that would be useful in communication with non-specialist users like the media/general public. The proposals relate to the current versions of the EASSs.

**5. The CMTT proposes that the recommendations in this GN are included as part of a chapter in the SNA, BPM, and next GFSM<sup>5</sup> titled “Economic statistics – Communication Practices and Recommendations.”**

## SECTION II: EXISTING MATERIAL

---

**6. Over the last decade, there has been a deliberate effort to harmonise the concepts and methodologies in the international statistical manuals, to the extent possible.** However, there are still some cases in which the terminologies used to describe the same concept, method, or account vary between the EASSs. The CMTT proposes that the comprehension and usability of macroeconomic statistics could be improved by increasing the harmonisation of these terminologies between the EASSs.

### REVIEW OF TERMINOLOGY: 2008 SNA AND BPM6

**7. There is already close alignment between the terminology used in the 2008 SNA and BPM6 because of the concerted effort made during the last update of the BPM to ensure consistency.** BPM6 paragraph A7.5 notes that: “...the terminology of the SNA rest of the world accounts and the international accounts is the same, except for some minor differences (e.g., the SNA uses the external

---

<sup>4</sup> “A framework for recording and communicating revisions”  
[https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13\\_3\\_5%20Re-branding%20the%20SNA\\_Pres.pdf](https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13_3_5%20Re-branding%20the%20SNA_Pres.pdf)

<sup>5</sup> The term next GFSM is used in this GN to indicate that no decision has been made on the timing of the next GFSM update.

account of goods and services for the goods and services account, and external assets and liabilities for the IIP).” However, there are key presentational differences that should be noted. The 2008 SNA specifies that “...there are no exact parallels in the international accounts for the production account, the generation of income account, and use of income account because the international accounts do not describe production, consumption (or capital formation).”

**8. In addition, the BPM6 uses a functional breakdown for investment income and the financial account.** There is no equivalence of this in the 2008 SNA since the 2008 SNA uses a financial instrument breakdown. Likewise, the SNA’s rest of the world accounts are presented from the point of view of non-resident units, whereas the balance of payments presents the same transactions from the point of view of resident units. Neither of these aspects relate to differences in terminology but rather to presentation. The key differences in terminology are identified in Table 1 below.

**Table 1. Some Differences in Terminologies Between 2008 SNA and BPM6**

<b>2008 SNA</b>	<b>BPM6</b>
Resources	Debits
Uses	Credits
Stocks	Positions
Allocation of primary income account	Primary income account
External account of goods and services	Goods and services account
External assets and liabilities	International Investment Position
Net acquisition of liabilities	Net incurrence of liabilities
Statistical discrepancy	Net errors and omissions

**9. The use of “debits/credits” in the BPM and “uses/resources” in the SNA, and “stocks” in the SNA and “positions” in the BPM are long-standing differences between SNA and BPM.** The BPM terminology is more closely aligned to accounting terminology, whereas the SNA terminology applies to broader economic concepts. The fact that SNA entries in the “rest of the world” account are “mirrors” of those entries in BPM calls for adopting the same terminology, particularly in the case of “debits/credits” and “uses/resources”, while considering that the IIP only covers financial assets and liabilities and has no identical counterpart term in the SNA (in theory this would be net financial worth of the rest of the world sector). With regard to “net acquisition of liabilities” in the financial account of the SNA and “net incurrence of liabilities” in the financial account of the BOP consideration should be given to a harmonisation of terms.

**10. With regard to the names of the accounts, these relate to the SNA’s coverage of both domestic sectors and the rest of the world, and therefore the addition of the word “external” is needed.** There is likely little scope to narrow terminologies here. Finally, the 2008 SNA uses the term “statistical discrepancy” in a broad sense (not just for differences between net lending/borrowing in the capital and financial accounts but also in the compilation of GDP and other main aggregates). The BPM6 term “net errors and omissions” specifically refers to the non-financial/financial account discrepancy of the

balance of payments. Consideration can be given to moving in this case to the common use of the term “statistical discrepancy”<sup>6</sup>.

#### REVIEW OF TERMINOLOGY: 2008 SNA AND GFSM 2014

**11. During the preparation of the GFSM 2014, a key task was to harmonise the concepts and terminologies in GFSM with other macroeconomic statistics manuals.** *GFSM 2014* paragraph 1.8 notes that “...the GFSM 2014 updates the internationally recognized guidelines for compiling statistics required for fiscal analysis that were established by the GFSM 2001. The revised guidelines are harmonized with the updates in other macroeconomic statistical manuals and guides.” Notwithstanding, there are some intentional differences between the *GFSM 2014* and the *2008 SNA* because of the different analytical purposes they serve.

**12. The key existing differences are the treatment of government production activities, treatment of own-account capital formation and the degree of consolidation.** However, the definitions and concepts in the GFS framework are closely aligned with the *2008 SNA* but the coverage of a particular category of transactions may be slightly different. *GFSM 2014* Appendix 7 provides detailed comparisons and explains the coverage differences between GFS and other macroeconomic statistics. However, this mainly concerns the classification scope and analytical focus, as well as methodological issues. This leaves open the question of how far and to which extent the terminologies should be harmonized. As an outcome of a comparison, Table 2 shows some of the differences in terminologies identified.

---

<sup>6</sup> Another type of statistical difference may occur when comparing the financial accounts flows of balance of payments with the changes in stocks between the beginning and the end of a reporting period from IIP. Such stock-flow-differences are dealt with in a separate Guidance Note (B.4 Reconciliation Between Flows and Stocks).

**Table 2. Some Key Differences in Terminologies Between 2008 SNA and GFSM 2014**

<b>2008 SNA</b>	<b>GFSM 2014</b>
Resources	Revenue
Uses	Expense
Market output	Sales of Goods and Services (excl. administrative fees and sales from non-market units when not at market prices) plus changes in the inventories of work in progress and finished goods.
Intermediate consumption	Use of goods and services + goods and services used in own-account capital formation + portion of interest which in SNA is recognized as FISIM + element of insurance premia which in SNA is recognized as service charges
Gross capital formation	Net investment in nonfinancial assets + Consumption of fixed capital - Transactions in non-produced assets
Gross fixed capital formation	Net investment in fixed assets + Consumption of fixed capital
Net capital formation	Net investment in non-financial assets - Transactions in non-produced assets
Changes in inventories	Net transactions in Inventories
Acquisitions less disposals of valuables	Net transactions in Valuables
Acquisitions less disposals of non-produced assets	Net transactions in Non-produced assets
Acquisitions less disposals of contracts, leases and licenses	Net transactions in Contracts, leases, and licenses
Purchases less sales of goodwill and marketing assets	Net transactions in Goodwill and marketing assets

**13. The use of “revenue/expense” and “resources/uses” is an obvious difference between the terminology of SNA and GFSM.** The GFSM terminology is closer to accounting/bookkeeping terminology, whereas the SNA terminology is broader. The fact that SNA entries in the general government account are “mirrors” of those entries in GFSM means consideration can be given to using common terminology. Likewise, the GFSM makes much use of the term “net” whereas the SNA provides some guidance on specific cases when this term should be used, this is discussed further below.<sup>7</sup>

**14. Regarding production and transactions in goods and services, the SNA and GFSM follow different approaches.** Therefore, it seems acceptable, to use a different terminology when there is not an identical aggregate shown, although the SNA aggregate can be derived by combining several GFSM items. This case for instance is highlighted by the SNA aggregate market output, which has no equivalent in the GFSM as the GFS focus is on recording all revenue from sales, regardless of whether those sales are at market prices (see Table 2). Other cases are gross and net (fixed) capital formation aggregates for which different GFSM items also need to be combined to derive them.

<sup>7</sup> In addition, the gross-net-scope will be dealt with in Guidance Note CM.4 – Gross and Net Measures.

**15. This also applies to cases where there is a one-to-one relationship between an SNA aggregate and a GFS item.** For instance, in the case of consumption of capital the same term and definition is used in SNA (code P51c) and in GFSM (code 23). However, in similar cases, slightly different terms are used. Examples are changes in inventories and subsequent aggregates in Table 2. In such cases, a common terminology could be used, at least if there is no conceptual difference.

**16. A one-to-one relationship but different conceptual coverage may exist in the case of intermediate consumption (SNA) and use of goods and services (GFSM).** The difference relates for instance to the financial intermediation as well as the insurance services. The SNA aggregate intermediate consumption does not cover the full interest nor insurance premium payments but only the respective service charges (including premium supplements on property income). To implement this macroeconomic concept requires data from the supply side (i.e., insurance and banking units). By contrast, the users of bank and insurance services only know their insurance premiums payable (and claims receivable) as well as interest payable (and receivable). Since this applies to all users of bank and insurance services, including general government, it seems questionable to align the terms intermediate consumption (SNA) and use of goods and services (GFSM).

### SECTION III: OPTIONS CONSIDERED – TERMINOLOGY

---

**17. This section outlines the CMTT's proposals to further harmonize the terminology in the SNA, BPM, and the next GFSM** based on the findings from the comparisons of the existing manuals. The amendments to current terminology concern different areas and therefore will be presented in four parts: *(i) harmonization of concepts; (ii) amendments to accounts; (iii) amendments to conventions/labels; and (iv) amendments to terms/glossary.*

#### HARMONIZATION OF CONCEPTS

Table 3 proposes recommendations to further harmonize key concepts across the SNA, BPM, and the next GFSM.



**Table 3. Proposal for Further Alignment of Key Concepts in SNA, BPM, and GFSM**

<b>SNA</b>	<b>BPM</b>	<b>GFSM</b>	<b>Proposal</b>
Resources	Credits	Revenue	Inflow or Revenue
Uses	Debits	Expense	Outflow or Expenditure
Changes in inventories		Net transactions in Inventories	Changes in inventories
Acquisitions less disposals of valuables		Net transactions in Valuables	Acquisitions less disposals of valuables
Acquisitions less disposals of non-produced assets		Net transactions in non-produced assets	Acquisitions less disposals of non-produced assets
Acquisitions less disposals of contracts, leases and licenses		Net transactions in Contacts, leases, and licenses	Acquisitions less disposals of contracts, leases and licenses
Purchases less sales of goodwill and marketing assets		Net transactions in Goodwill and marketing assets	Acquisitions less disposals of goodwill and marketing assets
Statistical discrepancy	Net errors and omissions	Statistical discrepancy	Statistical discrepancy

**18. The terms “resources/uses” could be harmonized across BPM (credits/debits) and GFSM (revenue/expense), possibly by accepting inflow/outflow or revenue/expenditure for the current accounts of all three EASSs.** In the case of the capital account of balance of payments, where also credits/debits are used, an alignment with the SNA capital account could be fostered by using “changes in assets/changes in liabilities” instead. In addition, the terms “statistical discrepancy” (SNA, GFSM) and “net errors and omissions” (BPM) could be harmonized by the term “statistical discrepancy” in all three standards.

#### AMENDMENT TO ACCOUNTS AND DOMAINS

**19. The most detailed and comprehensive set of accounts is given in the 2008 SNA, which covers several interconnected tables that elaborate the composition of production, income distribution, income use, capital formation, and financing.** The titles of the accounts in the 2008 SNA appear to be somewhat cumbersome from the communication standpoint. Therefore, the CMTT proposes to update the labels of a few SNA accounts and also the groups of economic accounts, possibly with repercussions on other, domains as shown in Table 4 below.

**Table 4. Proposal to Update the Names of the SNA Accounts**

<b>Current SNA Terminology</b>	<b>Proposed Update (Individual economic account)</b>	<b>Economic Accounts Groups</b>
The production account	No change	Current Economic Accounts
The generation of income account	No change	
The allocation of primary income account	The allocation of income account <i>Note: the balancing item will not change.</i>	
The secondary distribution of income account	The transfer of income account <i>Note: for BOP this implies to replace secondary income by transfer income.</i>	
The use of disposable income account	The use of income account	
The capital account	No change	Accumulation of Economic Assets Accounts
The financial account	No change	
Other changes in the volume of assets account	No change	
Balance Sheets	No change	Balance Sheets

**20. For users to intuitively understand the names *allocation of primary income account* and *secondary distribution of income account*, prior knowledge of *primary* and *secondary income* is required.** Generally, users without technical or specialist knowledge of macroeconomic statistics would not be familiar with these terms. As an alternative, more descriptive and self-explanatory terms are suggested: Replace the allocation of primary income account and the secondary distribution of income account by allocation of income account and transfer income account respectively.

**21. The use of *disposable income account* and the use of *adjusted disposable income account* also do not seem user-friendly.** The names of these accounts include the balancing item of the transfer income account (i.e., disposable income). In the sequence of accounts this seems very unusual and could be considered an unnecessary anomaly. The content of the account basically relates to the use of income for final consumption expenditure and saving. Insofar it would be sufficient to call the account simply “use of income account” (and use of adjusted income account). Taking for granted that a common terminology should be used across the different EASSs, these suggestions may also concern certain balance of payments accounts. Given that primary income continues to be the sectoral balancing item of the allocation of income account, in particular *the secondary income account* needs to be adjusted correspondingly.

#### AMENDMENTS TO AGGREGATES / LABELS

**22. National Statistical Offices (NSOs) often use technical terms when communicating statistical results or materials to the public.** These are usually not easily understood by non-specialist users. A recent study on public understanding of economics and economic statistics concluded that “...*the use of economic jargon is not only detrimental to people’s engagement, by making economics*

*inaccessible to the public but it can also negatively affect people's understanding of economic statistics. The main examples were using terms like GDP and 'real terms.'*<sup>8</sup>

**23. Precise technical terms in the SNA and other macroeconomic statistics are crucial for methodological discussions and essential for the international comparability of such data.** On the other hand, not all technical terms from macroeconomic statistics will be immediately understood by all target user groups. On that basis, the CMTT took stock of a list of technical terms generally used in the communication with the media/general public with the aim to simplify. A first check took stock of whether it is possible to use less technical terms in the manuals without distorting the precision of the manuals. These proposals for alternative terms shown in Table 5 are intended for the SNA but should be extended to BPM and next GFSM where the terminologies are the same unless there are legitimate differences in the definitions or terminologies.

**Table 5. Proposals for Alternative More User-Friendly Terminologies in the SNA**

<b>2008 SNA</b>	<b>Suggested amendments</b>	<b>Rationale</b>
Constant prices	Volume estimates or price-adjusted figures or inflation-adjusted data	Previous years' prices used as standard for deflating aggregates
Compensation of employees	Employees' remuneration	More user-friendly term since "compensation" has a mixed meaning.
Consumption of fixed capital	Depreciation	The term depreciation is simpler and more widely understood. Depreciation is already used by several national statistical institutes
Financial Intermediation Services Indirectly Measured	Financial intermediation service (margin)	Proposal focuses on the basic idea, avoiding the technical measurement method
Financial Lease	Finance lease	Easier language
Imputed Rental	Owner-occupied dwelling services	Gives the concept and avoids confusing rent and rental
Rent	Natural resource rent	More clarity of what is covered
Resource lease	Natural resource lease	More clarity of what is covered
Trade margin	Distribution trade margin	Make clear that trade margins not only occur in retail / wholesale trade but also in other industries.

**24. The term *constant price* could be confusing for users who may wonder about the consistency with the standard method of using previous years' prices.** Although widely understood, the term *constant price* is not immediately obvious in meaning when previous years' prices are used to

<sup>8</sup> Johnny Runge and Nathan Hudson: Public Understanding of Economics and Economic Statistics, ESCoE Occasional Paper 03, November 2020 (London).

deflate current price aggregates and should only be used where appropriate. The term *volume estimates* give the user the basic idea of the concept without going into the technical details of how the concept is applied, at least for aggregates related to goods and services. For various aggregates without a product relation (e.g., many sector accounts items), a more general term to describe the concept should be considered, like price-adjusted data or inflation-adjusted figures.

#### GLOSSARY OF USER-FRIENDLY TERMS AND EXPLANATIONS<sup>9</sup>

**25. In case where technical terms are indispensable, the CMTT proposes to examine certain existing terms and definitions that are currently used in EASSs with a view to develop user friendly terms in an easier to understand language.** These suggestions, which are shown in column 2 of Table 6 below and in Annex II, are intended to initiate the development of alternate terms/explanations in an easier to understand language as an input for the communication with non-expert users and the public. In addition, the proposals could serve as a basis to produce a glossary with often used terms in user-friendly language. The following table provides some suggestions—further elaborated in Annex II.

---

<sup>9</sup> A separate workstream not covered by this note is the development of a common glossary of technical terms for the EASSs.

**Table 6. Suggestions for User-Friendly Terms and Explanations in Communication**

<b>Current SNA Term</b>	<b>User-Friendly Term</b>	<b>Explanation</b>
Actual final consumption (by households)	Final consumption of goods and services (by households)	Actual final consumption is the value of goods and services consumed by households, including goods and services provided in-kind by general government or NPISHs.
Collective Consumption Expenditure		Expenditures by general government and NPISHs on goods and services for the collective benefit of society such as public administration, infrastructure, or defense.
Consumption of Fixed Capital / Depreciation		Consumption of fixed capital measures the decline in the value of the fixed assets used in production during the reporting period by enterprises and governments (as well as dwelling owners). Fixed assets decline in value due to normal wear and tear, foreseeable ageing (obsolescence) and a normal rate of accidental damage. Unforeseen obsolescence, major catastrophes and the depletion of natural resources, however, are not included. The valuation is at replacement costs (current market prices) and not at (historic) acquisition costs like in business accounting.
Gross Domestic Product	Gross income from production on the domestic territory	Gross Domestic Product measures the value added (i.e., economic output minus all intermediate inputs required to produce this output) of all producers on the domestic territory, during a given time period.  In practice GDP can be compiled by three approaches, the production, the expenditure and the income approach.
Gross National Income	Gross income from production earned by residents	Gross National Income measures the total income earned by residents of an economy as a result of their involvement in production in the domestic territory as well as abroad, during a given time period.

**26. For non-experienced users support would seem useful to better understand macro-economic statistical concepts.** Instead of giving the conceptual idea, definitions in the statistical manuals are sometimes very technical and need previous knowledge to be understood and interpreted properly. In this respect, a glossary also covering explanations in an easier to understand language for terms frequently used when disseminating data from macroeconomic statistics is considered useful. Apart of the CMTT's work is digitizing the EASSs, to maximize the benefit of this product for users, ensuring that the terminologies are aligned using common language will improve the searchability of the manuals and ultimately their usage.

**27. A starting point for the glossary in an easier to understand language could be the proposals made in Annex II. In any case, it would seem useful to proceed in two steps.** First, develop for the main terms from the EASSs used in communication with the media/general public a short explanation in an easier to understand language. Such a short and easy explanation could also be used

for social media communication as well as for a FAQ-website. Second, it would seem useful regarding the target group “informed user” that such a glossary is supplemented by a more detailed article for the different main terms used, also in a user-friendly language.<sup>10</sup>

## THE USE OF “NET” VERSUS “GROSS” CONCEPTS IN ECONOMIC AND ENVIRONMENTAL STATISTICS<sup>11</sup>

**28. The terms “gross” and “net” in the context of economic and environmental statistics are used in various ways and are often misunderstood.** The terms “gross” and “net” are used well beyond the steer of the 2008 SNA thus creating lots of misunderstandings. The producers and users need to be aware of the definition(s), context, and meaning. The CMTT proposes to review the coverage and helps to address growing user interest and remove some of the misunderstanding as well as aid the prominence to the “net” aggregates.

**29. The 2008 SNA (paragraphs 3.190–3.198) provides a good summary of the use of terms “gross” and “net” in the national accounting framework.** Annex III (left-hand side) provides an overview of the sequence of accounts showing the key “gross” and “net” aggregates. On the right-hand side, there are examples of other uses (not an exhaustive list) of the terms “gross” and “net”.<sup>12</sup>

**30. The first, and most significant, use of the terms “gross” and “net” are in conjunction with the balancing items for each account by institutional sector and the whole economy.** In each case, the difference is due to the consumption of fixed capital (CFC).<sup>13</sup> To estimate future productive potential and capacity of a business, an industry, or an economy, then good quality estimates of CFC and capital stock are essential. They also form key links to the environmental accounts and the analyses of distribution and consumption. For example, the role of net national income, net disposable income, and net capital stock are becoming more important and relevant today but play different roles from their “gross” counterparts.

**31. CFC is accepted as difficult to measure.** The difficulties reflect issues like asset life lengths, rate of depreciation, deflation, and the capital stock, all of which require a degree of assumptions embedded within the perpetual inventory model (PIM). Varying these assumptions can generate notable revisions to key aggregates. In recent years, the inclusion of intangibles has increased further the measurement challenge. These factors contribute to why “net” aggregates have not been widely adopted. Also, CFC in national accounting terms is not the same as depreciation in company accounting terms albeit users use the terms interchangeably. In national accounts, current cost accounting (also known as current replacement cost) valuation is used, whereas in company accounts, the valuation mostly used is historic cost accounting (also known as historic replacement cost).

---

<sup>10</sup> A good example of this friendly glossary is Eurostat’s statistics explained website [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics\\_Explained](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics_Explained)

<sup>11</sup> The focus in this GN is on the use of gross and net in the 2008 SNA, whereas the gross-net-scope will be addressed by a new GN CM.4.

<sup>12</sup> Annex III is also separately attached as an A3 landscape document for printing purposes.

<sup>13</sup> CFC is the decline, during the accounting period, in the current value of the stock of fixed assets owned and used by a producer because of physical deterioration, normal obsolescence, or normal accidental damage. CFC is a cost category that accrues over the whole period the fixed asset is available for productive purposes. It is important to note that CFC is not an explicit transaction but recognized as a cost to the business.

**32. The second main use covers the recording of financial transactions in the financial account.** Here transactions can be recorded on a “gross” or “net” basis. For example, the financial account is recorded on a net basis and the flow of funds is recorded on a gross basis. In the flow of funds, one is interested in whether a financial instrument has been used as a “source” of funds or as a “use” of funds. Say for example, an increase in the level of loans over the preceding period indicates that the instrument was used as a “source” of funds through borrowing. While, if the opposite is true, then it means that the instrument was used as a “use” of funds to repay a debt. This can only be established if financial transactions are recorded gross.

**33. In contrast, recording transactions in the financial account only requires you to show whether the instrument is an “asset” or a “liability”.** To establish this you must net out the transactions within assets or within liabilities. For example, the treatment for “currency and deposits”. During the period, you earn income which increases the level of your currency and deposits in the bank. During the same period, you pay from that account by making purchases. These must be netted to establish your bank balance of currency and deposits at the end of the period.

**34. All other uses of the terms “gross” and “net” tend to be legacies or acting as a short-hand description,** for example, net acquisitions represent acquisitions less disposals or net exports represents exports less imports. Annex III shows such examples (not an exhaustive list) using the “gross” and “net” terms, their full description split by broad type, terminology, conceptual and arithmetic. Using gross and net with different meanings tends to confuse users. To foster a more harmonized use, it should be considered that for the aggregates of the current and capital accounts of the SNA and BOP the gross-net-difference only refers to the inclusion or exclusion of consumption of fixed capital. This implies for cases where “net” aggregates have a different meaning a replacing term is needed (e.g., for net insurance premiums, net social contributions or net exports of goods and services).

**35. In recent years, there has been a growing user interest in the “net” aggregates. In some respects the “net” aggregates are more important than the “gross” counterparts for the environmental accounts and sustainability considerations.** The “net” aggregates are preferred as they are more reflective of the actual costs borne in production. However, the measurement challenges mentioned earlier also make it difficult to arrive at comparable aggregates across countries.<sup>14</sup>

**36. There is a need for the updated SNA to give more prominence to the “net” aggregates.** For example, referring to the “net” aggregates (e.g., net domestic product) in the sequence of accounts (as in the attachment) as well as recognizing the treatment of depletion and degradation. There should be work done to help countries to improve the measurement of CFC and the estimates of capital stock.

**37. To improve clarity and eliminate confusion, CMTT proposes that: (i) the terms “gross” and “net” in the current accounts and the capital account of SNA and balance of payments are only used to indicate whether an aggregate includes or excludes consumption of fixed capital and (ii) in other cases only used in the context laid out in the 2008 SNA as well as the BPM6.**

---

<sup>14</sup> The SNA update research program aims to better articulate the differences in the concepts of CFC (related to produced assets) and the treatment of depletion and degradation of natural resources (related to non-produced assets) recorded within the costs of production. Thereby the conceptual advantage of using “net” measures such as net domestic product and net national income becomes clear although users may still be interested in the “gross” counterparts.

**Consequently, all other uses of such terms in connection with aggregates should be avoided, and the references made in full**, for example, acquisitions less disposals, statistical discrepancies, etc. or alternative terms should be used, like genuine premiums replacing net premiums. By referring to the “net” aggregates (e.g., net domestic product) in the sequence of accounts (as in the attachment) as well as recognizing the treatment of depletion and degradation will help to give more prominence to the “net” aggregates.

**38. Statistical producers should be encouraged to improve the quality of the estimates of capital stock, and in turn, CFC.** Further prominence of “net” aggregates should be achieved through the official releases showing the “net” aggregates alongside the “gross” aggregates.

#### SECTION IV: OPTIONS CONSIDERED - BRANDING

---

**39. Over the last two to three decades, the principles of SNA have been expanding beyond its core system of sequence of accounts as well as refining the existing definitions used.** More frequently, users are publishing thematic accounts on tourism, transport, sports, creative sector, food chain, and other breakdowns of the economy and the environment. At the same time, users continue to appreciate the interlinked system of national accounts, presenting a bird’s eye view of the main economic developments in a systematic way on the theoretical basis of the economic circuit.

**40. Previous updates of the SNA mainly intended to align the national accounting framework with users’ needs.** In fact, the Foreword and Preface of the *2008 SNA* emphasize that *the new system reflects the evolving needs of its users, new developments in the economic environment, and advances in methodological research*. Similarly, Annex I of the *1993 SNA* highlighted that *the then system strengthened the harmonization with other related statistical systems and introduced several features that reflect new analytical and policy concerns of countries and international organizations*. Nevertheless, these do not address the needs of non-specialists to understand the SNA, and thus improve the SNA branding.

**41. Given the importance of national accounts statistics for decision making, a key question for the international community is whether the current name—the system of national accounts—is still fit for purpose.** Some could argue that the name is too limited in its potential outreach and too focused on accounting. Another key issue is whether the international agencies are collectively making effective use of new technologies and branding strategies to target diverse groups of users to ensure that the statistical products are well understood. This section of the GN explores options of rebranding the statistical manuals clearly for users and such that it builds on their legacies.

#### EXISTING STRATEGY FOR EFFECTIVE BRANDING

**42. Many statistical offices and some International Organizations have considered a strong diversification of their offerings to meet users’ needs.** To achieve this, they often employed a multi-pronged branding strategy consisting of the following components that may be considered more broadly. It is important to recognize that different users have different needs for different lengths of time as a result different language and different channels should be used, as appropriate, to maximize the messaging.



## TARGETED COMMUNICATION

- i. When targeting **specialists** (economists, statisticians, etc.), NSOs' publications have a high technical dimension written in an intelligible way but not necessary to popularize. The methodology can be mixed with the results, outlined with academic or university type writing.
- ii. When targeting the **general public** (who could be qualified as "non-specialists without power"), their publications have a low technical dimension and often aiming to popularise the headline results in a way that could easily relate to the general public whilst few methodological elements are in boxes. For this specific user group, a journalistic writing style is applied to statistics and economics.
- iii. When targeting **decision-makers and journalists** (who could be qualified as "non-specialists with power"), their publications have the lowest technical dimension because the target audience does not have the time to read the methodological parts. To popularize the results, all the technical aspects must be eliminated (unless this audience asks specific questions on the subject).

## BRANDING: LEITMOTIV OR MOTTO-THEME TO REAFFIRM A PRESENCE

**43.** Examples of time-lasting imprint or straplines created by some statistical organizations are:

- i. **Eurostat:** Your key to European Statistics
- ii. **INSEE (France):** Measure to understand (Mesurer pour comprendre)
- iii. **BEA (USA):** The world's trusted source for accurate and objective data about the U.S. economy
- iv. **Statistics Canada:** Serving Canada with high-quality statistical information that matters
- v. **IBGE (Brazil):** To portray Brazil by providing the information required to the understanding of its reality and the exercise of citizenship
- vi. **Statistics South Africa:** The South Africa I know, the home I understand / Improving lives through data ecosystems

**44. Tracing back the SNA reveals that different branding have been used on the manuals:** *Measurement of National Income and the Construction of Social Accounts* in 1947; *A System of National Accounts and Supporting Tables* in 1953 (could be Rev. 1), 1960 (could be Rev. 2) and 1964 (could be Rev. 3); *A System of National Accounts* in 1968 (could be Rev. 4); and then the *System of National Accounts, 1993 (1993 SNA)* followed by the *System of National Accounts 2008 (2008, SNA)*.

**45. Competing and inconsistent naming strategies for the EASS including references to release years, version, and editions are not useful.** For example, the current EASSs include the *Government Finance Statistics Manual, 2014*; the *System of National Accounts, 2008*; the *2016 Monetary and Financial Statistics Manual*, and the sixth edition of the *Balance of Payments and International Investment Position Manual*. Therefore, the CMTT proposes two options to standardize the naming conventions across EASSs to eliminate the existing inconsistencies and create a consistent branding and naming approach of these statistical recommendations.

**46. The first is to use the edition approach and consistently brand all the EASSs as standards.** In this case, the next update of the SNA will be branded, as *The Economic Accounting Statistical Standard: System of National Accounts, 20xx*<sup>15</sup>—similar branding is suggested for the BPM and GFSM. However, this proposal bears a risk of confusion. Member-States of the European Union will remember the changeover from European System of National Accounts, third edition, to European System of National Accounts 1995. Furthermore, such a proposal seems to neglect the systematic approach of national accounts to provide an overall and interlinked picture of the economic development of all institutional sectors.

**47. The second option suggestion for consistency in the branding is to adopt a series approach under the general title “Macroeconomic Statistics”, such that the manuals would be branded:** *Macroeconomic Statistics – System of National Accounts, Macroeconomic Statistics – Balance of Payments and International Investment Position, and Macroeconomic Statistics – Government Finance Statistics, etc.* Finally, the CMTT proposes an umbrella approach under the headline “Economic Accounting Statistical Standards” (EASSs), which would cover manuals in different statistical domains. In both proposals, the original labels of the standards (year or edition) may continue to be used.

**48. Using an umbrella approach raises the question whether the domains covered by the umbrella can easily be distinguished.** National accounts for example seem to cover accounts for a nation but leaves open whether economic, environmental social accounts, or other accounts is covered. Balance of payments is a very general domain name, where at first sight it is not clear which payments are covered. Therefore, the CMTT first proposes to adjust the labelling of the domains of the EASSs to ensure that sufficient specificity is added to the label, thereby leading to a better delineation and more clarity about the content of each domain. As such the proposals is to amend the label of the “SNA accounts” to *national or macro-economic accounts*, the term “GFS statements” used by the GFS domain to *government finance accounts or reports*, and the terms “balance of payments/international investment position” used by the BPM domain to *balance of overseas payments and international investment positions or accounts*, as appropriate.

**49. Furthermore, branding may well go beyond a common labeling.** Therefore the question should be raised, whether a common branding could be improved by a joint presentation of the updated manuals in 2025. This would also provide an opportunity to highlight that the main issues dealt with in this update (i.e., digitalization, globalization, and well-being and sustainability) have been dealt with jointly. Releasing the updated manuals in 2025 jointly and putting the focus on the key update issues would be an opportunity to strengthen a common branding.

## SECTION V: CHANGES REQUIRED TO THE SNA AND OTHER STATISTICAL DOMAINS

---

**50. Considering the proposals in the GN regarding the accounts the following changes to the 2008 SNA and other statistical domains are proposed, considering the opinions submitted during the global consultation:** (i) change the name of the allocation of primary income account and secondary

---

<sup>15</sup> The previously suggested branding terminology: *The International Economic Statistical Standards (IESS)* was not well understood. Therefore, to improve communication, the CMTT propose the term *Economic Accounting Statistical Standards*.

distribution account to *allocation of income account* and *transfer of income account*, respectively; and (ii) regarding the conventions and labels used in the EASSs, the CMTT proposes to align the SNA, BPM, and the next GFSM on the use of inflow and outflow. This would replace the *resource and use* convention of the SNA, the revenue and expense convention in the next GFS, and the *credit and debit* convention in the balance of payments (including to use changes in assets/changes in liabilities for the capital account of balance of payments). Likewise, whereas the term *net errors and omissions* are used in the balance of payments, consistent use of the term *statistical discrepancy* across all three manuals would be useful. With respect to certain key aggregate terms and labels, the CMTT proposes to harmonize the SNA, the BPM, and the next GFSM on the following terminologies.

**Table 7. Proposed Changes in the Statistical Domains**

<b>Domain Concerned</b>	<b>Current Term</b>	<b>Aligned Proposal</b>
SNA, GFS	Changes in inventories / Net transactions in Inventories	Changes in inventories
SNA, GFS	Acquisitions less disposals of valuables / Net transactions in Valuables	Acquisitions less disposals of valuables
SNA, GFS	Acquisitions less disposals of non-produced assets / Net transactions in non-produced assets	Acquisitions less disposals of non-produced assets
SNA, GFS	Acquisitions less disposals of contracts, leases and licenses / Net transactions in Contacts, leases, and licenses	Acquisitions less disposals of contracts, leases and licenses
SNA, GFS	Purchases less sales of goodwill and marketing assets / Net transactions in Goodwill and marketing assets	Acquisitions less disposals of goodwill and marketing assets
SNA	Constant prices	Volume estimates; Price-adjusted data; Inflation-adjusted figures,
SNA, BPM, GFS	Consumption of fixed capital	Depreciation
SNA, BPM, GFS	Compensation of employees	Employees' remuneration
SNA, BPM, GFS	Financial Intermediation Services Indirectly Measured	Financial intermediation service margin
SNA, BPM, GFS	Financial Lease	Finance lease
SNA	Imputed Rental	Owner-occupied dwelling services
SNA, BPM	Net exports of goods and services (under merchanting)	Balance of exports of goods and services (under merchanting)
SNA, BPM, GFS	Net (non-life) insurance premiums	Genuine (non-life) insurance premiums

<b>Domain Concerned</b>	<b>Current Term</b>	<b>Aligned Proposal</b>
SNA, BPM, GFS	Net re-insurance premiums	Genuine re-insurance premiums
SNA	Net social contributions	Genuine social contributions
SNA, BPM	Net fees (guarantees)	Genuine fees (guarantees)
SNA	Output for own final use	Goods and services produced for own final use
SNA	Product balance	Balance of the supply and use of a product
SNA, BPM	Rent	Natural resource rent
SNA, BPM, GFS	Resource lease	Natural resource lease
SNA	Trade margin	Distribution trade margin

Furthermore, the CMTT proposes the addition of a glossary with user-friendly alternative terms and explanations in the SNA. A preliminary extract from the glossary is included in Annex II. Further work is ongoing to complete this product.

**51. With regard to improved branding an umbrella approach is proposed, where manuals for different statistical domains appear under the same headline.** Economic Accounting Statistical Standards (EASSs) is proposed as name for the umbrella. This approach enables to keep basically the longstanding and well-introduced names and labels of the different statistical manuals (year, edition). However, for a clearer distinction of the umbrella elements it is proposed to slightly adjust the names of the statistical domains covered: National Accounts should be amended to National Economic Accounts, to highlight the holistic view covering all economic sectors and all economic transactions. Balance of Payments/International Investment Positions should be adjusted to Balance of Overseas Payments/International Investment Positions, underlining the fact that balance of payments and IIP cover the economic flows and stocks between residents and non-residents (and at the same time this allows to maintain the acronym "BOP/IIP"). Governments Finance Statistics Statements could be changed to Governments Finance Statistics Reports. In addition, a joint presentation of the updated manuals in 2025, highlighting the common work undertaken to better cover digitalization, globalization, as well as well-being and sustainability, would seem to strengthen a common branding.

**52. Not covered by this note are proposals to standardize the communication of economic statistics vintages.** This task has been assigned to the taxonomy workstream of the communication task team and proposals are presented in *CM 3: A Taxonomy for Communicating Economic Statistics Releases, Products, and Product Updates* which may also lead to further suggestions.

## Annex I. Referenced Documents

Bureau of Economic Analysis. (2017). *Concepts and Methods of the U.S. National Income and Product Accounts (Chapters 1–13)*. Washington D.C.

European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations and World Bank. (2009). *System of National Accounts, 2008*.

*Government Finance Statistics Manual*. (2014). Washington D.C.: International Monetary Fund.

International Monetary Fund. (2009). *Balance of Payments and International Investment Position, sixth edition*. Washington D.C.: International Monetary Fund.

Johnny Runge and Nathan Hudson: Public Understanding of Economics and Economic Statistics, ESCoE Occasional Paper 03, November 2020 (London).

*Statistics Canada Glossary*. (2019, March 1). Retrieved from <https://www150.statcan.gc.ca/n1/pub/13-605-x/gloss/gloss-a-eng.htm>

Tebrake, J., & Martins, M. (2019). A Framework for Recording and Communicating Revisions. *13th Meeting of the Advisory Expert Group on National Accounts*, SNA/M1.19/4.2. Retrieved from [https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13\\_4\\_2\\_Framework\\_for\\_recording\\_and\\_communicating\\_revisions.pdf](https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13_4_2_Framework_for_recording_and_communicating_revisions.pdf)

*Thematic Glossaries*. (2017, October 2). Retrieved from Eurostat Statistics Explained: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Thematic\\_glossaries](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Thematic_glossaries)

## Annex II. Suggestions for a Glossary of User-Friendly Terms and Explanations

Current Term	User-Friendly Term	Explanation in Easier to Understand Language
Actual final consumption (by households)	Final consumption of goods and services (by households)	<p>Actual final consumption is the value of goods and services consumed by households, including goods and services provided in-kind by general government or NPISHs.</p> <p>From a government perspective actual final consumption is its consumption expenditure less its expenditure on individual goods and services (provided as social transfers in kind to households).</p>
Basic Price		Price of a good or service at the factory gate; taxes on products (e.g., VAT, excise duties) are not included and subsidies on products not deducted.
Collective Consumption Expenditure		Expenditures by general government (and NPISHs) on goods and services for the collective benefit of society such as public administration, infrastructure, or defense.
Consumption of Fixed Capital	Depreciation	<p>Consumption of fixed capital measures the decline in the value of the fixed assets used in production during the reporting period by enterprises and governments (as well as dwelling owners).</p> <p>Fixed assets decline in value due to normal wear and tear, foreseeable ageing (obsolescence) and a normal rate of accidental damage. Unforeseen obsolescence, major catastrophes and the depletion of natural resources, however, are not included. The valuation is at replacement costs (current market prices) and not at (historic) acquisition costs like in business accounting.</p>
Disposable Income		The portion of income available to consume or to save, after deduction of taxes on income, etc. and social insurance contributions. Gross disposable income means that consumption of fixed capital is not deducted, whereas it is in the case of net disposable income.
Distributable Income of a Corporation		The portion of a corporation's entrepreneurial income that is available to be distributed to its owners or to be reinvested as retained earnings.
Economic Owner		Economic owner can claim the economic benefits and bears the economic risks of an economic asset. The economic owner may be different from the legal owner.

Current Term	User-Friendly Term	Explanation in Easier to Understand Language
Financial Intermediation Services Indirectly Measured / Financial intermediation service margin	Interest earned on loans less interest paid on deposits	This is a measure of the value of the service provided by a financial intermediary to savers and borrowers, through incurring deposits and providing loans. Since this service is not shown explicitly, it is estimated indirectly as interest earned on loans less interest paid on deposits
Financial Lease	Finance lease	A finance lease is one in which the finance company—the lessor—as the legal owner of an asset passes the economic ownership to the lessee who then accepts the operating risks and receives economic benefits from using the asset in a productive activity.
General Government Final Consumption Expenditure		General government final consumption expenditure is the value of all goods and services provided by general government free or almost free to society.
Gross Capital Formation		The acquisition (including own-account production) less disposal of produced assets, including additions to inventories and valuables.
Gross Domestic Product	Gross income from production on the domestic territory	Gross Domestic Product measures the value added (i.e., economic output minus all intermediate inputs required to produce this output) of all producers on the domestic territory, during a given time-period.  In practice GDP can be compiled by three approaches, the production, the expenditure, and the income approach.
Gross Fixed Capital Formation		The value of a producer's acquisitions (including own-account production) less disposals, of produced assets during the reporting period, to be used to facilitate production for more than a year.
Gross National Income	Gross income from production earned by residents	Gross National Income measures the total income earned by residents of an economy as a result of their involvement in production in the domestic territory as well as abroad, during a given time period.
Gross Value Added		Gross value added is the additional value of goods and services generated during the production process. For any producer, it is derived as the value of this output of goods and services less intermediate consumption (i.e., the value of consumed goods and services as purchased from other producers).

Current Term	User-Friendly Term	Explanation in Easier to Understand Language
Household Final Consumption Expenditure		Household final consumption expenditure is the value of those goods and services acquired by households.
Imputed Rental / Owner-occupied dwelling services		It is the value of the housing service provided by an owner-occupied dwelling.
Individual consumption expenditure		That part of consumption expenditure of general government (and NPISH) to be provided to households for individual consumption, like free medical treatment, free education, etc.
Mineral exploration and evaluation		Expenditures made in the search for mineral resources (such as crude petroleum and natural gas and for non-petroleum deposits) as well as subsequent evaluation of the discoveries made to determine the technical feasibility and commercial viability of extracting the mineral resources.
Net lending / borrowing		Net lending / borrowing broadly represent that portion of disposable income which has not been spent on consumption or capital formation. If the figure is positive the amount can be lent to others or used to reduce liabilities, whereas a negative figure means borrowing from others or selling off assets.
Net premiums / Genuine premiums		They measure the insurance funds available for covering the expected damages. From premiums paid by the policyholders the insurance service charge is deducted, and income earned on premiums is added.
NPISH Final Consumption Expenditure		NPISHs final consumption expenditure is the value of all goods and services produced or purchased by non-profit institutions serving households (NPISHs) for collective or (in-kind) individual consumption.
Other capital transfers		Capital transfers are unrequited payments linked to the acquisition or disposal of an asset (e.g., capital and inheritance tax, investment grant). Other capital transfers is a sub-group, comprising for instance large insurance payments after a disaster or legacies or large gifts inter vivos.



Current Term	User-Friendly Term	Explanation in Easier to Understand Language
Purchasers' prices		Price of a good or service at the purchaser's door; it measures the actual costs for the purchaser, including transport costs and any taxes due (and excluding subsidies).
Work-in-progress		Work-in-progress consists of goods and services produced by an enterprise that are partially finished in the reporting period, needing further work before it can be supplied to customers (like ships or software packages).

Use of the terms “gross” and “net” in economic and environmental statistics – An overview

Compiled by Sanjiv Mahajan October 2021

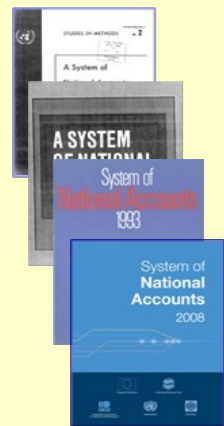
Overview

The terms “gross” and “net” in context of economic and environmental statistics are used in various ways and can be misunderstood. The producer and user need to be aware of the definition(s), context and meaning. The 2008 SNA (paragraphs 3.190-198) provides a good summary of the use of terms “gross” and “net” in the national accounting framework. In terms of an overview, the key “gross” and “net” aggregates are shown in the diagram on the left hand side below. Examples of other uses (not an exhaustive list) of the terms “gross” and “net” are shown below on the right hand side.

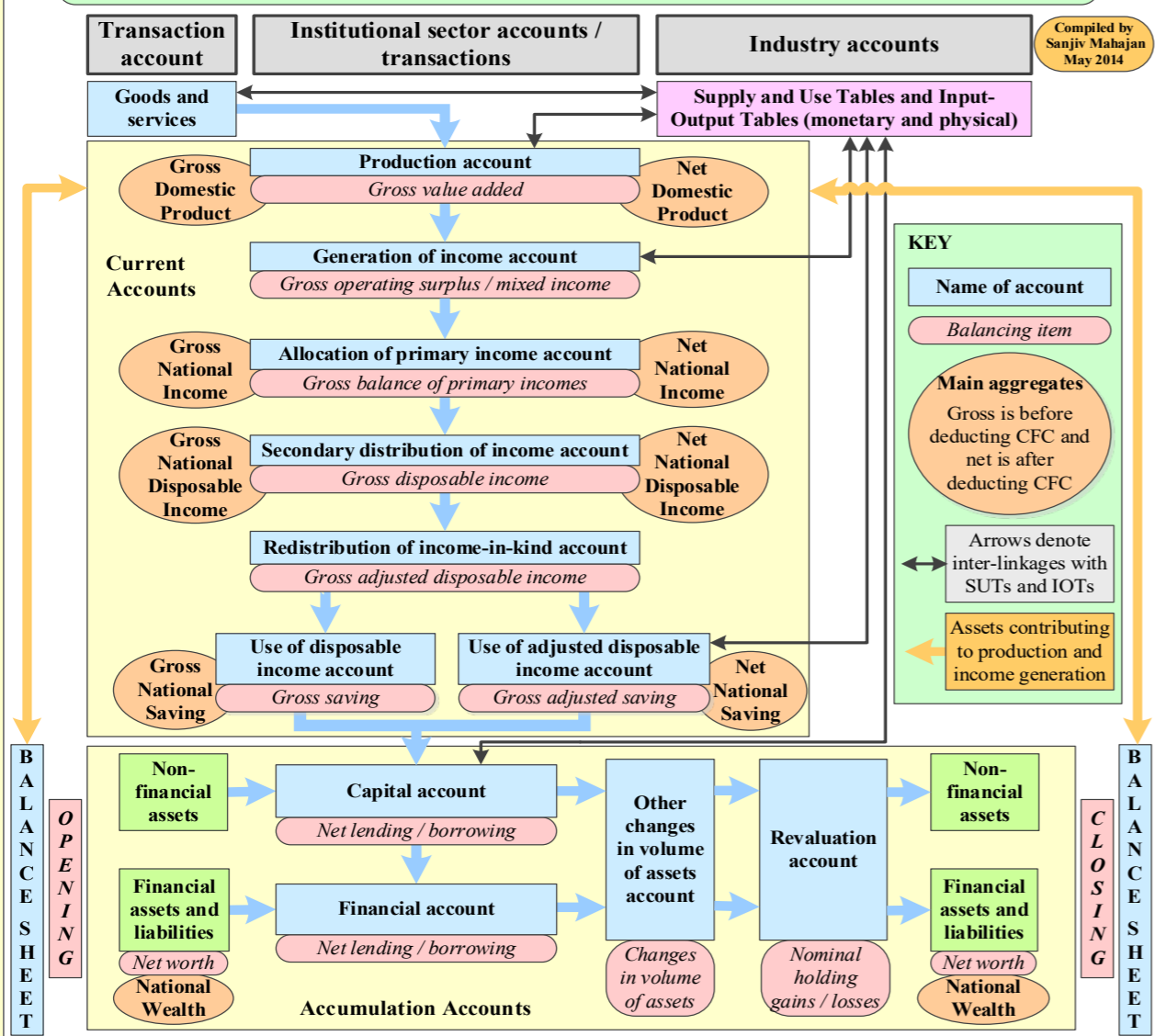
The most significant use of the terms “gross” and “net” are in conjunction with balancing items for each account by institutional sector and the whole economy. To estimate future productive potential and capacity of a business, an industry or an economy, then good quality estimates of consumption of fixed capital (CFC) and capital stock are essential. The role of net national income, net disposable income and net capital stock are becoming more important and relevant today but play different roles from their “gross” counterparts. The second main use covers the recording of financial transactions in the financial account. Here transactions can be recorded on a “gross” or “net” basis. For example, the financial account is recorded on a net basis and flow of funds is recorded on a gross basis.

What is CFC?

CFC is the decline, during the course of the accounting period, in the current value of the stock of fixed assets owned and used by a producer as a result of physical deterioration, normal obsolescence or normal accidental damage. CFC is a cost category that accrues over the whole period the fixed asset is available for productive purposes. It is important to note that CFC is not an explicit transaction but recognised as a cost to the business and is accepted as difficult to measure. CFC in national accounting terms is not the same as depreciation in company accounting terms albeit users use the terms interchangeably. In national accounts, current cost accounting (also known as current replacement cost) valuation is used, whereas in company accounts, the valuation mostly used is historic cost accounting (also known as historic replacement cost).



Overview of the System of National Accounts framework and the links to Supply and Use Tables



**Gross** versus **Net** (Deductions)

**Terminology type links**

<i>Conceptual reference</i>	<i>Alternative reference</i>
Changes in liabilities	Net incurrence of liabilities
Changes in assets	Net acquisition of financial assets
Changes in assets and liabilities	Changes in net worth
Net lending or borrowing	Net financial balance

**Conceptual type links**

- Net return to (fixed) capital relates to the mark-up in estimating the output of market producers’ own-account capital formation.
- Net social contributions are the actual or imputed contributions made by households to social insurance schemes but will exclude any administrative fees charged.
- Net fees are calculated as fees receivable plus fee supplements less the value of the services consumed.
- Net present value is a method of discounting future earnings to produce a current value.
- To note: Net is not the same as netting or consolidation.

**CFC related type links**

Various components of the main aggregates and related statistics will also exist both on a gross basis and a net basis, for example, gross capital stock and net capital stock, gross operating surplus and net operating surplus.

*Rules and links*

Valuation(s)

*Definitions(s)*

National Accounts  
SNA

Company accounts  
GAAP and IFRS

**Arithmetic type links**

<i>Gross variable(s)</i>	<i>Net variable</i>
Acquisitions	<b>Net acquisitions</b> is acquisitions less disposals (fixed assets or financial assets)
Purchases	<b>Net purchases</b> is purchases less sales (or vice versa)
Exports	<b>Net exports or net trade</b> is exports less imports (or vice-versa)
Premiums	<b>Net premiums</b> is premiums less claims
Sales	Sales net of invoiced VAT
Revenues	<b>Net revenues (or net operating balance)</b> is revenues less expenses
Lending	<b>Net lending</b> is lending less borrowing
Gross income	<b>Net Income</b> is income less tax (Gross / net tax concepts can be applied in various areas of the accounts)
Receiveable Assets	<b>Net current transfers</b> is receiveable from abroad less payable to abroad
Payable Liabilities	<b>Net worth</b> is assets (non-financial and financial) less liabilities

**Net international investment position** is the stock of external financial assets less the stock of external liabilities.

## Annex IV. Outcome of the July 2021 AEG Discussions

### AT THE JULY 2021 MEETING, THE AEG MEMBERS WERE ASKED TO REFLECT ON THE FOLLOWING QUESTIONS:

---

1. Do you agree with the proposed changes to terms and definitions presented in Annex II?
  - a. Are there other terms that you would want to make easier for users to understand?
2. Do you agree with the proposed branding of the statistical standards and the system of statistical standards?
3. Do you agree with the proposed changes to the SNA accounts shown in Table 4?
4. Do you have other comments on the guidance note?

### SUMMARY OF DISCUSSIONS

---

- The members noted the proposed Terminology and Branding of the International Macroeconomic Statistical Standards and generally support the proposed new terminology.
- The CMTT took note of the members' interventions related to statistical recommendations and standards are under discussion in the UNSC.
- The members also requested additional time to review the guidance note and provide feedback on the specific terms; and questioned the proposal to move away from "date stamping" the SNA towards a versioning of the standards, noting that this may be problematic for a number of countries that require the "date stamping" to secure funding for implementation.
- The AEG supported the CMTT's proposal to develop a common glossary to align terms across the statistical manuals (SNA, BPM, and GFS); and requested that the Task Team to continue to refine the guidance note with the target for the next version to be ready by the end of September 2021.

## Annex V. Outcomes of October and November 2021 BOPCOM and AEG Meetings

### THE MEMBERS OF THE COMMITTEES WERE ASKED TO REFLECT ON THE FOLLOWING QUESTIONS:

---

1. Do you agree for this note to be sent for global consultation?
2. Do you agree with the changes to the accounts and terminology mentioned in section V of this document?
3. Do you agree with the proposed *branding of the future SNA, BPM, and GFSM*?
4. *With regard to Annex II:*
  - a. *Do you agree with the proposed changes to terms and definitions?*
  - b. *Should the proposed changes replace or supplement existing terms and definitions?*
  - c. *Do you have other proposals on terms and definitions to be included?*
5. Do you agree to stop the use of the term “net” other than the two cases in which the 2008 SNA covers: consumption of fixed capital and financial accounts / from whom to whom accounts?
6. Do you agree there should be a high priority programme of work to improve the quality of the estimates of capital stock, and in turn CFC?
7. Linked to (6), do you agree that greater prominence should be given to “net” aggregates?

### SUMMARY OF DISCUSSIONS

---

Both the AEG and the Committee members agreed that the note should be sent for global consultation. Members were supportive of the need for greater harmonization, uniform language, and terminology across the statistical standards. Members also recommended that the CMTT:

- conducts close consultation with key users including central banks, statistical offices, and other relevant institutions.
- examines any country/political sensitivities to changes in terminologies. For example, “labor costs” as a substitute for (compensation of employees in the SNA/BPM) is understandable by all but can also lead to negative reactions in some countries.
- should clarify in the GN if definitional changes like those proposed in Annex II for SNA are also envisioned for the BPM.
- Considers that some terms are so well known and established and should only be abandoned when strong supporting arguments are made.

- Further explain when the terms “gross” and “net” can/should be used in economic and environmental statistics.
- Considers that SNA entries in the rest of the world (ROW) account are mirrors of the BPM entries, debits (payments) and credits (receipts) in BPM correspond to revenue and expenditure, respectively, from the SNA viewpoint. However, according to some members, such changes would be counterintuitive and potentially bring confusion to the balance of payments.
- Considers that changing “GDP by production approach” into “GDP by industry” may cause confusion as the new term seems to refer more to an analytical breakdown than to an accounting (and compilation) approach.
- Considers that changing “Consumption of fixed capital” into “depreciation” may not capture as well the fact that it refers to a cost (i.e., an expense).
- Clarifies the term “financial accounts”, since the scope of the term is not fully clear (e.g., financial account in the SNA context is part of the accumulation account, in external statistics financial account is part of the balance of payments, and sometimes it seems to include the IIP as well).