1. The boundary between private/public/government sectors

Government control of corporations

A corporation is a public corporation if a government unit, another public corporation, or some combination of government units and public corporations controls the entity, where control is defined as the ability to determine the general corporate policy of the corporation. (SNA - 4.77)

Institutional units owned or controlled by government that qualify as corporations are known as public corporations (GFS 2.14)

Definition of an institutional unit of government:
Entities funded by appropriations made in accordance with a budget controlled by the legislature
2. Treatment of restructuring agencies

*Reference: chapter 22, paragraphs 22.47 to 22.50*

Some public units are involved in the restructuring of corporations that may or may not be controlled by government.

Two examples of public restructuring agencies concern

(a) the reorganization of the public sector and the indirect management of privatization,

and

(b) impaired assets, mainly in a context of a banking or other financial crisis.
3. Treatment of government issued permits

The 2008 SNA recommends that if a permit issued by the government does not involve the use of an underlying government owned asset, then the payment for the license is a tax. Notwithstanding, if the license is legally and practically transferable to a third party, then it acquires the characteristics of an asset and it may be classified as an asset in the category of contracts, leases and licenses.

When the license is to make use of a natural resource (including natural resources that qualify as assets and which the government controls on behalf of the community), payments for the license are treated either as the acquisition of an asset in the category of contracts, leases or licenses or as the payment of rent.
4. Exceptional payments from public corporations should be recorded as withdrawals from equity same as for quasi-corporations

The 2008 SNA recommends that *exceptional payments* from public corporations should be recorded as withdrawals from equity when these are made from accumulated reserves or sales of assets.

**Only regular distributions from the entrepreneurial income of corporations should be recorded as dividends.**

The *1993 SNA* guidance in this respect was different for corporations and quasi-corporations in that exceptional payments from a public corporation were recorded as regular payments of dividends while similar payments from public quasi-corporations were recorded as withdrawals from equity.
5. Exceptional payments from government to public quasi-corporations should be treated as capital transfers

Reference: chapter 22, paragraphs 22.138

The 2008 SNA recommends that exceptional payments from government to public quasi-corporations to cover accumulated losses should be treated as capital transfers as for public corporations. However, exceptional payments by government to both public corporations and public quasi corporations should be recorded as additions to equity when they are made with a clear commercial perspective reflected in a valid expectation of a return in the form of property income.

In the 1993 SNA, exceptional payments from government to public corporations were recorded as capital transfers but exceptional payments from government to public quasi corporations were recorded as additions to equity.
6. Accrual recording of taxes

Reference: chapter 22, paragraphs 22.91 to 22.94

The 2008 SNA confirms the accrual basis of recording of taxes. However, it allows some practical flexibility in two cases in order to ensure that uncollectible taxes are not shown as accruing.

One of these relates to taxes on income to be recorded when the tax liability is assessed with some measure of certainty rather than when the income is earned.

The other refers to taxes arising from activities in the “parallel” economy when the timing of the taxable event is unlikely to be known. In this case also the time of recording should be the time of assessment.

The 2008 SNA also gives guidance that in assessing the amount of taxes accruing, tax unlikely ever to be collected should not be included.
7. Tax credits

Reference: chapter 22, paragraphs 22.95 to 22.98

Tax credits represent tax relief and so reduce the tax liability of the beneficiary. Some tax credits are payable, that is any credit in excess of the tax liability is payable to the beneficiary.

The 2008 SNA recommends that the payable credits should be recorded on a gross basis even though this is counter to the recommendations in GFSM2001 and Revenue Statistics.

The 1993 SNA did not give guidance on the treatment of tax credits.
8. Treatment of ownership of fixed assets created through public-private partnerships

Reference: chapter 22, paragraphs 22.154 to 22.163

Public-private partnerships (PPPs) are long-term contracts between two units, whereby a private unit acquires or builds an asset or set of assets, operates it for a period and then hands the asset over to a unit in the public sector. Such arrangements are usually between a private enterprise and government.

The 2008 SNA provides indicative guidance on the characteristics to be examined to determine whether the private or public partner is the economic (as opposed to legal) owner of the assets in question.

The 1993 SNA did not give guidance on the treatment of public-private partnerships.
9. Taxes on holding gains to be shown as current taxes on income and wealth

Reference: chapter 8, paragraph 8.61

The 2008 SNA recommends that taxes on holding gains continue to be shown as current taxes on income and wealth even though the tax base (the realized holding gains) is not included in the SNA definition of income.

It recommends that where possible and relevant, it should be shown as a separate subcategory.