

**Inventory of the methods, procedures and sources  
used for the compilation of deficit and debt data and  
the underlying government sector accounts  
according to ESA95**

***Portugal***

**December 2013**

## Background

Compilation and publishing of the Inventory of the methods, procedures and sources used to compile actual deficit and debt data is foreseen by Council Regulation 479/2009, as amended.

According to Article 8.1: *“The Commission (Eurostat) shall regularly assess the quality both of actual data reported by Member States and of the underlying government sector accounts compiled according to ESA 95.... Quality of actual data means compliance with accounting rules, completeness, reliability, timeliness, and consistency of the statistical data. The assessment will focus on areas specified in the inventories of Member States such as the delimitation of the government sector, the classification of government transactions and liabilities, and the time of recording.”*

In line with the provisions of the Regulation set up in Article 9, *“Member States shall provide the Commission (Eurostat) with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts. The inventories shall be prepared in accordance with guidelines adopted by the Commission (Eurostat) after consultation of CMFB. The inventories shall be updated following revisions in the methods, procedures and sources adopted by Member States to compile their statistical data”*.

The content of the Inventory and the related guidelines have been endorsed by the Committee on Monetary, Financial and Balance of Payments statistics in June 2012 and are followed by all EU Member States.

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## **Annex I – list general government units**

## **A. Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data**

This chapter provides a summary description on the general government sector components and specifies institutional responsibilities and basic data sources used for EDP tables and for the compilation of general government national accounts. Special attention is given to EDP tables: detailed description of components of the working balance and the transition into EDP B.9 (net lending/net borrowing); compilation of Maastricht debt and of stock-flow adjustments; explanation of the link between EDP table 2 and 3, balancing process and statistical discrepancies.

### **1. General Government**

This section describes the coverage of the General Government sector and the sub-sectors for Goodland.

The general government sector is composed by XX sub-sectors: S.1311, (S.1312) S.1313 and S.1314. It includes:

#### **1.1. Central government subsector (S.1311)**

*- Central budgetary organisations (ministries, central offices and organisations established and/or managed by ministries or other central authorities)*

*- Other central organisations (please detail and indicate the number of institutional units covered, e.g. under universities, hospitals, etc)*

*The Central Government subsector includes the State, the Civil Servants' Pension Scheme (CGA), Central Government Autonomous Services and Funds, Non-profit institutions (NPIs) and public corporations classified inside General Government.*

*In legal terms the State includes all units under its direct management (defined by the Law n.º4/2004 of 15 January) and the Autonomous Services and Funds include the units under the State indirect management (defined by the Law n.º3/2004 of 15 January).*

*The Autonomous Services and Funds subsector comprises 216 units, of which 20 hospitals and 64 institutions of higher education.*

*The NPIs subsector comprises 45 units.*



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## 1.2. State government subsector (S.1312)

*- State budgetary organisations (state offices and organisations established and/or managed by state offices or other state authorities)*

*- Other state organisations (please detail and indicate the number of institutional units covered).*

*Not applicable.*

## 1.3. Local government subsector (S.1313)

*- Local budgetary organisations (regional offices, town councils, regional councils, municipalities, etc)*

*- Other local organisations (please detail and indicate the number of communities/municipalities)*

*The Local Government subsector includes the Regional Government and the Local Government.*

*The Regional Government is exclusively composed by the two Regional Governments of the Autonomous regions of Azores and Madeira, as well as their Regional Government Autonomous Services and Funds and regional public corporations classified inside this subsector.*

*The Local Government subsector includes Districts, Municipalities (308 units), civil Parishes (4258 units) («freguesias»), Autonomous Services of Local Government, public local corporations and NPIs classified in the Local subsector.*

## 1.4. Social security funds subsector (S.1314)

*- Health insurance companies, , if part of S.1314*

*- Pension funds, if part of S.1314*

*- Other social security institutions, if relevant (e.g. unemployment, sick leave, disablement, state pension, surviving spouse, child allowance, etc.)*

*The Social Security Funds subsector includes the Social Security General Scheme, which corresponds to the units that make up the General Social Security Account, compiled by the Institute for the Financial Management of Social Security (IGFSS).*

Further details relating to practical aspects of sector classification for individual units into general government sector could be found in Chapter B, section 1.

## 2. Institutional arrangements

This section provides general information on institutional arrangements relating to the production and dissemination of government deficit and debt statistics:

- responsibility of national authorities for compilation of individual EDP tables and underlying government national accounts, as defined by ESA95 Transmission Programme;
- institutional arrangements relating to public accounts which are used by statistical authorities for compilation of government national accounts and EDP tables;
- general overview about bookkeeping system used by public units, internal quality checks and external auditing;
- communication between individual national authorities involved in EDP;
- publishing of deficit and debt statistics.

### Legal basis for the compilation of GFS and EDP data

Please specify if there is a special national law referring to the collection and compilation of fiscal data and GFS (e.g. some provisions set in the Constitution, financial/ budget bill or a separate statistical use).

*The main national laws that specify the collection of fiscal data are:*

*Budget Framework Law (Lei n.º 52/2011 de 13 de Outubro)*

*This law has been suffering successive revisions mainly to take into account the reinforced European Union fiscal framework and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (fiscal compact). The revisions had also the purpose to accommodate the developments in the regional and local financing laws. The last revision of the law, in June 2013, improved budgetary procedures and principles of budgetary management, reinforcing accountability, transparency and simplification.*

*Decree-Law of budget execution*

*Organisation Internal rules – specific regulation about statistical information and specific records to be reported by several entities and, as well as, the timing to be reported to the Ministry of Finance's Directorate-General for the Budget (DGO) are required in these Internal rules (as an example, Circular n.º 1371 for State Budget for 2013*

*<http://www.dgo.pt/instrucoes/Paginas/Intrucoes.aspx?Ano=2012&Instrucoes=Circulares%20S%c3%a9rie%20A>*

*The main national laws that specify the compilation of GFS, by Statistics Portugal (INE) are:*

*Law No. 22/2008, of 13 May, approving the general basis of the National Statistical System, and the Decree-Law No 136/2012, of 2 July, approving the organisation of Statistics Portugal.*

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

*The compilation of general government statistics by Banco de Portugal (BdP) is included in the functions attributed in its Organic law (Law No 5/98 of 31 January, and amendments) and by the Law on the National Statistical System (Law No 22/2008 of 13 May). The division of tasks and the cooperation framework for the compilation of national accounts are defined by a protocol signed in 1998 by BdP and the INE. According to this agreement, INE compiles the national non-financial accounts and BdP compiles the national financial accounts. To achieve consistency between the financial and non-financial accounts, the protocol establishes cooperation mechanisms, mutual consultation and methodological discussions for the compilation of national accounts, namely the harmonized implementation of the European System of National and Regional Accounts.*

*For general government accounts, a specific institutional framework has existed since 2006, when the Institutional Cooperation Agreement in the Field of General Government Statistics was signed between BdP, INE and the Ministry of Finance's Directorate-General for the Budget (DGO). In this framework BdP assumed the responsibility of compiling the financial accounts of general government and Maastricht debt.*

## **2.1. Institutional responsibilities for the compilation of general government deficit and debt data**

This section describes institutional responsibilities for compilation of Government Finance Statistics (national accounts for general government and EDP tables). Further related information is described in section 2.3 Communication.

National accounts data for general government are transmitted to Eurostat<sup>1</sup> via the following tables (see the related EU legislation)<sup>2</sup> :

Table 2 – Main aggregates of general government (annual data)

Table 6 – Financial accounts by sector (annual data)

Table 7 – Balance Sheets for financial assets and liabilities (annual data)

Table 9 – Detailed Tax and Social Contribution Receipts by Type of Tax or Social Contribution and Receiving Sub-sector including the list of taxes and social contributions according to national classification (annual data)

Table 11 – Expenditure of General Government by function (annual data)

Table 25 - Quarterly Non-financial Accounts of General Government

Table 26 – Balance sheets for non-financial assets (annual data)

Table 27 – Quarterly Financial Accounts of General Government

Table 28 – Quarterly Government Debt (Maastricht Debt) for General Government

Data on government deficits and debt levels are reported to Eurostat twice a year (in April and October) in EDP notification tables<sup>3</sup>.

<sup>1</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

<sup>2</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/legislation](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/legislation)

<sup>3</sup>

[http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/excessive\\_deficit/edp\\_notification\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/excessive_deficit/edp_notification_tables)

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

**Table 1. - Institutional responsibilities for the compilation of general government national accounts and EDP tables**

Institutional responsibilities <i>(the appropriate cells are crossed)</i>			NSI	MOF	NCB	Other
Compilation of national accounts for General Government:						
Nonfinancial accounts	annual		X			
	quarterly		X			
Financial accounts	annual				X	
	quarterly				X	
Maastricht debt	quarterly				X	
Compilation of EDP Tables:						
EDP table 1	actual data	deficit/surplus	X			
		debt			X	
		other variables	X			
	planned data	deficit/surplus		X		
		debt		X		
		other variables		X		
EDP table 2 (actual data)	2A central government		X			X
	2B state government					
	2C local government		X			
	2D social security funds		X			
EDP table 3 (actual data)	3A general government				X	
	3B central government				X	
	3C state government				NA	
	3D local government				X	
	3E social security funds				X	
EDP table 4			X		X	

NSI - National statistical institute including units subordinated to the NSI (the latter is to be specified in comments)

MOF – Ministry of Finance/Economy including units subordinated to the MOF (to be specified in comments)

NCB – National Central Bank

Other – other national body, to be specified in comments

1. Provide official names of the institutions involved, in national language and in English

The official names of the institutions involved in the compilation of general government national accounts are:

a) NSI/Instituto Nacional de Estatística (INE)/Statistics Portugal:

Departamento de Contas Nacionais/National Accounts Department;

*Serviço de Contas das Administrações Públicas/General Government Statistics Unit (GGSU);*

*b) Banco de Portugal: Departamento de Estatística (Statistics Department)*

*c) Ministry of Finance/(Ministério das Finanças):  
Direção- Geral do Orçamento(DGO)/ Budget Directorate-General*

*2. Explain who does what and provide further specifications in case:*

- more than one institution is involved in compilation of the table*
- different institutions compile data in April and in October*
- different years are compiled by different institutions*

*Provide further details when relevant.*

*For the preparation of EDP notifications, INE has the responsibility of compiling the general government net borrowing / net lending for the years previous to the current year and BdP for the same years has the responsibility of compiling Financial Accounts and Gross Debt. The forecasts of the general government net borrowing / net lending and Gross Debt are a responsibility of the Ministry of Finance.*

*Table 1: INE compiles net borrowing / net lending, general government expenditure on gross fixed capital formation and gross domestic product at current market prices and BdP compiles gross debt for years t-4 to t-1. Ministry of Finance compiles forecasts.*

*Tables 2: Compiled by INE*

*Tables 3: Compiled by Banco de Portugal.*

*Table 4: Banco de Portugal compiles trade credits and differences of valuation in debt and INE compiles Gross National Income at current market prices.*

*3. Specify which unit and institution gives a "final" approval of EDP data before sending to Eurostat.*

*Each entity is responsible for the results in its area of competence. Nevertheless, the EDP Notification is prepared in cooperation among the three institutions and the Working Group created within the institutional cooperation agreement analyses the accounts before each notification and discusses the methodological questions related to national accounts in EDP notifications.*

*4. Specify how EDP tables are transmitted to Eurostat: by which national institution, officially, signed, only via electronic form,...Is an affidavit regularly attached to the EDP data?*

*EDP tables are transmitted to Eurostat by INE via electronic form and also by post. An affidavit signed by INE is regularly attached to the EDP data.*

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

### 2.1.1 Existence of an EDP unit/department

*1. Mention if a single unit/department responsible for EDP notification exists in your country. Please specify the institution (NSI, NCB, MoF, other?).*

*In INE the unit/department responsible for EDP notification is the “Serviço de Contas das Administrações Públicas” (General Government Statistics Unit (GGSU)) in the “Departamento de Contas Nacionais” (National Accounts Department).*

*In BdP the tasks related with the EDP notification are made by the “Núcleo de Estatísticas das Administrações Públicas” (General Government Statistics Unit), in the “Departamento de Estatística” (Statistics Department). This unit is also responsible for the compilation of quarterly Financial Accounts of General Government and monthly data on Financing of General Government and General Government Debt.*

*2. Detail to whom the EDP unit reports, in which department/directorate is the EDP unit in the organigramme of the institution. Please provide a copy of the organigramme of the institution (in annex to the inventory).*

*Please consider the organigrammes in annex.*

*3. Detail what are the (legal?) duties of the staff in the EDP unit:*

*a) are the duties only referring to EDP issues, or*

*b) also to compilation of general government non-financial and/or financial accounts (e.g.: -only fills in the EDP tables, without making any adjustment?*

- fills in EDP tables and make some adjustments;*
- compiles the government non-financial accounts and fill in EDP tables;*
- compiles government financial accounts and fill in EDP tables;*
- other situation.)*

*The General Government Statistics Unit (GGSU)) from the National Accounts Department of INE is responsible for a number of tasks in the field of General Government Accounts. The competences and duties of the units are defined by the Board of INE in the general organizational structure of INE.*

*In March 2013 an internal law was published establishing the competences of the GGSU (only available in Portuguese):*

- a) Manter atualizada e publicitar a lista de entidades que compõem o setor institucional das Administrações Públicas;*
- b) Elaborar as contas não financeiras das Administrações Públicas no quadro das contas nacionais;*
- c) Produzir a informação necessária ao procedimento dos défices excessivos (PDE) e apoiar a representação do INE nos grupos de trabalho e comités europeus relevantes neste domínio;*
- d) Promover a articulação com entidades externas, nomeadamente com as que detêm responsabilidades partilhadas na preparação da notificação do PDE, para o aprofundamento da qualidade das contas não financeiras das Administrações Públicas;*

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

- e) *Colaborar com o Serviço de Contas Económicas Integradas na produção das contas anuais e trimestrais dos setores;*
- f) *Validar as contas das Administrações das Regiões Autónomas dos Açores e da Madeira, compiladas pelos respetivos serviços de estatística;*
- g) *Assegurar a produção de estatísticas fiscais;*
- h) *Assegurar, em articulação com o Serviço das Contas Económicas Integradas, a classificação, por setor institucional, de todas as unidades institucionais públicas, para a elaboração das Contas Nacionais;*
- i) *Colaborar, em articulação com os Serviços de Contas Económicas integradas, de Contas das Administrações Públicas e de Indicadores de Curto Prazo, com o Departamento de Metodologia e Sistemas de Informação para uma adequada gestão e atualização do Ficheiro de Empresas.*

*4. If there is no EDP unit, mention this and describe under section 2.1 above (Institutional responsibilities) the process how the EDP tables are compiled.*

### **2.1.2 Availability of resources for the compilation of GFS data**

*If a question from this section has been answered elsewhere, please provide a reference to the relevant section.*

- 1. Describe organisation and responsibilities within the NSI in terms of compilation of GFS (EDP data and national accounts for general government - annual and quarterly data).*

*As mentioned in section 2.1.1., GGSU has the responsibility to compile annual and quarterly non-financial accounts. The unit is also responsible for the register of government controlled units, definition of entities integrating the GG sector, data sources requests and analysis of responses, treatment of ESA transactions and methodological analysis.*

*For the organisation in BdP see section 2.1.1.*

- 2. Provide organisation chart and indicate the number of staff working in GFS.*

*Please consider flowcharts in annex.*

- 3. Indicate briefly to what extent is the staff involved in GFS compilation occupied also by the arrangements relating to data sources for government units (designing of the questionnaires, processing of statistical questionnaires, processing of public accounts, checking and analysis of data sources, etc.).*

*In INE the staff involved in GFS compilation is also involved in the activities related to data sources for government units namely in the processing of public accounts, checking and analysis of data sources.*

*In BdP the General Government Statistics Unit is involved in the designing of data requests from government units and checking and analysing the information received.*

- 4. Indicate whether the same staff is involved into providing of data upon requests of other international and national organizations. Provide short details.*

*The people working in GGSU are also responsible by providing the data upon requests of other international and national organizations. Requests are centralized by superiors and technicians have the responsibility to respond to those related to the specific area in which they work. Additionally, GGSU is responsible for the provision of data to the Parliament and the Portuguese Public Finance Council and upon request, provides information to IMF, European Commission and ECB in the framework of the Economic and Financial Assistance Programme to Portugal*

*The General Government Statistics Unit of BdP is involved in the provision of data to the European Central Bank (quarterly Financial Accounts and Debt and annual Government Finance Statistics), International Monetary Fund (Financing of Central Government, annual Financial Accounts) and Organisation of Economic Co-operation and Development (quarterly Public Debt details). Additionally, BdP provides information requested by international organisations (IMF, European Commission and ECB) in the framework of the Economic and Financial Assistance Programme to Portugal (monthly financing and Debt and quarterly Deficit-Debt Adjustment). Finally, information is reported to the Parliament and the Portuguese Public Finance Council.*

- 5. Provide further related information when relevant.*

## **2.2. Institutional arrangements relating to public accounts**

Generally, “public accounts” are basic source data for GFS compilation, i.e. EDP tables as well as annual and quarterly accounts for general government. Public accounts are used by public units and refer to accounting records and relating accounting outputs (e.g. financial statements) based on the accounting framework defined by a national legislation. This section provides a general overview on institutional responsibilities relating to public accounts. Further details on public accounts for individual government subsectors are described under relevant sections on data sources and EDP tables.

### **2.2.1 Legal / institutional framework**

*Explain briefly for each sub-sector the legal framework relating to public accounts:*

- 1. Specify if there is a general legal basis regulating the compilation of public accounts and the accounting rules.*

*There is a specific law that regulates the public accounts - Law n. ° 8/90, 20 February - Lei de Bases da contabilidade pública: <http://www.dgo.pt/legislacao/Paginas/default.aspx>*



2. *What kind of bookkeeping systems are used by government units and public corporations (cash, accrual, integrated data sources, etc)? Provide a reference to the related section of the inventory, where more detailed information could be found.*

Central Government:

*The Central Government sub-sector includes the state, the central government autonomous services and funds (SFA) and the non-profit institutions classified in central government. Data are in a cash basis. Public corporations classified in central government are in an accrual basis. The Civil Servants' Pension Scheme (CGA) is classified in State sub-sector and data are in an accrual basis. The National Health Service (NHS) is also accrual data for the expenditure.*

Regional Government:

*The regional government and regional SFA data are cash basis; public corporations classified in regional government are accrual data.*

Local Government:

*The municipalities are cash data in April EDP notification and accrual data in October EDP notification; civil parishes, districts autonomous services and local corporations: data are estimated by NSI in the half finalised accounts.*

Social Security Funds:

*The Social Security Funds includes the General Social Security Scheme, which corresponds to the units that make up the General Social Security Account, compiled by the Institute for the Financial Management of Social Security (IGFSS), cash data.*

3. *Specify if accounting records and evidence of all public units are regularised by a related national legislation.*

*There is a national law for accounting records in cash basis for all public units in General Government - Decree-Law n.º 26/2002, of 14 of February (<http://www.dgo.pt/legislacao/Paginas/default.aspx>).*

*The Official Plan of Public Accounting (POCP) using the accrual basis of recording is already used for SFA, NHS, and Municipalities and is being implemented for the State, Regional Government and IGFSS.*

4. *Explain which institution and unit/units are responsible for:*

- *bookkeeping standards used by public units,*
- *designing of financial statements,*
- *data collection and processing,*
- *internal quality and consistency checks and validation (not external auditing)*

*Ministry of Finance, Directorate General Budget (DGO), Inspectorate General of Finance (IGF) and Court of Auditors (TC) are the institutions responsible for the bookkeeping standards used by public units.*

*Ministry of Finance, Directorate General Budget (DGO) is the institution responsible for designing of financial statements. Where relevant, the design of the new financial statements is done in close cooperation with INE and BdP.*

*The institutions responsible for data collection and processing are:*

Central government: *Ministry of Finance, Directorate General Budget (DGO)*

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*Regional Government: Autonomous Region of Madeira (RAM): Direção Regional de Orçamento e Contabilidade (DROC); Autonomous Region of Azores (RAA): Direção Regional do Orçamento e Tesouro (DROT)*

*Local Government: Directorate-General for the Local Authorities (DGAL)*

*Social Security Funds: IGFSS*

*There is internal quality and consistency checks processes for all the accounting systems*

*5. Specify any foreseen changes in terms of bookkeeping system used by public units.*

*It is foreseen the use of RIGORE2 Central, which is a centralised financial management system and is also a tool that supports the State accounting. The use of this tool will improve the consolidation process in national accounts. By the end of 2013 it is expected to be implemented in the majority of the sub-sector state entities and in Autonomous Region of Madeira.*

## **2.2.2 Auditing of public accounts**

### **2.2.2.1 General government units**

*There are two main entities auditing public accounts: The Court of Auditors (CA) and the General Inspection of Finance (IGF).*

*1. Are accounts of all units, which are included in the general government sector according to ESA95, audited? If not, specify which units are not audited.*

*In the case of IGF, the accounts of all departments that lack financial autonomy are not subject to audit. Only the accounts of the departments having financial autonomy and an audit committee by law are subject to annual audits performed by statutory auditors and according to professional procedures. These include all Hospitals in the National Health Service and all state owned enterprises that are included in the General Government national accounts as well as the majority of departments with budget of their own.*

*IGF is also responsible for auditing the accounts of agencies that carry out the functions of Certifying Authority for EU funds.*

*In the case of the Court of Auditors, all the entities included in the general government sector according to ESA 95 are subject to frequent audits and financial control but not all entities are audited every year. The General State Account and the accounts of the Autonomous Regions are audited on an annual basis.*

*2. What is the subject and coverage (scope) of auditing? Are all flows and all accounts of the unit audited, e.g. also those which are outside the budget, if any (e.g. so called extra-budgetary accounts)? If not, specify further what is not audited.*

*When the accounts are audited the international accounting standards and the specific technical procedures are fully applied.*

*The subject and coverage of auditing depends on the nature of the audited entity, nature of its financial statements and the total amount of revenues and expenditures. All the flows can be verified, including also those which are outside the budget.*

*3. When does the auditing of the accounts take place?*

*In the case of IGF, the reports and the opinion on the accounts must be issued by end of April of the year following the closing year. They must be presented to the CA (digitally), the Ministry of Finance (DGO) and the line ministry.*

*For those who are audited by IGF as Audit Authority, until 31 of December (Structural Funds) or 31 of January (Agriculture Funds), according to the EU applicable regulations.*

*Concerning the CA, it depends on the annual auditing plan adopted by the Court.*

*4. When are the results available to GFS compilers?*

*Concerning the IGF the results are not available to GFS compilers except for State owned enterprises classified in GG national accounts that follow the same procedures described below (point 2.2.2.1).*

*The report and opinion on the General State Accounts and the accounts of the Autonomous Regions are now adopted until the end of the year n+1 and published in the Official Journal and in the website of Court of Auditors ([www.tcontas.pt](http://www.tcontas.pt)).*

*5. When are the audit reports published and where (e.g. via internet)?*

*In the case of IGF, there is a growing practice of publishing the management reports in the website. The audit report is rarely published in the site of each department together with the management report.*

*The audit reports are published in the website of the Court ([www.tcontas.pt](http://www.tcontas.pt)), in the Official Journal and in the Court Magazine, as well as a summary in the Annual Report of Activities.*

*6. Specify if these audit reports include also a risk analysis and relevant details, e.g. on payables, contingent liabilities.*

*The audit reports when issued, by IGF, follow the international accounting standards and the specific technical procedures and therefore should include the above mentioned subjects if relevant.*

*In the case of CA, it also depends on the nature of the auditing mainly on those whose object is financial management. But, in general, Yes.*

*7. Please attach as an annex to the inventory, a list of government units and/or groups of units, indicating names of the relevant auditing authorities (at least those auditing the*

*main units), scope of auditing, when and where are audit reports publicly available in internet.*

*IGF is responsible for the strategic coordination of the functioning of the internal audit system; abstracts of audit reports will soon be available on the IGF website – [www.igf.min-financas.pt](http://www.igf.min-financas.pt).*

*The Court of Accounts is the external audit body; audit reports are available on the website – [www.tribunaldeconts.pt](http://www.tribunaldeconts.pt)*

#### 2.2.2.2 Public units, not part of general government

*1. Are accounts of all units, which are included in the public corporation sector according to ESA95, audited? If not, explain which units are not audited.*

*In the case of IGF, all state owned enterprises are subject to audits by the statutory auditor appointed by the audit committee. Also entities of public interest (like NPI and foundations) are subject to the same procedure.*

*All the entities included in the public corporation sector according to ESA 95 are subject to the Court of Auditors jurisdiction and powers of financial control but not all are audited every year. However, we must also take into account the auditing by internal control bodies.*

*2. Which auditing authority is responsible for auditing of accounts of public corporations - please indicate the case when a national court of auditors is dealing also with auditing of public corporations (e.g. railways), if any.*

*The internal control body responsible for auditing of accounts of public corporations is the IGF.*

*The Court of Auditors also audits public corporations and takes into consideration auditing report sent to the Court, which generally becomes part of its auditing report.*

*3. What is the subject and scope of the auditing? Are **all flows and all accounts** of the unit audited? If not, explain further what is not audited.*

*The International Standards on Auditing (ISAs) and the specific technical procedures are applied in full.*

*The subject and scope of auditing depends on the nature of the audited entity, nature of its financial statements and the total amount of the balance sheet. The main flows can be verified by the use of sampling tests.*

*4. When does the auditing of the accounts take place?*

*The report and the opinion on the accounts must be issued by end of March (individual accounts) of the year following the closing year or by end of May (consolidated accounts). The accounts must be presented to the Ministry of Finance (Treasury) and the line*

*ministry. The Treasury has a database called System for collection of corporation's economic and financial information (SIRIEF) where all the accounts are stored including the audit reports. This platform receives the information electronically. In what concerns the CA, it depends on the annual auditing plan adopted by the Court.*

*5. When are the results available to GFS compilers?*

*INE receives all the accounts of the public corporations and other public entities through a common electronic platform (IES) that is shared by fiscal authority, Banco de Portugal and judicial authorities. The enterprises deposit the information electronically in that platform until the 15th of July of the following year.*

*The results of the audits from the Court of Auditors are available to GFS compilers as soon as they are adopted and published in the Official Journal or in the website (www.tcontas.pt).*

*6. When are the audit reports published and in which web address?*

*The audit reports are published in the website of the enterprise and the Treasury publishes a full report in its website based on the SIRIEF.*

*The audit reports are published in the website of the Court (www.tcontas.pt), in the Official Journal, in the media, in the Court Magazine and a summary in the annual Report of Activities.*

*7. Specify if these audit reports include also a risk analysis and relevant details, e.g. on payables, contingent liabilities.*

*The audit reports when issued they follow the international accounting standards and the specific technical procedures and therefore should include these specified subjects if relevant.*

*In the case of CA depends on the nature of the auditing mainly on those whose object is financial management.*

## **2.3. Communication**

### **2.3.1 Communication between actors involved in EDP**

#### **2.3.1.1 Agreement on co-operation**

1. *Explain how is the co-operation between actors involved in EDP organised.*
2. *Indicate if there is any official agreement on co-operation / memorandum of understanding signed by national authorities involved in GFS compilation, delivery of related data sources etc. If yes, who signs the agreement? How often is the agreement reviewed and updated? The attachment of the agreement to the Inventory would be appreciated.*
3. *Provide further details on the responsibilities established in the official and/or unofficial agreement.*
4. *Explain how the co-operation is organised in practice – task forces, working groups, at official and/or unofficial level, what kind of issues are discussed, how often does a group meet, who initiates meetings, are reports, minutes prepared.*
5. *Explain what data are requested and received by the NSI, and/or provide references to tables/sections in the inventory.*
6. *Can the NSI have a role / is consulted in public accounts - designing of financial statements, timeliness, coverage of units? Describe.*
7. *Specify any foreseen changes in responsibilities of institutions and/or departments involved.*

*The institutional cooperation agreement was signed in January 2006 between the Macroeconomic Statistics Department (which designation was changed in 2007 to National Accounts Department) of the Statistics Portugal, the Statistics Department of Banco de Portugal (BP) and the Directorate-General of the Budget of the Ministry of Finance (Portuguese acronym: DGO). In the context of this agreement, for the preparation of EDP notifications, INE has the responsibility of compiling the General government Net borrowing / net lending for the years previous to the current year and Banco de Portugal for the same years has the responsibility of compiling Financial Accounts and Gross Debt. The forecasts of the General government Net borrowing / net lending and Gross Debt are a responsibility of the Ministry of Finance. No changes in responsibilities of institutions are foreseen.*

*The agreement focuses on cooperation on the following activities in the field of the compilation of General government statistics:*

- *INE is responsible for the definition and update of the list of institutional units of the General government sector and the cases that may raise doubts and have significant impact in General government accounts are discussed between the three institutions;*
- *Preparation of the (financial and non-financial) annual/quarterly accounts for the General government sector, non-financial accounts are compiled by INE, and financial accounts and public debt statistics are compiled by Banco de Portugal;*
- *Monitoring of Excessive Deficit Procedure notifications and respective methodological analyses.*

*In general terms statistical authorities request and receive all the information necessary for the compilation of General Government Statistics.*

*The EDP Notification is prepared in cooperation among the three institutions, and the Working Group created within the institutional cooperation agreement analyses the accounts before each notification and discusses the methodological questions related to national accounts in EDP notifications (written conclusions are prepared after each*

*meeting). This group meets typically 2/3 times for the preparation of each EDP notification and also each quarter for the analysis of quarterly results. In addition, it meets whenever there are methodological issues deserving special attention and discussion.*

*In the mid of the current year, INE has initiated a discussion on an update of the agreement taking into consideration among other aspects the changes that occurred after 2006 in the institutional background, notably in terms of the EU regulations and in the national legislation. The main changes in the national legislation were the Law No. 22/2008, of 13 May, approving the general basis of the National Statistical System, and the Decree-Law No 136/2012, of 2 July, approving the organisation of Statistics Portugal.*

### 2.3.1.2 Access to data sources based on public accounts

1. *Explain in which forms/means are public accounts data for individual units/groups of units delivered to national statistical authorities: on paper, in electronic format (excel, pdf, word?), another means, combined? Please specify.*

*Public accounts data for individual units/groups are delivered to national statistical authorities on paper, in electronic format (excel) by mail or use of internal databases.*

2. *Mention if the source data used for EDP data compilation is "certified" by a signature of the responsible government institution?*

*The source data used for EDP data compilation is "certified" by a signature of the responsible government institution.*

3. *Do statistical authorities have also access to public accounts databases, i.e. to a database of the Treasury, Ministry of Finance, etc? If yes, specify the coverage of units in the database and the level of details: aggregated, individual – in terms of coverage units as well as flows/stocks.*

*The statistical authorities have no direct access to public accounts databases.*

4. *If data are available via different means (paper, electronic form, database, etc.), specify if all these are consistent. Indicate if the details, main aggregates and/or balancing items are fully identical in different documents.*

*Additional information usually available only on pdf format is used to validate the data available in the other formats.*

## 2.3.2 Publication of deficit and debt statistics

### 2.3.2.1 Publication of EDP data

1. Please detail when EDP figures are published at national level in spring and autumn (April?) and (October?). Please indicate if data are published by other institution than the NSI. By which institution?

*The EDP notification tables and the supplementary tables for financial crisis are published in the INE website at the same time that they are sent to Eurostat.*

*The main results of the EDP figures are published also by BdP in April and October.*

2. Please detail which EDP tables are published nationally. If the EDP tables are not published as such, please give the list of relating categories published: EDP B.9, Gross consolidated debt (total and/or by instruments), EDP D.41, other information-detail. Indicate also period.

*INE, besides the EDP tables, publishes detailed data on general government accounts in its website ([http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_cnacionais](http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cnacionais)).*

*BdP publishes data on the EDP deficit and debt by subsector, and on the main items of the deficit-debt adjustment, for the whole period.*

3. Please specify if any explanatory notes on the notified actual EDP data are regularly or occasionally published. By which institution?

*The publication of EDP tables by INE is accompanied by a press release highlighting some relevant aspects that may have impact on the results.*

*BdP occasionally publishes statistical press releases on government finance statistics, including EDP information, explaining the main results and methodology followed. A supplement to the Statistical Bulletin was also published in 2012.*

4. If data are published before official validation and publication by Eurostat, indicate if the final/amended version of EDP data is always published nationally, in case of any changes after the assessment (by Eurostat) process.

*In the press release it is always mentioned that the notifications are a joint work between national statistical authorities and Eurostat which examine the notifications and publish the final results for all Member States. In case of any changes after the assessment (by Eurostat) process the amended version of EDP data is always published nationally by INE also accompanied by a press release explaining the differences.*

#### 2.3.2.2 Publication of underlying government ESA95 accounts

1. Regarding national accounts for general government and ESA95 Transmission Programme tables, please explain briefly what and when is published.



*Tables 2, 9, 11 and 25 of ESA95 Transmission Programme are published in the INE website at the same time that they are sent to Eurostat.*

*Banco de Portugal publishes: Annual and quarterly financial accounts of general government and government debt. Government debt is published at t+90 and quarterly and annual financial accounts are published at t+110.*

- 2. Indicate also if any metadata and/or other related explanatory documents are published and provide a www link.*

*In the INE website ([http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_cnacionais](http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cnacionais)) it is available a large set of detailed statistical information for national accounts. The tables presented in this section are available in Portuguese and English and are divided by section (section B. Institutional Sectors includes section B.4 General Government which is dedicated to government accounts).*

*Banco de Portugal publishes metadata and occasionally statistical press releases explaining the main results and methodology followed. A supplement to the Statistical Bulletin was also published in 2012. These publications are available in:*

- Statistical press release:*

*<http://www.bportugal.pt/en-US/Estatisticas/PublicacoesEstatisticas/NIE/Lists/LinksLitsItemFolder/Attachments/52/PR%202012%2004%2023.pdf>*

- Supplement to the Statistical Bulletin:*

*<http://www.bportugal.pt/en-US/Estatisticas/PublicacoesEstatisticas/Tumbnails%20List%20Template/sup-be-2-2012en.pdf>*

### 3. EDP tables and data sources

This section reports on availability and use of basic data sources for the compilation of national accounts and EDP tables, by general government subsectors and main units/groups of units. It also aims at describing adjustments to basic data source in order to compile ESA95 based deficit/surplus; EDP tables compilation techniques, balancing practices; link between EDP table 2 and 3.

#### 3.1. EDP table 1

EDP table 1 provides the core, summary information for the reporting period, as requested by the related EU legislation<sup>4</sup>: net borrowing(-)/net lending(+)(EDP B.9) for general government sector and its subsectors, outstanding amount of Maastricht debt by instruments, Gross Domestic Product (GDP), gross fixed capital formation (GFCF) for GG sector and data on interest expenditure (ESA95 D.41 and EDP D.41)<sup>5</sup>.

This section focuses on Maastricht debt only. A detailed description of EDP B.9 calculation and data sources for individual subsectors is covered under section 3.2.

##### 3.1.1 Compilation of Maastricht debt

###### 3.1.1.1 Specification of debt instruments

1. *Provide details and relevant specification separately for each Maastricht debt instrument AF.2, AF.331, AF.332, AF.41 and AF.42 (e.g. details on different debt instruments issued by government, valuation of individual debt instruments for individual units/groupings of units, maturities, creditors, interest rates inside and outside government, etc.).*

*Maastricht debt includes the liabilities in currency and deposits, securities other than shares, excluding financial derivatives and loans, according to ESA95 definitions.*

*Portuguese public debt is compiled by BdP, the statistical authority responsible for the report of these figures. The information is obtained using Financial Accounts data with the some additional information provided by other institutions: MoF, INE, IGFCSS, CGA and IGCP. This additional information can be identified in the following financial instruments: currency and deposits; securities other than shares and loans.*

###### Currency and Deposits

- *Includes the amount of coins issued by the Treasury deducted, for consolidation purposes, by the amounts provided by the Treasury.*
- *Includes Treasury deposits and Special Certificates of Government Debt of short-term (CEDIC) and medium and long-term (CEDIM).*

<sup>4</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/documents/council\\_reg\\_479-2009](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/documents/council_reg_479-2009)

<sup>5</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2001:344:0001:0004:EN:PDF>

- *Balance in public accounts of Savings Certificates (non-negotiable saving instruments which are treated as deposits for EDP purposes) is subtracted by the value of accumulated interest capitalisation to establish the debt value for reporting purposes.*
- *Includes Treasury certificates.*

*Securities other than shares excluding financial derivatives*

- ☐ *The amount of interest accrued and not paid is not included in this financial instrument;*
- ☐ *Securities are recorded in nominal terms. The outstanding amount of securities is derived from the Security Statistics of BdP;*
- ☐ *The balance of financial derivatives set up to cover exchange risk is included in the stock of direct debt of the State for EDP purposes.*

*Loans*

- *The amount of interest accrued and not paid is not included in this financial instrument.*
- *Includes trade credits transferred by a supplier of goods and services to a financial institution (for example, using factoring without recourse), as well as trade credits that are subject to renegotiation between the supplier and the general government.*
- *Includes loans obtained by public-private partnerships if government bears most of the risks associated to the exploitation of the infrastructure.*
- *Includes the total guaranteed loans of corporations in a difficult financial situation if new guarantees are provided by the general government.*
- *Includes loans obtained by private corporations assumed by general government.*

3.1.1.2      *Data sources used for the compilation of Maastricht debt*

1. *Provide a detailed description of data sources used for the compilation of Maastricht debt and of the availability of other data sources, by subsectors and further by groups of units/big units (particular attention is to be given to the state/federal budget).*

2. *Specify institutional responsibilities for individual data sources, by subsectors and main units/groupings of units: data collection, verification, calculations of components.*

*From 2010 onwards the compilation of public debt is done using data collected in the context of the financial accounts, taking into account valuation differences between the two concepts. Thus, the sources are essentially the different statistics produced in the Statistics Department of Banco de Portugal:*

- *Monetary and Financial Statistics to compile "currency and deposits" and "loans" granted by resident financial institutions;*
- *Balance of Payments and International Investment Position Statistics for the foreign loans;*
- *Securities Statistics for the details required for the compilation of debt securities.*

*Internal information compiled by Banco de Portugal is complemented with information from external entities:*

- *IGCP provides details of the Treasury's liabilities in deposits, State's direct debt and issues and redemptions of various debt instruments, namely Saving and Treasury certificates.*

- *The regional statistical services of the Azores and Madeira also provide the debt of each region, compiled in close collaboration with Banco de Portugal.*
- *Social security and the DGTF - Directorate-General for the Treasury and for Finance also provide information on their financial instruments's portfolios.*
- *Finally, INE provides some details, namely, on loans obtained in the framework of public-private partnerships.*

*3. Timelines - specify for each data source, when data are available.*

*All data sources available approximately seven weeks after the end of the reference period, with the exception of loans obtained by public-private partnerships, provided by INE, which has a quarterly frequency and, hence, is made available usually ninety days after the respective quarter.*

*4. Describe data sources that may be used specifically in the context of the first notification. If actual data are not available for the **April EDP notification**, specify who makes estimations and explain in detail how these are made.*

*In the context of the first notification all data sources used for the compilation of debt are available.*

*4. Detail the steps in the revision process of data, after the first notification.*

*After the first notification the General Government debt may be revised due to updates of basic data sources or methodological changes.*

### 3.1.1.3 Amendments to basic data sources

#### 1. Specify any deviations in terms of valuation of debt for individual GG units, etc.

*There are no amendments in terms of valuation of debt, since the valuation follows the criteria foreseen in the Council Regulation and in the MGDD.*

#### 2. Detail sources of information for the adjustments relating to transactions in debt instruments that are not valued at the nominal (face) value of the instrument, for each government sub-sector.

*The adjustments relating to transactions in debt instruments that are not valued at nominal value are composed by:*

- Issuances above or below nominal value: for this adjustment, detailed information provided by IGCP, in a security-by-security basis, is used to determine the amounts of discount (in cases of issuances below nominal value) and premium (in cases of issuances above nominal value).*
- Difference between interest accrued and paid: these amounts are compiled by IGCP and adjusted, in this item, of the payment of discount in case of zero coupon instruments. The payment of discount, for these instruments, is already reflected in the line of change in debt.*
- Redemptions of debt above or below nominal value: for this adjustment, detailed information provided by IGCP, in a security-by-security basis, is used.*

#### 3. Provide sources of information used for the adjustments relating to a change in nominal debt that does not result from a transaction (other change in volume), for each government sub-sector.

*Adjustments relating to a change in nominal debt are mainly due to:*

- Appreciation or depreciation of foreign-currency debt: for this adjustment, data provided by IGCP is used.*
- Changes in sector classification: includes the amounts determined following the analysis of specific operations which may lead to reclassification of entities.*
- Other changes in financial liabilities: the amounts included here are determined following the analysis of specific operations which may lead to changes in the level of debt not explained by financial transactions or by valuation effects and reclassifications.*

#### 4. Indicate any amendments of data using counterpart information.

*There are no amendments of data using counterpart information.*

#### 5. Specify methodological adjustments: guarantees, debt assumption, financial leasing, etc.

*The methodological adjustments are related with the inclusion in the amount of debt of:*

- Trade credits transferred by a supplier of goods and services to a financial institution (for example, using factoring without recourse), as well as trade credits that are subject to renegotiation between the supplier and the general government.*
- Loans obtained by public-private partnerships if government bears most of the risks associated to the exploitation of the infrastructure.*

- *Total guaranteed loans of corporations in a difficult financial situation if new guarantees are provided by the general government.*
- *Loans obtained by private corporations assumed by general government.*

6. *Specify the use of financial accounts/balance sheets and the links between financial accounts/balance sheets and data on stocks of debt and on changes in debt, as reported in EDP tables.*

*The compilation of public debt is done using data collected in the context of the financial accounts, allowing for valuation differences between the two concepts.*

### 3.1.1.4 Consolidation of Maastricht debt

1. *Provide, when relevant, details on intra and inter-flows and positions - what units/groups of units are involved, what instruments, etc.:*

- *within central government*
- *within state government*
- *within local government*
- *within social security funds*

2. *Describe available sources of information used for the consolidation of debt and the valuation of holdings at the level of each government sub-sector (intra-flows and positions) and at the level of general government sector (inter-flows and positions).*

*Consolidation is performed using the same source of information for intra-flows (only applicable for the Central Government) and inter-flows between General Government subsectors.*

*In this respect, the following data sources are used:*

*Currency and deposits*

*- Information of IGCP namely for Treasury deposits, coins in cash and CEDIC.*

*Securities other than shares excluding financial derivatives*

• *Information on the securities issued by General Government held by other Government units. In particular, the portfolio of CGA and Social Security is excluded from the debt of Central Government and General Government, respectively. This data is also validated with information compiled in Securities Statistics.*

*Loans*

• *Information reported by IGCP, DGO and MdF on loans granted by Central Government to other Government units.*

3. *Comment consistency of basic data on consolidation, when relevant:*

- *within central government*
- *within state government*
- *within local government*
- *within social security funds*
- *between subsectors, within general government*

4. *How do you solve problems with inconsistencies in data on consolidation?*

5. *Do you amend data due to consolidation of flows used from a counterpart subsector?*

*If yes, explain further and specify whether*

- *the amendments impact debt or possibly B.9 and/or B.9f on the GG subsector or sector level (e.g. due to debt assumption).*
- *specify how are these amendments reflected in financial and possibly in non-financial accounts (for the latter, i.e. due to debt cancellation, debt assumption, etc.)*
- *how do you ensure that consolidation is consistent in FA and NFA, when relevant (e.g. due to time of recording).*

## 3.2 Central Government sub-sector, EDP table 2A and 3B

Information provided in this section refers to data sources available for the Central Government (S.1311), indicates what sources are used for compilation of non-financial and financial accounts and EDP tables for S.1311, and explains the adjustments made in order to comply with ESA95.

### 3.2.1 Data sources for main Central Government unit : “The State”

This section describes data sources available and used for compilation of national accounts and EDP tables for the main Central Government unit:

- Basic data sources
- Complementary data sources used for the purpose of special ESA95 adjustments (e.g. accrual adjustments, recording of specific government transactions, etc.).

1. *Specify what does the main central government unit, as reported in the working balance of EDP T2A, refer to.*

*The main central government unit, as reported in the working balance of EDP T2A, refer to the State as described in 1.1.*

2. *Complete table 2*

- *Column 1 - indicate for each available data source (even if not used) accounting basis (cash, or accrual, or mixed)*
- *Column 2 - indicate for each available data source (even if not used) periodicity: monthly, quarterly, annual, or other – the latter to be specified in comments.*
- *Column 5, item (9) - if other than the listed data source is available and used, indicate in the table*
- *Column 3 - indicate in days, approximate time of availability of the first, preliminary annual results for the previous year T-1 for each available data source (even if not used). For example, if the first, preliminary data are available on 10 March, indicate “T+70”.*
- *Column 4 - indicate for each available data source (even if not used) how many months after the end of the reporting year T-1, the final annual results are available. For example, if the final data are available in September, indicate in column 4 “T+9”.*
- *Column 6, 7 and 8 – cross those cells, referring to basic data source used for compilation of the WB, B.9 and B.9f, respectively. In case combination of several data sources is used, all relevant cells should be crossed.*

*This table refers mainly to basic data sources and not to supplementary, analytical data sources used for the purpose of special ESA95 adjustments (e.g. accrual adjustments, recording of specific government transactions, adjustments of the structure of inflows and outflows, etc). The latter is described in the dedicated section.*



**Table 2 – Availability and use of basic source data for the main central government unit**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		T + days	T+month🇵🇹		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C/A	M/Q/A	T+65	T+6 months	(3) Current and capital revenue and expenditure and financial transactions	X	X	
				(4) Balance sheets			
				Financial Statements			
				(5) Profit and loss accounts			
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			
C	M	T + 30	T + 2	- Monetary and financial statistics and Central Credit Register (Banco de Portugal)			X
A	M	T + 45	T + 7 1/2	- Balance of payments and international investment position statistics (Banco de Portugal)			X
C	M	T + 45	T + 1 1/2	- Securities statistics database (Banco de Portugal)			X
A	Q / A	T + 65	T + 10	- Central balance-sheet database (Banco de Portugal)			X
C	M	T + 45	T + 1 1/2	- Portuguese Treasury and Debt Management Agency (IGCP)		X	X
C	M	T + 45	T + 1 1/2	- Directorate-General for the Treasury and for Finance		X	X

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

*Explain information from table 2:*

1. *Column 1 - provide further specification on accounting basis, if needed, in particular for a mixed accounting basis used for WB or B.9 and B.9f.*
2. *Column 2 – if there is “Other” periodicity, to be specified.*
3. *Column 3, item (9) - if other than the listed data source is available and used, indicate in the table and provide specifications in comments. Additional rows might be added.*
4. *Provide an explanation in the case for the **April EDP notification**, compilation of the WB, or B.9 or B.9f is based on different data sources. In such cases, explain how estimations are made and by which institution.*
5. *Indicate cases when non-financial B.9 is calculated using the data on financial transactions (i.e. non-financial B.9 = B.9f).*
6. *Indicate if data used for financial accounts and B.9f compilation differ from those used for compilation of transactions reported in EDP T3.*
7. *Explain the reasons for not using the available accounting reports and criteria for choosing one of them (consistency with data sources used in other sub-sectors, accrual basis, etc.) if two different accounting reports are available for the same unit.*

*For the compilation of financial accounts and debt, counterpart statistics are used (e.g, monetary and financial statistics, balance of payments, etc.) since balance sheet information is not complete. Additionally, the use of counterpart statistics improves the consistency of the accounts of the different institutional sectors.*

### 3.2.1.1 Details of the basic data sources

#### **Data sources used for compilation of national accounts**

*This section should refer to the source data used for calculation national of accounts for the main entity.*

*Recall whether data reported in the WB are also used for B.9 calculation. If not, recall which source data is used for national accounts and B.9 compilation.*

*Explain which level of detail of information is available:*

- by unit, and by category of transaction/instrument*
- by groupings of units, and by category of transaction/instrument*
- aggregated for the whole subsector, by category of transactions/instrument*
- by unit and for aggregated data*
- by groups of units, and for aggregated data*
- for the whole subsector, and for aggregated data*

*Data reported in the WB are also used for B.9 calculation. The information for the expenditure is available by unit and by transaction and the revenue is aggregated for the whole subsector by category of transaction. The classifications of revenue and expenditure is based on universal accounting plans and international standards, which makes it possible to identify directly operations and to provide information on non-financial and financial revenue and expenditure, to disaggregate non-financial operations by economic type and to disaggregate financial operations by instrument, according to the ESA 95 typology. (Decree-Law No 26/2002 of 14 February 2002).*

*Usually basic data sources used for financial accounts are not available for “the State”, but for the aggregate Central Government. Information with a detail by unit is available for the Central Credit Register (loans granted by the resident financial sector) and for the Securities Database (issues and holdings). These sources are available with a detail of financial instrument in accordance with ESA and by counterpart sector.*

*Report on details in the available basic data sources for the purpose of national accounts compilation:*

- 1. distinguishing of flows of units classified in different sectors, subsectors that are to be excluded from calculations, when relevant*
- 2. details in codification for the purpose of distinguishing of non/financial versus financial flows,*
- 3. is the structure of inflows and outflows appropriate (distinguishing different ESA95 categories)? What are the main problems possibly impacting B.9 (i.e. is it always possible to identify individual flows which are to be specifically treated/reclassified according to ESA95 requirements, e.g. from non-financial into financial transaction and vice versa)?*
- 3. is the structure of outstanding amounts of assets and liabilities in balance sheets appropriate for financial balance sheets and FA compilation? For example, is information on stocks consistent with/integrated in the information on related transactions by individual instruments? Could you always identify "clean" stocks of AF.7; is the structure of AF.7 detailed enough to make adjustments due to different time of recording used in NFA, etc.? Could you always identify different financial instruments, as defined by ESA95?*

*There are no balance sheets for this subsector and no stocks for AF.7 in the basic data sources.*

- 5. details in codification for the purpose of consolidation – i.e. can you distinguish flows and stocks which should be consolidated between GG units/subsectors?*

*The information used allows for the adequate consolidation between GG units.*

- 6. circumstances in which data available from basic sources is consolidated ( i.e. if some intergovernmental flows and/or stocks are eliminated/consolidated in the basic data source, it should be investigated whether the consolidation applied in data source is in line with ESA95 rules, whether the consolidation is done consistently on both sides; explained whether non-consolidated amounts are available).*

- 7. complementary codification at data source, by counterpart sector, other than S.13 - e.g. can you identify transfers to/from public corporations, private corporations, households, ROW?*

*The classifications of revenue and expenditure used in budget reporting are applied to all other General Government subsectors. This information is obtained directly from the Ministry of Finance administrative/accounting records. This classification is based on universal*

*accounting plans and international standards, which makes it possible to identify directly operations and to provide information on non-financial and financial revenue and expenditure, to disaggregate non-financial operations by economic type and to disaggregate financial operations by instrument, according to the ESA 95 typology. (Decree-Law No 26/2002 of 14 February 2002).*

*INE requests further information to the MF when necessary to allow a more detailed classification of certain operations.*

*Data available from basic sources is not consolidated and information allows identifying the counterpart sector, even other than S13. Thus consolidation is made in the process of compilation of the accounts in line with ESA95 rules.*

### **Working balance (WB)**

*Please use this section only if data, as reported in the WB (in the first line of EDP T2) are not used for compilation of B.9 and national accounts for the main entity.*

*If the data from the WB are used for compilation of national accounts and B.9, mention this and ignore the questions below.*

*Explain which level of detail of information is available:*

- by unit, and by category of transaction/instrument*
- by groups of units, and by category of transaction/instrument*
- aggregated for the whole subsector, by category of transactions/instrument*
- by unit and for aggregated data*
- by groups of units, and for aggregated data*
- for the whole subsector, and for aggregated data*

*Report on details in the WB:*

- 1. distinguishing / identification of flows of units classified in different sectors, subsectors that are to be excluded from calculations, when relevant*
- 2. details in codification for the purpose of distinguishing of non/financial versus financial flows,*
- 3. is the structure of inflows and outflows appropriate? What are the main problems possibly impacting B.9?*
- 4. details in codification for the purpose of consolidation*
- 5. circumstances in which data available from basic sources is consolidated*
- 6. complementary codification at data source, by counterpart sector, other than S.13*

#### **3.2.1.2**

#### **Statistical surveys used as a basic data source**

*If statistical surveys are used as a basic source data for nonfinancial accounts and for financial accounts compilation, indicate what kind of survey(s) is used, for which particular government units, and provide the following details separately for each survey:*

- 1. Main variables collected*
- 2. Is it exhaustive or sample survey?*
- 3. Which government units does it concern? Indicate population size.*
- 4. Survey response rate*
- 5. Method used for imputing missing data (non-responds)*
- 6. If sample survey, what is the sample size (in % of population?), which variable is used for grossing up the population.*
- 7. **Provide an explanation in the case for the April EDP notification, results of the statistical survey are not available. Explain how estimations are made and by which institution.***

*No specific statistical survey conducted by INE is used for the B.9 compilation.*

*The MF has a questionnaire to obtain details on expenditure to bring cash basis data closer to accrual basis.*

*Do not delete this section if statistical surveys are not used as basic data source for B.9 compilation. In such a case indicate below the subtitle that it is not relevant.*

### 3.2.1.3 *Supplementary data sources and analytical information*

This section describes supplementary data sources used to amend basic data sources when compiling national accounts. In order to meet ESA95 requirements, supplementary data could be used for e.g. for accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

*Provide a brief description of what kind of supplementary information is used for compilation of (i) non-financial accounts and (ii) financial accounts and provide some specifications (the description is to be provided under relevant sections 3.2.1.4.1 and 3.2.1.4.2 below).*

*Examples of complementary sources, which are to be mentioned under relevant sections 3.2.1.3.1 and 3.2.1.3.2:*

- statistical surveys,*
- other administrative sources,*
- special reports on dedicated operations/instruments and analytical evidence*
- counterpart information- Money and banking statistics*
- counterpart information - BoP statistics,*
- counterpart information – financial reports for counterpart sectors,*
- securities database,*
- other indirect information, etc.*

#### 3.2.1.3.1 *Supplementary data sources used for the compilation of non-financial accounts*

*Please list all main supplementary sources and explain in detail*

- 1. what, why and when it is used,*

2. *which government units are involved,*
3. *whether the information is available to statisticians on a regular basis and when, for which years*
4. *whether the related adjustments lead to changes in B.9, to changes of the revenue and/or expenditure level, etc.*

*The main supplementary sources used for the compilation of non-financial accounts are:*

*Cash/accrual adjustments in expenditure and revenue:* *Information from budget reporting is used to bring cash basis data closer to accrual basis, by deducting from the expenditure paid in year (n), the payments relative to previous years' commitments, and adding the expenditure of year (n) which will remain outstanding for the year (n+1). The latter are obtained from specific questionnaire to Central Government bodies carried out by the MF. On the side of the revenue detailed information is obtained from the administrative/accounting records held by the MF's Directorate-General for Taxes (DGCI), while the information from the Public Debt Agency (IGCP) is used for the accrual recording of interest.*

*Debt assumptions, dividends, guarantees and capital injections:* *these amounts are compiled by the Treasury Directorate General (DGT). Each operation is analysed and, in accordance with ESA95 and the Manual on Government Deficit and Debt, classified as non-financial expenditure (capital transfers), financial transaction or other volume changes in the General Government accounts.*

*Accrual interest:* *The adjustment from cash to accrual interest is calculated by IGCP and added to the relevant financial instrument (deposits, securities or loans).*

*This additional information is available quarterly on a regular basis and the related adjustments lead to changes in B.9.*

### 3.2.1.3.2 Supplementary data sources used for the compilation of financial accounts

*Please list all main supplementary sources and explain in detail*

1. *what, why and when it is used,*
2. *which government units are involved,*
3. *whether the information is available to statisticians on a regular basis and when, for which years*
4. *whether the related adjustments lead to changes in B.9f, to changes of the financial assets and/or liabilities level, etc.*

*Debt assumptions, dividends and capital injections:* *The amounts of debt assumptions, dividends and capital injections are compiled by DGT and IGCP. Each operation is analysed and, in accordance with ESA and the Manual on Government Deficit and Debt, classified as non-financial expenditure (capital transfers), financial investment or other volume changes in the General Government accounts.*

*Guarantees:* *The amounts of new guarantees granted by the State, the stock of outstanding guaranteed debt, and the amounts of guarantees called are compiled by DGT. New*

*guarantees are analysed and, in accordance with ESA and the Manual on Government Deficit and Debt, classified as government debt or kept as a contingent liability of government. Guarantees called are also analysed and, in certain circumstances, may lead to the reclassification of the whole guaranteed debt as government debt.*

*Accrual interest: The adjustment from cash to accrual interest is calculated by IGCP and added to the relevant financial instrument (deposits, securities or loans).*

*Other accounts receivable and paid: Information on other accounts receivable and paid is mainly collected by INE, covering, in particular: difference between accrual and cash expenditure, accrual adjustment for taxes and social contributions, adjustments for the acquisition of military equipment and adjustments related with the recording of EU flows.*

*Reclassification of financial instruments: The boundary between liabilities included in EDP debt and other liabilities is analysed. For this purpose various sources are used, including annual reports from public corporations and other information collected during the investigation of each issue.*

*All the supplementary information is available to statisticians on a regular basis and for all the relevant periods.*

#### 3.2.1.4 *Extra-budgetary accounts (EBA)*

Usually, not all flows of a non-financial nature are recorded in the so called budgetary accounts which enter the WB, as reported in the first line of EDP table 2. Some funds could be put aside as reserves, special purpose funds and are booked in so called “extra-budgetary accounts” - EBA. In some cases, according to national legislation, transactions which are not scrutinized by budgetary rules can be booked in EBA and not in ordinary budgetary accounts. It is very important that all non-financial flows of the main entity, including those entering EBA, are appropriately incorporated into calculations of deficit.

- 1. Provide some general, summary introductory information on EBA of the central government units, in particular of the main entity.*

*The WB reported in the first line of EDP table 2 does not include flows of non-financial nature related to “extra-budgetary accounts”.*

#### ***Non-financial flows recorded in EBA***

- 2. Indicate if all non-financial transactions of the main entity are recorded in the WB.*
- 3. If not, list the so called “extra-budgetary accounts”, where are these flows recorded in the public account?*
- 4. Explain separately for each EBA- what are main inflows, outflows, significance of the amounts involved, relationships with the WB.*
- 5. What kind of non-financial revenue could be recorded in EBA?*

6. *Do all revenues of EBA come from the WB? If not, from which unit/sector, what kind of transaction?*
7. *What kind of non-financial expenditure could be recorded in EBA?*
8. *Do all expenditure of EBA transit via the WB? If not, which expenditure do not transit via the WB?*
9. *Specify if detailed data on inflows and outflows are available and used for the compilation of NA*
10. *If not available, how do you solve the problem?*
11. *Specify if data for appropriate consolidation with flows recorded in the WB or in other government units are available*

### ***Financial flows recorded in EBA***

1. *What transactions in financial assets are booked in EBA and not in the WB? Specify by instrument.*
2. *What transactions in financial liabilities are booked in EBA and not in the WB? Specify by instrument.*
3. *Are flows relating to interest booked in EBA? Are they taken into account for calculation of deficit?*
4. *Specify if these data are used for the compilation of financial accounts and EDP table 3.*
5. *Indicate if data for appropriate consolidation are available*

### **3.2.2 Data sources for other Central Government units**

This section describes data sources available and used for compilation of national accounts and EDP tables for other Central Government units (those not reported in the working balance in EDP T2A).

1. *Specify which other central government units/groupings of units are classified in S.1311.*  
  
*The other central government units include:*
  - *Autonomous Services and Funds (ASF);*
  - *Non profit institutions of Central Government (NPI's);*
  - *Public corporations classified in central government due to the application of the 50% criterion;*
  - *Civil Servants' Pension Scheme (CGA).*
2. *Complete table 3 on available and used data sources for other central government units or, for each group of units separately, in the case of differences in availability and use of*



*basic data sources. In the case several tables are to be completed, use the following numbering: 3a, 3b...3c. Indicate also the name of the unit/groups of units in the title of each table and provide further specifications and comments below the table.*

**Table 3 – Availability and use of basic source data for other central government units:**

Available source data				Source Data Accounting	Source data used for compilation of	
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			B.9 (NFA)	B.9f (FA)
		First results	Final data			
1	2	3	4	5	7	8
		T + days	T+month🇵🇹			
				Budget Reporting		
				(1) Current revenue and expenditure		
				(2) Current and capital revenue and expenditure		
M	M/Q/A	T+65	T+6	(3) Current and capital revenue and expenditure and financial transactions	X	
				(4) Balance sheets		
				Financial Statements		
A	A/Q	T+65	T+7	(5) Profit and loss accounts	X	
				(6) Balance sheets		
				(7) Cash flow statement		
				Other Reporting		
				(8) Statistical surveys		
				(9) Other:		
C	M	T + 30	T + 2	- Monetary and financial statistics and Central Credit Register (Banco de Portugal)		X
A	M	T + 45	T + 7 1/2	- Balance of payments and international investment position statistics (Banco de Portugal)		X
C	M	T + 45	T + 1 1/2	- Securities statistics database (Banco de Portugal)		X
A	Q / A	T + 65	T + 10	- Central balance-sheet database (Banco de Portugal)		X
C	M	T + 45	T + 1 1/2	- Portuguese Treasury and Debt Management Agency (IGCP)		X
C	M	T + 45	T + 1 1/2	- Directorate-General for the Treasury and for Finance	X	X
C	M	T + 30	T + 2	- Monetary and financial statistics and Central Credit		X

				Register (Banco de Portugal)		
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See notes to table 2, on the used abbreviations.

*Explain information from table 3:*

*1. Column 1 - provide further specification on accounting basis, in particular for a mixed accounting basis.*

*For the compilation of non - financial accounts information are in a cash basis (some Autonomous Services and Funds and NPI's) and in accrual basis (National Health Service and corporations classified in GG)*

*2. Column 2 – if there is “Other” periodicity, to be specified.*

*3. Column 3, item (9) - if other than the listed data source is available and used, indicate in the table and provide specifications in comments. Additional rows might be added.*

*4. Provide an explanation in case compilation of B.9 or B.9f is not based on the available data sources as listed in the table **for the April EDP** notification. Explain by whom and how estimations are made.*

*5. Indicate cases when non-financial B.9 is calculated using the data on financial transactions (i.e. non-financial B.9 = B.9f).*

*6. Indicate if data used for financial accounts and B.9f compilation differ from those used for compilation of transactions reported in EDP T3.*

*7. Explain the reasons for not using the available accounting reports and criteria for choosing one of them (consistency with data sources used in other sub-sectors, accrual basis, etc) if two different accounting reports are available for the same unit.*

*For the compilation of financial accounts and debt, counterpart statistics are used (e.g, monetary and financial statistics, balance of payments, etc.) since balance sheet information is not complete. Additionally, the use of counterpart statistics improves the consistency of the accounts of the different institutional sectors.*

### 3.2.2.1 Details of the basic data sources

*Report on details in the available basic data sources for the purpose of national accounts compilation:*

*1. identification of flows of units classified in different sectors, subsectors that are to be excluded from calculations, when relevant*

2. details in codification for the purpose of distinguishing of non/financial versus financial flows,

3. is the structure of inflows and outflows appropriate (distinguishing different ESA95 categories)? What are the main problems possibly impacting B.9 (i.e. is it always possible to identify individual flows which are to be specifically treated/reclassified according to ESA95 requirements, e.g. from non-financial into financial transaction and vice versa?)?

4. is the structure of outstanding amounts of assets and liabilities in balance sheets appropriate for financial balance sheets and financial accounts compilation? For example, is information on stocks consistent/integrated with the information on related transactions by individual instruments? Could you always identify "clean" stocks of AF.7; is the structure of AF.7 detailed enough to make adjustments due to different time of recording used in NFA, etc.? Could you always identify different financial instruments, as defined by ESA95?

*There are no balance sheets for most entities in this subsector and no stocks for AF.7 in the basic data sources.*

5. details in codification for the purpose of consolidation – i.e. can you identify flows and stocks which should be consolidated between GG units/subsectors?

*The information used allows for the adequate consolidation between GG units.*

6. circumstances in which data available from basic sources is consolidated ( i.e. if some intergovernmental flows and/or stocks are eliminated/consolidated in the basic data source, it should be investigated whether the consolidation applied in data source is in line with ESA95 rules, whether the consolidation is done consistently on both sides; explain whether non-consolidated amounts are available)

7. complementary codification at data source, by counterpart sector, other than S.13 - e.g. can you identify transfers to/from public corporations, private corporations, households, ROW?

*Details in the available basic data sources for the purpose of national accounts compilation:*

Autonomous Services and Funds (SFA) and Non profit institutions of Central Government (NPI's);

*The sources used for the compilation of half finalised data for the SFA are the administrative/accounting records of the MF (data for the fourth quarter of year (n) presents accumulated since the beginning of the year).*

*The final data on the SFAs' budget implementation – year (n-1) - is prepared and made available in the General State Account in June of year (n), 6 months after the end of the reference period.*

*The account of the National Health Service (SNS), which is included in the SFA, is based on accrual information compiled and transmitted by the Central Administration of the Health System (ACSS), the unit which administers the SNS resources.*

*The detailed information available is the same as the State (see 3.2.1.1).*

*Data available from basic sources is not consolidated and information allows identifying the counterpart sector, even other than S13. Thus consolidation is made in the process of compilation of the accounts in line with ESA95 rules.*

*Public corporations classified in general government and Civil Servants' Pension Scheme (CGA)*

*The sources are the profit and loss accounts. The information follows the standards of a balance sheet and detailed enough to make a correct classification of ESA95 codes.*

### 3.2.2.2 Statistical surveys used as a basic data source

*If different surveys are used for nonfinancial accounts and for the compilation of financial accounts, indicate what kind of survey(s) is used and provide the following details separately for each survey*

1. *Main variables collected*
2. *Is it an exhaustive or a sample survey?*
3. *Which government units does it concern? Indicate the, population size,*
4. *Survey response rate,*
5. *Method used for imputing missing data (non-responds),*
6. *If it is a sample survey, what is the sample size (in % of population), which variable is used for grossing up the population.*

*Please see answer to 3.2.1.2*

### 3.2.2.3 Supplementary data sources and analytical information

This section describes supplementary data sources which are used to amend basic data sources while compiling national accounts. In order to meet ESA95 requirements, supplementary data could be used for, e.g., accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

*Provide a brief description of what kind of supplementary information is used for compilation of (i) non-financial accounts and (ii) financial accounts and provide some specifications (the description is to be provided under relevant sections 3.2.2.4.1 and 3.2.2.4.2 below).*

*Examples of complementary sources, which are to be mentioned under relevant sections 3.2.2.4.1 and 3.2.2.4.2:*

- *statistical surveys,*
- *other administrative sources,*
- *special reports on dedicated operations/instruments and analytical evidence*
- *counterpart information- Money and banking statistics*
- *counterpart information - BoP statistics,*
- *counterpart information – financial reports for counterpart sectors,*

- *securities database,*
- *other indirect information, etc.*

### 3.2.2.3.1 Supplementary data sources used for the compilation of non-financial accounts

*Please list all main supplementary sources and explain*

1. *what, why and when is used,*
2. *which government units are involved,*
3. *whether the information is available to statisticians on a regular basis,*
4. *whether the related adjustments lead to changes in B.9 or B.9f, to changes of the revenue and/or expenditure level, etc.*

*The main supplementary sources used for the compilation of non-financial accounts are:*

*Cash/accrual adjustments in expenditure and revenue, guarantees capital injections, public-private partnerships and concessions as described in 3.2.1.3.1.*

*Adjustment for European Union grants: INE receives from the EU grants managing authorities the flows granted to the final beneficiaries. This information is available by Fund and by beneficiary (identified by its fiscal number, which allows classifying it by institutional sector).*

*This additional information is available quarterly on a regular basis and the related adjustments lead to changes in B.9.*

### 3.2.2.3.2 Supplementary data sources used for the compilation of financial accounts

*Please list all main supplementary sources and explain*

1. *what, why and when it is used,*
2. *which government units are involved,*
3. *whether the information is available to statisticians on a regular basis,*
4. *whether the related adjustments lead to changes in B.9 or B.9f, to changes of the revenue and/or expenditure level, etc.*

*Public-Private Partnerships: Information from INE on the debt of PPPs reclassified as government assets.*

*Impairments on acquired assets: Information on the impairments affecting the stocks of assets acquired by government units, namely in the context of the financial crisis, is collected by the Secretariat of State of the Treasury. These amounts are deducted from the acquired assets and recorded as a capital expenditure of government.*

*All the supplementary information is available to statisticians on a regular basis and for all the relevant periods.*

## 3.2.3 EDP table 2A

This section provides detailed information on individual lines reported in EDP T2A.

### 3.2.3.1 Working balance - use for the compilation of national accounts

*Recall whether data sources used for the compilation of WB are used for NFA and also B.9 and if not, provide a brief explanation.*

*Data sources used for the compilation of WB are used for NFA and also B.9.*

### 3.2.3.2 Legal basis of the working balance

*1. Specify the legal status of the WB (is there a special national legislation?, etc).*

*The WB for half-finalized and finalised data for State sub-sector is the Conta Geral do Estado. For planned data, it is the State Budget.*

*2. Indicate if it is voted by the Parliament. When?*

*The State Budget is voted in November of the year n-1.*

*3. Specify if it is audited by a national auditing authority. Provide the name of this authority in English and in the national language.*

*The Conta Geral do Estado is audited every year by the Court of Auditors (Tribunal de Contas). Currently, the State Budget is not audited.*

*4. Indicate when data are audited.*

*Data for Conta Geral do Estado of year n is audited between July and December of year n+1.*

*5. Indicate if the result from auditing is publicly available and provide the www link.*

*The results are always published in the site of CA in  
<http://www.tcontas.pt/pt/actos/parecer.shtm>*

*6. As a result of the auditing, could there be any changes impacting B.9 or B.9f? When?*

*Yes, the results from the auditing process can lead to further investigation and could impact B.9 or B.9f. This can be incorporated in the following EDP notification.*

### 3.2.3.3 Coverage of units in the working balance

Two adjustment lines due to sector delimitation appear in EDP T2. The purpose of the first adjustment is to exclude flows relating to units which do not belong to the government sector (or to the particular subsector) according to ESA95 definition. The second adjustment refers to B.9 of other units which are classified within the particular government subsector, but related inflows/outflows are not included in the working balance.

#### 3.2.3.3.1 Units to be classified outside the subsector, but reported in the WB

*1. Are there any units reported in the working balance which do not belong to the government sector as defined by ESA95?*

*The units reported in the working balance belong to the government sector as defined by ESA95.*

- *If yes, which units are these? specify further.*
- *Indicate if these are really institutional units.*
- *Specify if you apply the market/nonmarket test (including the 50% criterion) for these units.*
- *Indicate if the balance of these units is excluded in EDP T2 via the line "WB of entities not part of xx subsector".*
- *Where are these classified?*
- *Are detailed data sources available to identify precisely all related flows which should be excluded, or some estimation should be done?*
- *Indicate if the related data sources are available in April for T-1?*
  
- *Are there any flows reported in the WB, which do not reflect government activities, but activities of units classified outside government? If yes, specify.*

*2. Are there any government units reported in the working balance which do not belong to the particular government subsector?*

*There are no government units reported in the working balance which do not belong to the Central government subsector.*

- *If yes, which units are these, specify.*
- *In which government subsector are these classified?*
- *Indicate if the balance of these units is excluded in EDP T2 via the line "WB of entities not part of "xx" subsector"?*

### 3.2.3.3.2 Units to be classified inside the subsector, but not reported in the WB

*There are no units classified inside the subsector, but not reported in the WB.*

*1. Specify what units are reported under the line B.9 of other government units*

*2. Is B.9 of these units, as reported in EDP table 2 (the line: Net borrowing (-) or net ending (+) of other central government bodies), on accrual basis? If not, where are related accrual adjustments reported in EDP T2?*

*3. Is the impact of methodological imputations/reclassifications relating to these units (e.g. debt cancellations, debt assumptions, EU flows, dividends, capital injections, etc) reflected in their B.9 as reported in EDP T2 (line: Net borrowing (-) or net ending (+) of other central government bodies), or are they reported separately under other adjustment lines in EDP T2? If yes, specify.*

*4. Indicate if a full sequence of ESA95 accounts is available for individual units/groups of government units.*

### 3.2.3.4 Accounting basis of the working balance

*1. Indicate what is the accounting basis of the WB (Cash / accrual / mixed).*

*The WB is on cash basis.*

*2. If it is accrual accounting basis, specify whether it follows an international accounting standard and if yes which.*

*3. If mixed balance is used, provide detailed explanation on the accounting basis of individual flows and specific transactions.*

*4. If cash balance is used, is it pure cash (in line with transactions in F.2) or are there any deviations? Specify.*

*Cash balance used is pure cash (in line with transactions in F.2).*

*5. Specify any cases when a "non-validated" expenditure by an auditing institution are not included in the working balance (e.g. expenditure relating to the actual acquisition of goods and services, either actually paid or not).*

*The units considered in the WB are integrated in the General State Account that is audited by the CA every year.*

*6. Specify any cases when expenditure related to the previous period not validated in the past is included in the working balance.*

*The WB does not include expenditure related to the previous period not validated in the past.*

*7. Specify any cases when revenue or expenditure not recorded in the past due to different reasons were included in the current WB.*

*Since the data of the WB is on a cash basis it may include revenue or expenditure due in the past but not yet recorded, which is corrected in national accounts and included under the adjustments.*

*8. Specify any case when planned (budgeted) expenditure not actually spent (when none goods/services have been delivered) in the current year is recorded in the WB as an "actual" expenditure.*

*According to the Law of Military Programming (Lei da Programação Militar) planned (budgeted) expenditure not actually spent in the current year is recorded in the WB as an "actual" expenditure. The expenditure not actually spent was then recorded as revenue in the following year. This is corrected in national accounts and included in the item "other adjustments – other".*

#### 3.2.3.4.1 Accrual adjustment relating to interest D.41, as reported in EDP T2

*1. What accounting basis is used for recording of interest expenditure and revenue in the WB? If it is an accrual basis, is it in line with ESA95 guidance? Specify.*



*Interest expenditure and revenue in the WB is recorded in a cash basis.*

*2. Are all interest expenditure of the main entity recorded in the WB? If not, what is recorded outside the WB and where?*

*All interest expenditure of the main entity (State) is recorded in the WB.*

*3. Is payment of discount recorded in the WB? If yes, can you identify amounts?*

*4. Indicate if inflow from premium is recorded in the WB.*

*The interests recorded in the WB do not include payment of discount and inflow premium.*

*5. Specify in detail what is recorded in EDP T2 under line Difference between interest paid and accrued. Are there reported only adjustments for expenditure or also for revenue? Is there an adjustment for premium? Does it refer only to the main entity or also to other government bodies?*

*In EDP T2 under line Difference between interests paid and accrued are reported adjustments for expenditure and also for revenue.*

*6. Are adjustments to accrual interest for the main entities reported also under other adjustment lines in EDP T2? If yes, where?*

*There are no adjustments to accrual interest for the main entities reported under other adjustment lines in EDP T2.*

*7. Where are the adjustments to interest revenue reported in EDP T2?*

### 3.2.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.7 in EDP T2

*1. List which non-financial transactions are amended on an accrual basis via receivables F.7*

*Non-financial transactions amended on an accrual basis via receivables are the following:*

*Time adjustment for taxes;*

*Adjustments in revenue related to cash payments versus accrual;*

*Adjustments in revenue related to military equipment.*

*2. List which non-financial transactions are adjusted on an accrual basis via payables F.7*

*Non-financial transactions amended on an accrual basis via payables are the following:*

*Cash/accrual adjustments in expenditure (deducted the expenditure paid in year (n), the payments relative to previous years' commitments, and added the expenditure of year (n) which will remain outstanding for the year (n+1);*

*Adjustments in expenditure related to military equipment.*

*3. Provide references to the relevant sections in EDP inventory, where more detailed explanation could be found, when relevant.*

4. *Provide explanation in case the adjustment does not refer to replacement of cash flow by accrual one. (e.g. when the WB is on a mixed basis, or when accrual flow in the WB is replaced by time adjusted flow etc.).*

5. *Specify whether accrual adjustments in EDP table 2 are fully consistent with F.7 reported in EDP T3 and financial accounts.*

*The adjustments in EDP table 2 are fully consistent with F.7 reported in EDP T3 and financial accounts.*

#### 3.2.3.4.3 Other accrual adjustments in EDP T2

1. *Are there any other accrual adjustments reported in EDP T2? If yes, specify (what, where – which line).*

*No other accrual adjustments are reported in EDP T.2*

#### 3.2.3.5 Completeness of non-financial flows covered in the working balance

1. *Specify what is recorded under the adjustment "Non-financial transactions not included in the working balance".*

*There is nothing recorded under the adjustment "Non-financial transactions not included in the working balance".*

2. *Does it refer to non-financial flows put aside in the WB and booked in extra-budgetary accounts? Explain further.*

#### 3.2.3.6 Financial transactions included in the working balance

1. *Specify which transactions in financial assets could be recorded in the WB according to the national legislation.*

*The financial assets recorded in the WB are defined by Decree-Law n. ° 26/2002 of 14 of February that approved categories of economic classification of revenue and expenditure.*

*The categories are:*

- Deposits, certificates of deposit and savings;*
- Short-term securities;*
- Long-term securities;*
- Financial derivatives;*
- Short term loans;*
- Long term loans;*
- Shares and other equity;*
- Other financial assets.*

2. *Specify which transactions in financial liabilities are/could be recorded in the WB according to the national legislation.*

*The transactions in financial liabilities that can be recorded in the WB are the same as the financial assets.*

*3. Have there been any cases when financial transactions were recorded above the line in public accounts?*

*There are no financial transactions recorded above the line in public accounts.*

*4. If yes, provide details and explain how you identify such transactions and how you treat them.*

*5. List transactions which have been recently reported in EDP table in the adjustment line "Financial transactions included in the WB" and explain each adjustment.*

### 3.2.3.7 Other adjustments reported in EDP T2

***Each adjustment line** which is reported in EDP T2 under "Other adjustments" should be described. A reason for all the adjustments should be clearly explained. In case the adjustment line in EDP T2 combines several kinds of methodological adjustments, please specify them (e.g. adjustment "foreign claims" could include debt cancellation, interest, etc). See also previous version of EDP inventory.*

**Example:**

*"The item **"bad foreign claims"** corresponds to transactions relating to foreign claims that are not reflected in the working balance: debt cancellation recorded as capital transfer expenditure (negative sign), debt repayments in kind recorded as intermediate consumption (negative sign), accrued interest revenue (positive sign). Cash receipts from the sale of bad foreign claims and debt repayments in cash are not included in this item, since they are already excluded from the working balance in the context of the item "financial transactions considered in the working balance" (negative sign)."*

*The item "Leasing net" corresponds to the adjustments needed to reflect the different classification of leasing (financial/operating) between public and national accounts.*

*The item "Capital injections reclassified to D9" (negative sign) refers to those capital injections that are considered as acquisition of equity in public accounts but that are recorded in national accounts as capital transfers.*

*The items "Other sector's debts assumed" and "Guarantees called" correspond to transactions not reflected in the working balance and recorded as capital transfer expenditure (negative sign).*

*The item "Other" corresponds to adjustments which include some corrections intended to cancel out temporal distortions in the recording of expenditure caused by budget management procedures. The most relevant case is the "refunds not deducted in payments" («reposições não abatidas nos pagamentos»). The adjustment carried out in national accounts consists in deducting these amounts from revenue of the year (n) and from expenditure of the year (n-1). This item includes also expenditure paid in the year but recorded in previous years when the commitments were assumed.*

### 3.2.3.8 Net lending/net borrowing of central government

*Recall whether B.9, as reported in the last line in EDP T2, is derived from the same source data used when calculating the WB, or is based on different data source.*

*B.9 reported in the last line in EDP T2 is derived from the same source data used when calculating the WB.*

*If the same source data is used for the WB and B.9 (main entity) calculation, ignore the questions below.*

*If different data sources is used for national accounts and B.9 calculation than those reported in the WB, recall which data source and provide further details, as requested below.*

1. *What is the legal status of data sources, is it audited and published? Provide details on when it is audited, by whom, and on whether the results are publicly available.*
2. *What is the coverage of units in the data sources used for the compilation of national accounts and B.9 and what kind of adjustments are done in this respect while compiling national accounts?*
  - *Are all central government units covered? Are separate data used for the main entity and for other central government bodies? Explain further.*
  - *Specify if there are any units which should be excluded.*
3. *What is the accounting basis:*
  - *cash, accrual, mixed...explain further.*
  - *What kind of adjustments is made in terms of time of recording in order to meet ESA95 requirements?*
  - *Describe differences with the WB in terms of time of recording of individual transactions.*
  - *Are transactions in F.7, as reported in EDP T3 and in financial accounts fully consistent with accrual recording of transactions impacting B.9, as reported in the last line of EDP T2?*
4. *Indicate if all non-financial flows are covered in the source data used for national accounts and B.9 compilation. What kind of adjustments is made in this respect?*
5. *Specify any cases when expenditures "non-validated" by an auditing institution are not included in the data sources used for B.9 calculation (e.g. expenditure relating to the actual acquisition of goods and services, either actually paid or not).*
  - *Indicate any flows which are excluded while calculating B.9.*
  - *Which flows from the data source are not taken into account while calculating B.9?*
6. *What kind of methodological and other adjustments are made while calculating B.9? List and explain all the specific adjustments.*

### 3.2.4 EDP table 3B

#### 3.2.4.1 Transactions in financial assets and liabilities

*1. Recall whether financial accounts are used for the compilation of EDP T3 and if not explain why*

*Financial accounts are used for the compilation of EDP T3.*

**Table 4. Data used for compilation of transactions and of stocks of financial assets and liabilities**

	Assets						Liabilities					
Source Data	F.2	F.3	F.4	F.5	F.6	F.7	F.2	F.3	F.4	F.5	F.6	F.7
<b>Calculation of transactions</b>												
Transaction data ( integrated in public accounts)			X	X		X	X					
Other transaction data		X	X	X	X	X		X	X			X
Stock data	X	X					X		X			
<b>Calculation of stocks</b>												
Transaction data			X			X						X
Stock data	X	X	X	X	X		X	X	X			X

Complete the table (cross appropriate cells) and specify for **each instrument separately**:

1. What are the main data sources? Indicate if these are exhaustive. Do you have available individual data?
2. What are supplementary data sources? How do you use these?
3. Indicate if you use direct data sources on transactions.
4. Specify if the data which you use are integrated data in public accounts.
5. Do you compare results from basic data sources with counterpart data and other information? Specify.
6. Indicate if you amend data using counterpart information. If this is a case, do you change total assets and/ or liabilities, or do you keep totals and change the structure of individual assets/liabilities, as reported in the basic data source (e.g. balance sheet)? Specify.
7. Indicate if you amend data using MBS, or other supplementary data. If this is a case, do you change total assets and/ or liabilities, or do you keep totals and change the structure of individual assets/liabilities, as reported in the basic data source (e.g. balance sheet)? Specify.
8. What are regular amendments to data sources, due to specific transactions reflected in financial accounts: debt cancellation, debt assumption, super-dividends, capital injections, etc. Indicate what is already reflected in data sources and no imputations are needed?
9. Do you amend data due to consolidation? If yes, explain how you do it (e.g. using a direct counterpart information, or some estimations, etc.) and whether there is an impact on B.9 for individual units/sub-sectors. Specify whether these adjustments are in line with non-financial accounts (e.g. when is F.7 adjusted)?

10. *Do you record financial transactions on an accrual basis (e.g. when cash receipts from privatisation are collected in the following years)? Explain further.*
11. *Specify the time of recording.*
12. *Explain the valuation of transactions (market values? Specify when other than market value is recorded)*
13. *Do you compare, when relevant, direct data on transaction with change in stocks? How do you deal with high differences?*
14. *If transactions in F.5 liability are reported, provide details*
15. *Detail the estimations due to unavailability of data sources – when, what, why*
16. *Specify whether for all transactions the same coverage of units is ensured*

#### Currency and deposits (F.2)

*i) Assets: Money and banking statistics (MBS) are mainly used as an indirect source for transactions and positions vis-à-vis MFIs. Deposits between central government sub-sector and other general government sub-sectors (or other resident sectors) are obtained from Directorate General for the Treasury and Finance – DGTF (“Direção-Geral do Tesouro e Finanças”).*

*ii) Liabilities: Deposits between central government sub-sector and other general government sub-sectors (or other resident sectors) are obtained from DGTF.*

#### Securities other than shares (F.3)

*i) Assets: Direct data from some entities (CGA and FRDP) and from the securities statistics database are used for securities issued by residents, and BoP data are used for securities issued by non residents. These data are also cross-checked with direct sources and, in some cases, the direct sources are used.*

*ii) Liabilities: Data on debt securities are based on Securities Statistics (securities issues component), whose main source for Central Government is the Instituto de Gestão do Crédito Público (IGCP) – the public debt management institute. Accrued interest is obtained from the IGCP. The counterpart sector breakdown of securities liabilities is based on data from Money and banking statistics, BoP and Securities Statistics (securities holdings component).*

#### Loans (F.4)

*i) Assets: Information on loans granted by Central Government is obtained from DGTF and IGCP. Additionally, information on the acquisition of loans from banks is collected from the money and banking statistics and balance sheets of the purchasing vehicles.*

*ii) Liabilities: Information on liabilities is obtained from DGTF, from Money and Banking Statistics and BoP. Supplementary information from various sources (INE, DGTF, DGO and public corporations) on specific operations is also included, namely: reclassification of public-private partnerships, of guaranteed debt under call, rerouting of operations carried out by public corporations and advances reclassified to loans.*

#### Shares and other equity (F.5)

*i) Assets: Sources of information used to compile Shares and other equity are:*

<p>- <i>Quoted shares and mutual funds shares – securities statistics database and BoP;</i></p> <p>- <i>Unquoted shares and other equity – information on expenditure and revenue of Government in shares and other equity (from DGO and DGTF).</i></p> <p><i>ii) Liabilities: Not applicable.</i></p> <p><u><i>Insurance technical reserves (F.6)</i></u></p> <p><i>i) Assets: Data source for this instrument comes from “Instituto de Seguros de Portugal” (ISP), the Portuguese Insurance and Pension Funds Supervisory Authority.</i></p> <p><i>ii) Liabilities: Not applicable.</i></p> <p><u><i>Other accounts receivable and payable (F.7)</i></u></p> <p><i>Data are based on information collected from the Monthly Bulletin published by the central government (namely, the DGO) and, also, on direct sources of the Statistics Portugal (INE) on operations for which the moment of recording in national accounts is different from the moment of payment. The main operations behind this recording are:</i></p> <p><i>i) Assets: time adjustment of indirect taxes and social contributions, adjustment for EU flows, transfer of pension funds paid over several years.</i></p> <p><i>ii) Liabilities: arrears related with the payment of goods and services, for example in the National Health Service, adjustment related with the acquisition of military equipment, timing difference in the payment of capital transfers.</i></p>
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### 3.2.4.2 Other stock-flow adjustments

<p><i>1. Explain in detail what you record under "Issuance above/below nominal value", and how you obtain data, etc.</i></p> <p><i>The item “<u>issuance above / below nominal value</u>” includes the difference between nominal value and the amount obtained when issuing debt. In the case of Portugal this is mainly explained by two types of financial instruments:</i></p> <p><i>i. Treasury bills («bilhetes do Tesouro»): securities issued at discount, corresponding to the symmetrical of the item «issuance above / below nominal value»;</i></p> <p><i>ii. Treasury bonds («obrigações do Tesouro»): securities usually bearing a fixed interest rate coupon, which are redeemable on maturity at nominal value. Since these are fixed rate instruments, the issuance value is usually different from the nominal value, depending on the market interest rate of Portuguese debt, resulting in a recording under item “issuance above / below nominal value”.</i></p> <p><i>This item is adjusted reflecting the impact of consolidation.</i></p> <p><i>2. Explain briefly what you record under "Difference between interest accrued and paid", or provide reference</i></p>
---

*The "difference between interest accrued and paid" is included because the nominal value of government debt excludes the stock of accrued interest. This item is mainly compiled with information supplied by IGCP. Accrued interest corresponds to the calculation of the continuous accumulation of interest during a certain period. Interest is paid in defined moments and, therefore, payments in a certain year may be different from what accrued in the same year.*

*This item is adjusted reflecting the impact of consolidation.*

*3. Explain in detail what you record under interest flow attributable to swaps and FRAs, or provide reference.*

*The "difference between interest accrued and paid" includes interest flows attributable to swaps and forward rate agreements. These flows are also calculated by IGCP.*

*4. Explain in detail what you record under "Redemptions of debt above/below nominal value" and how you obtain data, etc.*

*The item "redemptions of debt above / below nominal value" arises when government decides to redeem a certain debt instrument before the maturity. In these cases, since the market interest rate of Portuguese debt is probably different from the fixed rate of the redeemed instrument, the amount paid by government for this redemption will be different from the nominal value. This item is calculated using information provided by IGCP.*

*5. Provide some details on the item "Appreciation/depreciation of foreign currency debt", and describe data sources.*

*Government debt denominated in foreign currency is converted to national currency using the market exchange rate (or if it is swapped, the exchange rate foreseen in the swap contract) of the relevant period. Thus, the change in debt reflects not only transactions, but also the changes in exchange rate of foreign currency debt. The item "appreciation/depreciation of foreign currency debt" reflects this change in value and is computed for each financial instrument denominated in foreign currencies and included in EDP debt. This item is calculated using information provided by IGCP.*

*6. Provide some details on the recent cases reported in the item "Changes in sector classifications".*

*"Changes in sector classifications" reflects changes in the level of debt caused by changes in the sector classification of units (from or to government). This may occur because an entity changes its nature (e.g. from market to non market) or because a revision in the classification of an entity occurs, without incorporation of its debt for the whole series.*

*7. Provide some details on the recent cases reported in the item "Other volume changes in financial liabilities".*

*"Other volume changes in financial liabilities" includes changes in volume and value not included in other items of table 3.*



This section aims at describing of techniques and methods for balancing non-financial and financial accounts applied generally for the whole general government sector.

### ***Allocation of discrepancy B.9 vs B.9f***

*1. Do you try to allocate the observed difference in B.9f and B.9 at the level of source data (i.e. at the level of each unit or groups of units)?*

*The national statistical authorities, INE and BdP, compile a single net lending (+) / net borrowing (-) of general government. The BdP compiles the financial accounts while INE has the responsibility of compiling the non-financial accounts. Both institutions have set up mechanisms for co-operation and consultation, necessary to ensure a high degree of consistency between the financial accounts and the non-financial accounts.*

*However, given the different nature of the sources used in the compilation of this balance by each authority, the existence of differences in the results is a consequence of this process. In fact, most of these differences result from timing differences between the data sources used for the compilation of financial accounts and those used for non-financial accounts, particularly differences resulting from the time lag between the transaction date and the settlement date. It is the case, for instance, of claims resulting from the difference between the date when the transaction is recorded on an accrual basis and the date of actual payment of wages, rents on land and subsoil assets, interest and transactions in financial assets on the secondary market. In financial accounts these time differences are included in the item F7 – Other accounts receivable and payable. This item is not directly obtained from the set of information compiled by the BdP, as for the other financial instruments, for which statistics collected by BdP are used (for example, monetary and financial statistics and balance of payment statistics). To estimate transactions and outstanding amounts for this financial instrument it is thus necessary to use additional information collected by the INE and to include various items based on other data sources. This compilation process is envisaged towards convergence between financial and non financial accounts. The existence of imperfect and incomplete information in these data sources may originate significant time differences in some periods. Additionally, the amounts of discrepancy are subject to a regular monitoring by the statistical authorities and there is evidence of a compensation effect over several years. This provides further support to the fact that these amounts are correctly assigned to time differences between the non financial transaction and the cash payment, in F7.*

*If yes:*

*a. By changing some data deemed weak (i.e. based on counterpart information) on the non-financial side and therefore changing B.9?*

*b. By allocating some difference across the non-financial side and therefore changing B.9?*

*c. By changing some data deemed weak (i.e. based on counterpart information) on the financial side and therefore changing B.9f?*

*d. By allocating some difference across the financial side and therefore changing B.9f?*

*e. By allocating the difference in F.7 and therefore changing B.9f?*

### ***Changes to intermediate data***

*1. Do you use counterpart data to obtain the final statistics in NFA?*

*a. If yes, with impact on B.9f?*

*No counterpart data is used to obtain the final statistics in NFA.*

*2. Do you use counterpart data to obtain the final statistics in FA?*

*a. If yes, with impact on B.9f?*

*3. Do you allocate the discrepancy at the final stage? If yes*

*a. Across the accounts in the NFA?*

*b. In specific categories in the NFA?*

*c. Across the accounts in the FA? In assets? In liabilities?*

*d. In specific categories in the financial accounts, except F.7?*

*e. In F.7? In assets? In liabilities?*

### ***Complementary elements on stocks/***

*1. If the discrepancy was allocated to financial instruments, is the balance sheet information changed, except AF.7?*

*2. Is AF.7 changed? If yes, explain further.*

### ***Accruals***

*1. Do you consider that the observed discrepancy (i.e. before the statistical adjustment) result from time of recording problems?*

*If yes, exclusively, mainly, or partially in S.1311, and/or S.1312, and/or S.1313, and/or S.1314?*

### ***Ex-post monitoring***

*1. Specify whether there are any mechanisms to launch an enquire when discrepancies are too high.*

*2. Indicate the specific thresholds, if relevant.*

### 3.3 State government sub-sector, EDP table 2B and 3C

If this section is not applicable, mention this and delete all the questions and tables under 3.3.

*This section is not applicable.*

#### 3.3.1 Data sources for State Government unit

**Table x – Availability and use of basic source data for the state government unit**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		T + days	T+mont.🌈		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
				(3) Current and capital revenue and expenditure and financial transactions			
				(4) Balance sheets			
				Financial Statements			
				(5) Profit and loss accounts			
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

3.3.1.1 Further specifications/comments to the table

3.3.1.2 Details of the basic data sources

**Data sources used for compilation of national accounts**  
**Working balance**

3.3.1.3 Statistical surveys used as a basic data source

3.3.1.4 Supplementary data sources and analytical information

3.3.1.4.1 Supplementary data sources used for the compilation of non-financial accounts

3.3.1.4.2 Supplementary data sources used for the compilation of financial accounts

**3.3.2 Data sources for other State Government units**

**Table x – Availability and use of basic source data for other State Government unit**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		T + days	T+mont.🌈		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
				(3) Current and capital revenue and expenditure and financial transactions			
				(4) Balance sheets			
				Financial Statements			
				(5) Profit and loss accounts			
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6,7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

- 3.3.2.1 *Details of the basic data sources*
- 3.3.2.2 *Statistical surveys used as a basic data source*
- 3.3.2.3 *Supplementary data sources and analytical information*
- 3.3.2.4 *Extra-budgetary accounts*

This section provides information on the so called "extra-budgetary accounts" of the main local government entities, i.e. about flows, which are not recorded in budgetary accounts which enter the WB, as reported in the first line of EDP table 2.

### ***Non-financial flows recorded in EBA***

### ***Financial flows recorded in EBA***

### **3.3.3 EDP table 2B**

- 3.3.3.1 *Working balance - use for the compilation of national accounts*
- 3.3.3.2 *Legal basis of the working balance*
- 3.3.3.3 *Coverage of units in the working balance*
  - 3.3.3.3.1 Units to be classified outside the subsector, but reported in the WB
  - 3.3.3.3.2 Units to be classified inside the subsector, but not reported in the WB
- 3.3.3.4 *Accounting basis of the working balance*
  - 3.3.3.4.1 Accrual adjustments relating to interest D.41, as reported in EP T2
  - 3.3.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.7 in EP T2
  - 3.3.3.4.3 Other accrual adjustments in EDP T2
- 3.3.3.5 *Completeness of non-financial flows covered in the working balance*
- 3.3.3.6 *Financial transactions included in the working balance*
- 3.3.3.7 *Other adjustments reported in EDP T2*
- 3.3.3.8 *Net lending/net borrowing of state government*

### **3.3.4 EDP table 3C**

- 3.3.4.1 *Transactions in financial assets and liabilities*

**Table x. Data used for compilation of transactions and of stocks of financial assets and liabilities**

	Assets						Liabilities					
Source Data	F.2	F.3	F.4	F.5	F.6	F.7	F.2	F.3	F.4	F.5	F.6	F.7
Calculation of transactions												
Transaction data ( integrated in public accounts)												
Other transaction data												
Stock data												
Calculation of stocks												
Transaction data												
Stock data												

### 3.3.4.2 *Other stock-flow adjustments*

### 3.4 Local government sub-sector, EDP table 2C and 3D

#### 3.4.1 Data sources for Local Government main unit: *Municipalities*

**Table x – Availability and use of basic source data for main local government units**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		T + days	T+month🇵🇹		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	M/Q	T+65	T+7	(3) Current and capital revenue and expenditure and financial transactions	X	X	
				(4) Balance sheets			
				Financial Statements			
A	A		T+7	(5) Profit and loss accounts		X	
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			
C	M	T + 30	T + 2	- Monetary and financial statistics and Central Credit Register (Banco de Portugal)			X
A	M	T + 45	T + 7 1/2	- Balance of payments and international investment position statistics (Banco de Portugal)			X
C	M	T + 45	T + 1 1/2	- Securities statistics database (Banco de Portugal)			X
C / A	Q	T + 60	T + 8	- Regional Statistical Services			X

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2): M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

*For the compilation of financial accounts and debt, counterpart statistics are used (e.g, monetary and financial statistics, balance of payments, etc.) since balance sheet information is not complete. Additionally, the use of counterpart statistics improves the consistency of the accounts of the different institutional sectors.*

### 3.4.1.1 Details of the basic data sources

*The Local Government data for the year (n-1), notified in April of (n), are based on the preliminary information on budget implementation reported by the municipalities for all four quarters. An estimate is made when the budget implementation report for the fourth quarter does not include the data for all municipalities.*

*The estimate for the municipalities which are still not available is based on the average year-on-year change rate of all the municipalities for which budget information for the years (n-1) and (n-2) is available. The balance for the municipalities is matched to the financing compiled by the BdP.*

*The information for the main aggregates of other local units and civil parishes' revenue (essentially current transfers and capital transfers) is based on the expenditure data reported by the State and municipalities.*

*For the year (n-1) notified in October of (n) the Municipalities are compiled using the profit and loss accounts based on Official Plan of Local Authorities Accounting (POCAL). The information concerning civil parishes is also supported in the most up-to-date estimates compiled from the final data obtained for the current transfers and capital transfers made by the State and municipalities to the civil parishes.*

*Usually basic data sources used for financial accounts are available for Regional government and for Local government separately.*

*Information with a detail by unit is available for the Central Credit Register (loans granted by the resident financial sector) and for the Securities Database (issues and holdings). These sources are available with a detail of financial instrument in accordance with ESA and by counterpart sector.*

### 3.4.1.2 Statistical surveys used as a basic data source

*No Statistical surveys are used as a basic data source.*

### 3.4.1.3 Supplementary data sources and analytical information

#### 3.4.1.3.1 Supplementary data sources used for the compilation of non-financial accounts

*The financing data compiled by BdP, and published in its Monthly Bulletin, is used as a reference for the non-financial balance for the year (n-1) in the April notification when POCAL data is not yet available. Necessary adjustments in the Non Financial Accounts are made in order to reconcile the two datasets.*



3.4.1.3.2 Supplementary data sources used for the compilation of financial accounts

*Debt assumptions, dividends and capital injections: The amounts of debt assumptions, Dividends and capital injections are compiled by the Regional Statistical Services. Each operation is analysed and, in accordance with ESA and the Manual on Government Deficit and Debt, classified as non-financial expenditure (capital transfers), financial investment or other volume changes in the General Government accounts.*

*Guarantees: The amounts of new guarantees granted by Regional Governments, the stock of outstanding guaranteed debt, and the amounts of guarantees called are compiled by Regional Statistical Services. New guarantees are analysed and, in accordance with ESA and the Manual on Government Deficit and Debt, classified as government debt or kept as a contingent liability of government. Guarantees called are also analysed and, in certain circumstances, may lead to the reclassification of the total amount of guaranteed debt as government debt.*

*Other accounts receivable and paid: Information on other accounts receivable and paid is mainly collected by INE, covering, in particular for the difference between accrual and cash expenditure.*

*Reclassification of financial instruments: The boundary between liabilities included in EDP debt and other liabilities is analysed. For this purpose various sources are used, including annual reports from public corporations and other information collected during the investigation of each issue. Trade credits that are subject to renegotiation between the supplier and the entities of local government are also included.*

*All the supplementary information is available to statisticians on a regular basis and for all the relevant periods.*

### 3.4.2 Data sources for other Local Government units: Regional Government

**Table x – Availability and use of basic source data for other local government unit**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		T + days	T+months🇵🇹		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	M/Q/A	T+65	T+6	(3) Current and capital revenue and expenditure and financial transactions	X	X	
				(4) Balance sheets			
				Financial Statements			
A	Q/A	T+65	T+7	(5) Profit and loss accounts		X	
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			
C	M	T + 30	T + 2	- Monetary and financial statistics and Central Credit Register (Banco de Portugal)			X
A	M	T + 45	T + 7 1/2	- Balance of payments and international investment position statistics (Banco de Portugal)			X
C	M	T + 45	T + 1 1/2	- Securities statistics database (Banco de Portugal)			X
C / A	Q	T + 60	T + 8	- Regional Statistical Services			X

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

### 3.4.2.1 Details of the basic data sources

*The information for Regional Government used for the years n-1 and n-2 notified in April is on a cash basis. For October notification, year n-2 is mixed (cash basis for Madeira and integrated services of Azores, and accrual basis for autonomous services of Azores). [*

*Data on a cash basis is adjusted by adding the expenditure due and not paid and deducting the liabilities from previous years which were paid during the year in question.*

### 3.4.2.2 Statistical surveys used as a basic data source

### 3.4.2.3 Supplementary data sources and analytical information

*Information on financing recorded by the BdP is also used to ensure and confirm the consistency of the Regional and Local Government subsector data. Cross-referencing data between these two sources is very useful for the validation of the results for this subsector's financing needs.*

## 3.4.3 EDP table 2C

### 3.4.3.1 Working balance - use for the compilation of national accounts

*Data sources used for the compilation of WB are used for NFA and also B.9*

### 3.4.3.2 Legal basis of the working balance

*The WB includes Municipalities, Regional Government Units (Administration and Autonomous Services and Funds).*

*The Court of Auditors audits the financial reports of the Regional Government, and issues an annual Opinion on the accounts.*

*For Local Government, audits are carried out by the Court of Auditors focusing on specific municipalities or operations (see answer to 2.2.2).*

*The results from the auditing process can lead to further investigation and could impact B.9 or B.9f.*

### 3.4.3.3 Coverage of units in the working balance

#### 3.4.3.3.1 Units to be classified outside the subsector, but reported in the WB

*There are no units classified outside the subsector reported in the WB.*

3.4.3.3.2 Units to be classified inside the subsector, but not reported in the WB

*Some local units (Parishes, Autonomous Services and Funds and local corporations) are classified in the Local Administration subsector but not reported in the WB.  
Public corporations classified in Regional Government are also not reported in the WB.*

3.4.3.4 Accounting basis of the working balance

3.4.3.4.1 Accrual adjustments relating to interest D.41, as reported in EDP T2C

*The accrual adjustments relating to interest D.41 reported in EDP T2C corresponds to Municipalities.*

3.4.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.7 in EDP T2C

3.4.3.4.3 Other accrual adjustments in EDP T2C

*No other accrual adjustments are reported in EDP T.2C.*

3.4.3.5 Completeness of non-financial flows covered in the working balance

*The item "non-financial transactions not included in the WB" includes "Leasing net" which corresponds to the adjustments needed to reflect the different classification of leasing (financial/operating) between public and national accounts; "Capital injections reclassified to D9" (negative sign) which refers to those capital injections that are considered as acquisition of equity in public accounts but that are recorded in national accounts as capital transfers.*

3.4.3.6 Financial transactions included in the working balance

*The financial assets recorded in the WB are defined by Decree-Law n. ° 26/2002 of 14 of February that approved the categories of economic classification of revenue and expenditure.*

*The categories are:*

- Loans;*
- Shares and other equity;*
- Other financial assets.*

### 3.4.3.7 Other adjustments reported in EDP T2C

*The other adjustments include “debt assumptions”; “debt cancellation” and “Guarantees called” which correspond to transactions not reflected in the working balance and recorded as capital transfer expenditure (negative sign).*

### 3.4.3.8 Net lending/net borrowing of local government

*B.9 reported in the last line in EDP T2 is derived from the same source data used when calculating the WB.*

## 3.4.4 EDP table 3D

### 3.4.4.1 Transactions in financial assets and liabilities

**Table x. Data used for compilation of transactions and of stocks of financial assets and liabilities**

	Assets						Liabilities					
Source Data	F.2	F.3	F.4	F.5	F.6	F.7	F.2	F.3	F.4	F.5	F.6	F.7
<b>Calculation of transactions</b>												
Transaction data ( integrated in public accounts)			X	X		X						
Other transaction data		X	X	X	X	X		X	X			X
Stock data	X	X							X			
<b>Calculation of stocks</b>												
Transaction data			X			X						X
Stock data	X	X	X	X	X			X	X			X

### 3.4.4.2 Other stock-flow adjustments

### 3.5 Social security sub-sector, EDP table 2D and 3E

#### 3.5.1 Data sources for Social Security Funds main unit : *Social Security Funds*

**Table x – Availability and use of basic source data for social security funds**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		T + days	T+mont.🇵🇹		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	M/Q/A	T+65	T+6	(3) Current and capital revenue and expenditure and financial transactions	X	X	
				(4) Balance sheets			
				Financial Statements			
				(5) Profit and loss accounts			
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			
C	M	T + 30	T + 2	- Monetary and financial statistics and Central Credit Register (Banco de Portugal)			X
A	M	T + 45	T + 7 1/2	- Balance of payments and international investment position statistics (Banco de Portugal)			X
C	M	T + 45	T + 1 1/2	- Securities statistics database (Banco de Portugal)			X

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6,7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

*For the compilation of financial accounts and debt, counterpart statistics are used (e.g, monetary and financial statistics, balance of payments, etc.) since balance sheet information is not complete. Additionally, the use of counterpart statistics improves the consistency of the accounts of the different institutional sectors.*

### 3.5.1.1                      *Details of the basic data sources*

*Information with a detail by unit is available for the Central Credit Register (loans granted by the resident financial sector) and for the Securities Database (issues and holdings). These sources are available with a detail of financial instrument in accordance with ESA and by counterpart sector.*

### 3.5.1.2                      *Statistical surveys used as a basic data source*

### 3.5.1.3                      *Supplementary data sources and analytical information*

#### 3.5.1.3.1      *Supplementary data sources used for the compilation of non-financial accounts*

#### 3.5.1.3.2      *Supplementary data sources used for the compilation of financial accounts*

*Other accounts receivable and paid: Information on other accounts receivable and paid is mainly collected by INE, covering, in particular accrual adjustment for social contributions and adjustments related with the recording of EU flows.*

*All the supplementary information is available to statisticians on a regular basis and for all the relevant periods.*

### 3.5.2 Data sources for other Social Security units (*not applicable*)

**Table x – Availability and use of basic source data for other social security units**

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		T + days	T+mont.🇺🇸		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	Q	T+55	T+7	(3) Current and capital revenue and expenditure and financial transactions	x	x	X
A	Q	T+55	T+7	(4) Balance sheets			X
				Financial Statements			
A	A	T+150	T+7	(5) Profit and loss accounts			
A	A	T+150	T+7	(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6,7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

#### 3.5.2.1 Details of the basic data sources

#### 3.5.2.2 Statistical surveys used as a basic data source

#### 3.5.2.3 Supplementary data sources and analytical information

#### 3.5.2.4 Extra-budgetary accounts

This section provides information on the so called "extra-budgetary accounts" of the main local government entities, i.e. about flows, which are not recorded in budgetary accounts which enter the WB, as reported in the first line of EDP table 2.



*Non-financial flows recorded in EBA*

*Financial flows recorded in EBA*

**3.5.3 EDP table 2D**

3.5.3.1 *Working balance - use for national accounts compilation*

*Data sources used for the compilation of WB are used for NFA and also B.9*

3.5.3.2 *Legal basis of the working balance*

*The Court of Auditors audits the accounts. Since late 2004, the Court of Auditors has been compiling and issuing a follow-up to Social Security budget reporting.*

3.5.3.3 *Coverage of units in the working balance*

3.5.3.3.1 Units to be classified outside the subsector, but reported in the WB

*There are no units classified outside the subsector reported in the WB.*

3.5.3.3.2 Units to be classified inside the subsector, but not reported in the WB

*There are no units classified inside the subsector but not reported in the WB.*

3.5.3.4 *Accounting basis of the working balance*

3.5.3.4.1 Accrual adjustments relating to interest D.41, as reported in EP T2D

*Not applicable.*

3.5.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.7 in EDP T2D

*The accrual adjustments reported under other accounts receivable correspond to time adjustment for social contributions and the neutrality of European Social Fund. There are no adjustments reported under other accounts payable.*

3.5.3.4.3 Other accrual adjustments in EDP T2D

3.5.3.5 *Completeness of non-financial flows covered in the working balance*

3.5.3.6 *Financial transactions included in the working balance*

*The financial transactions included in the working balance are:*

*Loans (+/-)*

*Equities (+/-)*

*Other financial transactions (+/-)*

3.5.3.7 *Other adjustments reported in EDP T2D*

*The accounts of Social Security include in the revenue and in the expenditure sides the flows related with the European Social Fund. These flows are cancelled out and recorded directly from the European Union to the final beneficiaries.*

*Social contributions are time-adjusted. The method used for the cash/cash adjusted conversion of social contributions consists of deducting the revenue of January of year (n) from the revenue of that year and adding the revenue of January of year (n+1). The source for this adjustment is the monthly budget implementation of Social Security.*

3.5.3.8 *Net lending/net borrowing of social security funds*

*B.9 reported in the last line in EDP T2 is derived from the same source data used when calculating the WB.*

### 3.5.4 EDP table 3E

#### 3.5.4.1 *Transactions in financial assets and liabilities*

**Table x. Data used for compilation of transactions and of stocks of financial assets and liabilities**

	Assets						Liabilities					
Source Data	F.2	F.3	F.4	F.5	F.6	F.7	F.2	F.3	F.4	F.5	F.6	F.7
<b>Calculation of transactions</b>												
Transaction data ( integrated in public accounts)			X	X		X						
Other transaction data		X	X	X	X	X			X			X
Stock data	X	X							X			
<b>Calculation of stocks</b>												
Transaction data			X			X						X
Stock data	X	X	X	X	X				X			X

#### 3.5.4.2 *Other stock-flow adjustments*

### 3.6 Link between EDP T2 and related EDP T3

The monitoring of the link between the individual adjustments in EDP T2 and the related transactions reported in EDP T3 is important for the assessment of GFS data quality.

It is not expected that the adjustments from EDP T2 would be clearly identified in EDT3.

- First, this is due to different coverage of units, because the adjustments in EDP T2 should refer only to the main entity reported in the WB, while transactions in EDP T3 reflect the whole subsector.
- Second, due to the accounting basis and coverage of transactions reported in the WB. For the former, if the WB is on accrual basis, theoretically there is no need for adjustments in other accounts receivable/payable F.7 in EDP T2, but it should be ensured that the accrual recordings in non-financial accounts are linked to transactions in F.7 reported in EDP T3 and in FA. For the latter (coverage of transactions), the WB balance as reported in EDP T2 typically does not cover all financial flows, since some are booked in the so called extra-budgetary accounts of the main entity.
- Third, adjustments/transactions reported in EDP T2A are non-consolidated, since they refer to the main entity only, as recorded in the working balance (e.g. loans, other accounts receivable/payable, etc.), while financial transactions recorded in EDP T3 refer to the whole subsector and are consolidated.

As far as specific imputations are concerned, such as debt cancellation, debt assumption etc., which are reported in EDP T2, these should be reflected also in financial accounts and EDP T3 under the related financial instrument.

Therefore, in order to ensure consistency between non-financial and financial accounts and quality of GFS data, statisticians are to be able to explain and to quantify a link between flows reported in EDP T2 and EDP T3.

#### 3.6.1 Coverage of units

*1. Recall briefly, separately for each subsector, whether the same register of units is used for non-financial and financial accounts compilations, and for EDP table 2 and 3.*

*The register of units used for non-financial and financial accounts is the same.*

*2. Specify, separately for each subsector, whether any possible deviations in sector delimitation may occur in data used for EDP T2 and EDP T3 compilation, e.g. due to different/other supplementary data sources used for compilation of some transactions.*

*3. If this is not the case, confirm that the coverage of units reported in EDP table 2 and 3 is identical and possibly provide further specifications.*

*The coverage of units reported in EDP tables 2 and 3 is identical.*

#### 3.6.2 Financial transactions

*1. Explain, if relevant, what is the link between financial transactions which are excluded from the WB as reported in EDP T2 and financial transactions reported in financial accounts and EDP T3.*

#### 4. Revision policy used for annual GFS

*The main differences between financial transactions in table 2 and table 3 are mainly related with:*

- i. Different coverage of the institutional sector and subsectors. In table 2, only the entities included in the WB are included, while table 3 includes information for all entities classified, for statistical purposes, in general government.*
- ii. Different classification of financial instruments. Table 2 follows the classification adopted for public accounts and table 3 follows the classification of national accounts. For example, the boundary between securities and deposits is different between the two accounting systems.*
- iii. Different moment of recording. Table 2 follows a cash basis approach while table 3 is based in the accrual principle.*

*2. Focus on financial transactions (FT) undertaken by the main entity reported in the WB and list all the reasons for different figures on FT reported in the working balance and in financial accounts, e.g. why there is different coverage of financial flows, possible differences in valuation, etc.*

*3. Do you use data on financial transactions reported in the WB for EDP T3 and FA compilation? If yes, specify further.*

*Data on financial transactions reported in the WB are not used for EDP T3 and financial accounts compilation.*

*4. If you do not use the data on FT as reported in the WB for compilation of financial accounts and EDP T3, explain why.*

*For the compilation of financial accounts and EDP T3, counterpart statistics are used (e.g, monetary and financial statistics, balance of payments, etc.) since balance sheet information from government is not complete. Additionally, the use of counterpart statistics improves the consistency of the accounts of the different institutional sectors.*

*5. List all the adjustments which should be done in order to reconcile financial transactions reported in EDP T2 and T3.*

*6. The explanations should be provided separately for different financial transactions in assets: F.3, F.4, F.5, F.7; and for transactions in liabilities (including F.7), when relevant.*

*The explanations are to be provided separately for each subsector.*

#### **3.6.3 Adjustments for accrued interest D.41**

*1. Recall briefly, whether the adjustment in EDP T2 for accrued interest refers to interest expenditure or also interest revenue.*

*The adjustment in EDP T2 for accrued interest refers to interest expenditure.*

*2. Explain the reasons for differences in the adjustment for accrued interest in EDP T2 and T3. Apart from the differences due to sector coverage, other reasons should be explicitly mentioned, e.g. which interest flows are included in the working balance and which not, for which financial instruments, etc. If some interest flows are not included in the WB, explain where these are booked in public accounts and reported in EDP T2.*

*One of the explanations could be consolidation within sub-sector.*

#### 4. Revision policy used for annual GFS

3. List all the adjustments which should be done in order to reconcile figures reported in EDP table 2 and table 3 in the adjustment line for accrual D.41.

***The explanations are to be provided separately for each sub-sector.***

#### 3.6.4 Other accounts receivable/payable F.7

1. Explain the reasons for differences in the figures reported in EDP T2 and T3 in accrual adjustments under other accounts receivable and other accounts payable F.7. Focus the explanations on the main entity reported in the working balance.

2. Specify whether accrual adjustments reflected in non-financial accounts are identical to those reported in financial accounts in F.7. If not, explain further.

3. Specify what kind of accrual adjustments relating to financial transactions are reflected in financial accounts and in EDP table 3, e.g. due to privatization proceeds paid in several instalments.

4. List the adjustments which should be done in order to reconcile transactions in F.7 as reported in EDP T2 and T3.

***The explanations are to be provided separately for receivables and for payables.***

***The explanations are to be provided separately for each subsector.***

The main differences between other accounts receivable and payable in EDP tables 2 and EDP tables 3 are mainly related with:

- i. In EDP tables 2, in particular, in table 2A, the impact in deficit of other accounts receivable and payable of entities included in the line of «Net borrowing (-) or net lending (+) of other central government bodies» is excluded from other accounts receivable and payable. In EDP tables 3, other accounts receivable and payable of all entities of general government are included under this item.
- ii. Some of the other accounts receivable and payable reported in EDP tables 3 are not shown in EDP tables 2, since they are not included in the working balance.

#### 3.6.5 Other adjustments/imputations

1. Specify where are the methodological adjustments reported under the heading “other adjustments” in EDP T2 reflected in EDP T3. For example, how exactly is the adjustment due to debt assumption, debt cancellation, super-dividends, PPP etc. reflected in EDP T3 and FA, under which financial category, is the amount identical, etc.

2. Specify whether related imputations are done in financial accounts by statisticians or it is assumed that these are already reflected in data sources used for compilation of FA.

***The specification should be done separately for each adjustment line from EDP T2.***

***The explanations are to be provided separately for each subsector.***

### 3.7 General comments on data sources

*1. Provide additional comments and explanation on common features of different data sources, for different subsectors, when appropriate.*

*2. Mention the consistency/inconsistency of classifications used in the Budget Reporting of different General Government units.*

*4 Indicate briefly whether changes in the accounting rules are foreseen in the near future, if any and provide a reference to the related part of the EDP inventory for detailed explanation.*

*The Portuguese Accounting Standard-Setting Board is working on a new public accounting framework based on IPSAS which is expected to enter into force in 2015.*

### 3.8 EDP table 4

Table 4 – The statements on the provision of additional data contained in the Council minutes of 23/11/1993 request the submission of trade credits and advances, amounts outstanding in the government debt from the financing of public undertakings, differences between the face value and the present value of government debt and GNI at market prices.

#### 3.8.1 Trade credits and advances

*1. Please describe the data sources and calculation of the stock of liabilities in trade credits and advances (AF.71L) against units outside general government.*

*The main data sources for calculating the stock of liabilities in trade credits and advances is the information compiled by DGO on “non financial liabilities”, a concept close to trade credits in national accounts. DGO collects information directly, through surveys, from general government units, using the national accounts delimitation of the sector.*

*From the amount compiled by DGO, the value of factoring without recourse and of renegotiation of trade credits is deducted, since these two items are included in the instrument F4 Loans.*

*2. Please explain how you ensure the consistency between this item and the line "net incurrence of other liabilities" in EDP T 3.*

#### 3.8.2 Amount outstanding in the government debt from the financing of public undertakings

*1. In case the government in your country borrows on behalf of public enterprises, please detail the calculation of the figure reported in this item.*

*Not applicable.*

## 4 Revision policy used for annual GFS

This section relates to the revision policy concerning annual non-financial and financial government accounts. It describes the country policy for revisions with and without impact on the deficit (non-financial accounts for general government) and debt (financial accounts for general government).

### 4.1 Existence of a revision policy in your country

*Please describe shortly the revision policy related to the EDP data and the underlying ESA95 government accounts (e.g. data finalisation/ major benchmark revisions/ occasional revisions/ revisions due to methodological reasons/ reclassifications, etc.). Please specify in each case the number of years which are in general revised and how the revisions are integrated in the revisions of the whole national accounts data framework.*

*The following table explains the status of data included in each of the EDP notifications:*

April (n)	(n-4) Final (n-3) Final (n-2) Half finalised (n-1) Half finalised (n) Planned
October (n)	(n-4) Final (n-3) Final (n-2) Final (n-1) Half finalised (n) Planned

*The first notification for year (n-1) occurs in April of year (n) and previous years are revised during this compilation. In the notification of October (n), there is a revision of the data for year (n-1). Prior years are only revised if there are compelling reasons that justify the revision, namely benchmark revisions.*

*As in other areas of National Accounts compilation by Statistics Portugal, there are essentially three types of revisions: Regular, Ad-hoc and Benchmark revisions.*

*Regular revisions reflect the normal update and revisions of basic information from data sources. In case of annual accounts they are made until the year N-2. Accounts for year N-2 have the status of final accounts. Accordingly, quarterly accounts maybe subject to revisions until year N-2.*

*Benchmark revisions are a consequence of changes in the conceptual framework of national accounts, like the changes in the ESA regulation, or reflect the incorporation of new structural statistics, like new Census data. They imply the change of the benchmark year of national accounts and may entail revisions of past quarterly and annual data before N-4.*



#### 4.Revision policy used for annual GFS

*Ad-hoc revisions arise from unexpected events or, to a large extent, from events that are exogenous to the production process, thereby affecting statistical compilation significantly. These revisions may still be determined by the need to correct errors, which could not have been carried out immediately and appropriately within the framework of the two types of revision already mentioned.*

*This policy is in line with the general revision policy of INE issued in December 2008 (see the document on:*

*[http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_cont\\_inst&INST=70084023&ine\\_smenu.boui=13918434&ine\\_smenu.selected=55234916](http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cont_inst&INST=70084023&ine_smenu.boui=13918434&ine_smenu.selected=55234916)).*

*Please answer the following questions:*

##### **4.1.1 Relating to deficit and non-financial accounts**

*1. If the revision has an impact on the deficit (B.9), please detail*

*All types of revisions may have an impact on the deficit.*

*2. If the revision does not have a material impact on the deficit (B.9), please detail*

##### **4.1.2 Relating to debt and financial accounts**

*1. If the revision has an impact on the debt or B.9f, please detail*

*The revision policy related to the debt or B.9f is similar to the revision policy of deficit B.9.*

*2. If the revision does not have a material impact on the debt or B.9f, please detail*

#### **4.2 Reasons for other than ordinary revisions**

*1. Please detail in case the revisions are due to the existence of new figures for state budget outcome (e.g. after audit)*

*2. Please detail in case the revisions are due to the existence of new data sources/details, which were not available in the past (this does not refer to the normal update of data sources)*

*3. Please detail in case the revisions are due to changes in methodology*

*4. Please detail in case the revisions are due to other reasons (e.g. errors) (please specify)*

*Revisions due to other than ordinary revisions are incorporated, in some cases, in the accounts of the years that the flows are related and in other cases in the accounts of the year where the event occurred was discovered.*

### 4.3 Timetable for finalising and revising the accounts

1. Please detail the timetable for non-financial accounts by subsectors

The following table explains the status of data included in each of the EDP notifications:

April (n)	(n-4) Final (n-3) Final (n-2) Half finalised (n-1) Half finalised (n) Planned
October (n)	(n-4) Final (n-3) Final (n-2) Final (n-1) Half finalised (n) Planned

The first notification for year (n-1) occurs in April of year (n) and previous years are revised during this compilation. In the notification of October (n), there is a revision of the data for year (n-1). Prior years are only revised if there are compelling reasons that justify the revision, namely benchmark revisions.

2. Please detail the timetable for financial accounts by subsectors.

The status of financial accounts data is the same.

## B. Methodological issues

### 5. Sector delimitation – practical aspects

#### 5.1 Sector classification of units

General government is defined by ESA95 §2.68 as "...all institutional units which are other non-market producers whose output is intended for individual and collective consumption and mainly financed by compulsory payments made by units belonging to other sectors and/or all institutional units principally engaged in the redistribution of national income and wealth".

It is necessary to determine:

- a. if it is an institutional unit (ESA95 2.12 describes the rules according to which an entity can be considered as an institutional unit)
- b. if it is a public institutional unit (MGDD 1.2.3 – control by the government "ability to determine the general policy or programme of an institutional unit by appointing appropriate directors or managers, if necessary")
- c. if it is a non-market public institutional unit - reference to "Market-non-market distinction"

1. Please describe if the subsectors include only institutional units, which are treated as non-market producers according to ESA95.

*The subsector Autonomous Funds and Services of Central Government includes units which are not considered institutional units:*

*i) Defaerloc and Defloc. These two units are Special Purpose Vehicles created by the Portuguese Government in order to purchase several aircrafts.*

*ii) Parups and Parvalorem. These units are 100% owned by the State, mainly dedicated to management of impaired assets and considered as public defeasance structures, classified in General Government sector.*

*Apart from this subsector, all the remaining ones include only institutional units, which have a non-market nature according to ESA95.*

2. Please describe how you apply the 50% criterion for market / nonmarket distinction and provide all relevant details, e.g.:

*- are all public corporations regularly tested?*

*Yes, all public corporations are tested once a year.*

*- which public units classified in S.13 are tested, if any?*

*All public corporations are tested, regardless of whether they should be classified in S.13 or S.11. More specifically, this includes public corporations under the control of Central, Regional and Local Governments.*

*Moreover, Autonomous Funds and Services are also tested.*

*The units for which we do not conduct the market-non-market test are the following: Government Agencies lacking financial autonomy; District Assemblies; Municipalities; and Parishes. These are classified inside General Government sector.*

*- how often do you conduct the test?*

*The test is conducted once a year. Typically, it is performed in the beginning of each calendar year in order to delimitate the General Government institutional sector for that year.*

*- how many years are covered?*

*When conducting the market-non-market test we cover a time horizon of at least three years (exception made for units that were created in the previous two years, for which we use all available periods).*

*- are individual data used or are some units grouped (and which)?*

*We usually use individual data when attributing a sector classification to a given unit. Nevertheless, in case units are grouped, that is taken into account. Currently, we do not have grouped units classified in S.13.*

*3. Do you consider qualitative aspects for sector/subsector classification? Please specify.*

*Yes. The nature of the sales of a given entity is also analysed when deciding on the sector/subsector classification of a unit, notably to identify revenues that have the nature of taxes. Every time we have evidence that the main client of a public corporation is, for instances, a Municipality, we do not consider that corporation as a market unit even if it passes the market-non-market test. Therefore, it is classified inside S.13.*

*4. Please explain how you find out when a new unit is created.*

*As far as corporations are concerned, we receive a dataset from the Ministry of Justice (the so-called FUE – Statistical Units File) containing all active units in Portugal and their respective identification number. From that file, we are able to identify the units which were created during the previous year.*

*Regarding Government Agencies lacking financial autonomy as well as Autonomous Services and Funds, we receive information from two distinct entities: the Ministry of Finance and the Directorate-General for Administration and Public Employment.*

*This information is received at the beginning of each calendar year.*

*5. Please specify which institution and/or department decide on the classification.*

*It is the General Government Statistics Unit of the National Accounts Department of Statistics Portugal that decides on the sector classification of institutional units.*

*Nevertheless, particular cases which may raise methodological doubts are always discussed with Banco de Portugal and DGO, in an appropriate working group.*

### **5.1.1 Criteria used for sector classification of new units**

*What are the criteria for classification of new units inside general government?*

*- legal status*

*- economically significant prices*

*- ownership*

*- NACE*

*- specific units, specific approach, please detail*

*- other, please specify*

*As far as legal status is concerned, entities exhibiting a nature of Government Autonomous Services and Funds as well as General Government Agencies lacking financial autonomy are classified inside General Government.*

*Units in which General Government either owns more than 50% of the shares or has the ability to appoint the directors are also considered as public institutional units and hence are subject to the market-non-market test.*

*Furthermore, units which register their activity as belonging to NACE 841 are studied with a greater detail, as this can be an indicator that their activity does not have a market nature.*

*Finally, we examine in depth the sales of certain public units. In particular, we evaluate the nature of their clients (whether they are private or public entities).*

### 5.1.2 Updating of the register

*More practical aspects of the updating of the register are to be described here, if not explained above. Please mention also whether all details relevant for the sector classification are available in the register for each individual unit, (e.g. ownership public/private). Is the information on the ownership regularly updated in the register – if yes, how?*

*1. Re-examination of the sector classification and updating of the register - which units, on a regular/irregular basis (how often), individual basis/groups of units*

*In order to keep an updated record of all the units controlled by General Government, the General Government Statistics Unit receives information from multiple sources.*

*The Methodology and Information System Department manages and a general register file of all statistical units, the so-called FUE. It is mainly updated with information received from the Ministry of Justice and the Tax and Customs Authority. On a monthly basis, the National Accounts Department receives information from the FUE and analyses it in order to decide on the institutional classification of any new entity. This work is conducted jointly by two teams: the Institutional Sector Accounts Unit and the General Government Statistics Unit. These teams also have the power to change the institutional classification of existing units.*

*For some special cases, which may either have important impacts in General Government statistics or raise methodological doubts, Statistics Portugal consults a working group composed by Banco of Portugal and DGO, before taking its final decision.*

*2. 50% test – data sources*

*- availability of appropriate details (what is the detail available and what is considered in national accounts),*

*- timing (when and how often is data available),*

*- calculation (which items enter the calculation),*

*- difficulties, etc.*

*Most of the data used to conduct the market-non-market test is available through the Simplified Corporate Information (IES) dataset. This dataset contains the business accounts of all corporations in Portugal on an annual basis. More specifically, in order to conduct the market-non-market test, we use data from the profit and loss accounts.*

*As for the calculation of the market-non-market test itself, the numerator includes sales of goods and services. In the denominator, we consider i) the cost of goods and services sold; ii) selling, general and administrative expenses; iii) amortization costs; iv) and output for own final use, which enters the formula with a negative sign. Amortization costs from the business accounts are used as proxy for consumption of fixed capital, but the data is analysed in a case by case basis to identify corporations where the amortization costs are not suitable.*

*Regarding the timing of data, the information referring to year  $N$  is available in the second half of  $N+1$ .*

*However, the filling of IES is optional for certain entities. Therefore, in those cases, we need to resort to other data sources, namely business accounts. When these are not available at the company's website, Statistics Portugal requests them directly to the company.*

*4. Updated register versus national accounts – backward revisions, when are the changes implemented in national accounts, etc.*

*Whenever backward revisions in the institutional classification of certain entities in national accounts are made, the FUE is not updated for the past periods. As a matter of fact, the FUE works as a photograph taken at a given point in time.*

*Nevertheless, the General Government Statistics Unit keeps an updated register of public entities, which is constantly monitored.*

### **5.1.3 Consistency between different data sources concerning classification of units**

*1. What are the checks undertaken to see whether a unit is classified in the same way in public accounts and in statistical surveys?*

*Please describe separately by subsectors, if relevant:*

- *S.1311*
- *(S.1312)*
- *S.1313*
- *S.1314*

*Typically, the General Government Statistics Unit does not carry out statistical surveys. Nevertheless, in case statistical surveys are carried out, the classification of units is consistent with the list of entities classified in General Government given that FUE is consistent with the national accounts institutional sector classification.*

*2. What are the checks undertaken to see whether a unit is classified in the same way in statistical register and in Money and Banking Statistics*

*Please describe separately by sub-sectors, if relevant:*

- *S.1311*
- *(S.1312)*
- *S.1313*
- *S.1314*

*The classification of entities used by financial accounts and by money and banking statistics is consistent with the classification used in non financial accounts. The list of entities classified in general government, consistent with the classification published by INE, is published in the website of Banco de Portugal. All the statistics compiled by Banco de Portugal use this classification. Banks and other reporting entities should follow, according to instructions published by the Banco de Portugal, the classification of entities published in the website. The quality control of statistics compiled in the Banco de Portugal includes the verification of the correct classification of units.*

*3. What are the checks undertaken to see whether a unit is classified in the same way in non-financial accounts and in financial accounts*

*Please describe separately by sub-sectors, if relevant:*

- S.1311
- (S.1312)
- S.1313
- S.1314

*As previously mentioned, the definition and update of the list of institutional units classified in the General Government sector is often done jointly with Banco de Portugal and DGO. Therefore, units are classified in the same way both in financial and non-financial accounts.*

## 5.2 Existence and classification of specific units

**1. Non-profit institutions (NPI)** – please specify whether non-profit institutions (and of what kind) are included in the general government sector (please list the main institutions, if possible by subsectors). **Explain also how you determine whether the NPI is a public or a private institutional unit.**

*The general government sector includes non-profit institutions in the central and local government subsectors. Those which are mainly financed and controlled by general government are classified in S13.*

*Central government includes Professional Training Centres, Foundations of research in higher education and local government include associations of regional and local development.*

**2. Quasi-corporations** - please specify whether quasi-corporations (and of what kind) exist in your country (please list the main quasi-corporations, if possible by subsectors).

*Regarding public quasi-corporations, there are several ones worth mentioning.*

*First of all, there is the Lottery Department of Santa Casa da Misericórdia de Lisboa. While Santa Casa is a Non-Profit Institution of Central Government, its Lottery Department has a market nature and is therefore considered a quasi-corporation in national accounts and classified in the subsector of public non-financial corporations.*

*There is also the case of some Autonomous Funds and Services, which exhibit a market nature according to the market-non-market test. These units are also classified in the subsector of public non-financial corporations as quasi-corporations.*

**3. Infrastructure companies** – please specify the sector classification of the following types of companies (when relevant) and provide some further details relating to their sector classification, for each company separately (e.g. what is included in sales, economic significant prices, could you clearly identify subsidies on products and production, do you use depreciation or ESA95 based consumption of fixed capital for the 50% test; indicate if all non-financial assets used by the company are included in its accounts or some are booked in the government balance sheet; specify if these companies benefit from government financial support, via transfers, loans, equity injections in cash and/or in kind; indicate if they have fiscal arrears against government, etc.):

*- railways*

*There two public companies related to railways in Portugal – Comboios de Portugal, CP, E.P.E. and Rede Ferroviária Nacional - REFER, EPE. Only REFER is classified inside*

*General Government, in the subsector of Autonomous Funds and Services of Central Government.*

*In the case of REFER, it is worth mentioning that we use consumption of fixed capital for the market-non-market test rather than depreciation costs from the business accounts. This is due to the fact that REFER operates infrastructures which are owned by the State and, therefore, the company does not consider them as its property for depreciation purposes.*

*Also regarding the 50% test, REFER receives ‘indenizações compensatórias’, which were not considered subsidies to products for the purposes of the 50% test. These amounts are clearly identified for each year in the General State Account, which is compiled and published by the Ministry of Finance. REFER benefits from government financial support via loans and equity injections in cash.*

*CP has not benefited from government financial support in the last years.*

*- roads*

*Road infrastructures in Portugal are operated by Estradas de Portugal, which is classified inside S.13, in the subsector of Autonomous Funds and Services of Central Government.*

*This corporation includes in its sales a contribution for road service (Contribuição de Serviço Rodoviário) as well as the amounts related to the contracts for building subconcessions (contratos de construção de subconcessões). Both are subtracted from sales when computing the market-non-market test, causing the ratio to be well below the 50% threshold.*

*As for the public transport companies such as Carris and STCP, these are classified as non-financial corporations as they score more than 50% in the market-non-market test. Nevertheless, it is worth mentioning that both Carris and STCP receive ‘indenizações compensatórias’, which were not considered subsidies on products for the purposes of the 50% test and, therefore, were not included in sales for the market-non-market test.*

*Estradas de Portugal benefits from government financial support via loans and equity injections in cash. As for the other two corporations, there has been no government financial support in the last years.*

*- metro*

*Regarding the metro companies, both (Metropolitano de Lisboa and Metro do Porto) are classified in the General Government subsector of Autonomous Funds and Services of Central Government. Metropolitano de Lisboa also receives ‘indenizações compensatórias’, which were not considered subsidies on products for the purposes of the 50% test. Also worth highlighting is the fact that, similarly to REFER, the Metropolitano de Lisboa operates infrastructures which it does not own, meaning that it does not consider those infrastructures for depreciation purposes. Therefore, when conducting the market-non-market test, we use the consumption of fixed capital rather than depreciation.*

*Both companies benefit from government financial support via loans and equity injections in cash.*

*- public utility companies*

*These include mainly water and waste management companies and all of them are classified in the public non-financial corporations’ subsector.*

*- ports, airports*



*All of these companies are classified inside the public non-financial corporations' subsector, since they score above the 50% threshold in the market-non-market test.*

**4. Universities, schools** - please specify the sector classification and provide some further details relating to their sector classification

*All Government-controlled universities and schools are classified inside General Government sector. Whereas public universities are Autonomous Funds and Services of Central Government, other public schools are considered Government agencies without financial autonomy.*

*The market-non-market test for the public schools is not calculated as these units belong to General Government per se. As for universities, we do conduct the market-non-market test for some that have a different legal framework.*

**5. Public TV and radio-** please specify the sector classification and provide some further details (including classification of fees) relating to their sector classification.

*Public television in Portugal is operated by RTP, which is classified inside S.13, in the Autonomous Funds and Services of Central Government.*

*This corporation includes in its sales revenue from 'contribuição de audiovisual', which is considered a tax in national accounts instead of a purchase of services. Therefore, this amount is disregarded when conducting the 50% test. Furthermore, because RTP is receiving taxes, it is classified inside General Government.*

*Also, RTP benefits from an 'indenização compensatória'. However, that is recorded as a transfer, given the institutional classification of RTP.*

**6. Public hospitals** - please specify the sector classification and provide some further details (including determination of sales) relating to their sector classification. Specify if these are regularly tested; On an individual basis? Indicate if they receive equity injections; Loans – from whom? Indicate if they benefit from debt cancellations, debt assumptions. Indicate if they have fiscal arrears against government.

*Public Hospitals in Portugal can be divided in two distinct categories: i) SPA hospitals, which are all classified in the subsector of Autonomous Funds and Services of Central Government; and ii) Corporation Hospitals (HEPE), which score above the 50% threshold in the market-non-market test and are thus classified in the public non-financial corporations' subsector.*

*In the case of hospitals EPE government payments were made in accordance with a system of pricing applied to both public and private hospitals and therefore considered as sales for the purposes of the 50% test.*

*HEPE hospitals are tested once a year on an individual basis.*

*Public hospitals received either equity injections or loans that are always classified as capital transfers.*

*Portuguese Public Hospitals have arrears towards suppliers, though they do not have fiscal arrears against Government.*

**7. SPV** – please specify whether SPVs (and of what kind) are included in the general government sector (please list the main SPVs, in case some of them are classified in other subsector than central government, please specify)

*We have the following SPVs included in the General Government sector:*

*i) Defaerloc and Defloc. These two entities were specifically created in order to purchase several aircrafts. Both of them are classified in the Autonomous Funds and Services of Central Government subsector.*

**8. Specific public units involved in financial activities** – please list the main public units/groups of units and specify their sector classification (e.g. privatisation agencies, defeasance structures, export-import bank, development banks, etc.)

*There are several public units involved in financial activities.*

*i) Parvalorem and Parups, which were specifically created in order to transfer the impaired assets from the BPN bank. These two units are classified in the subsector of Autonomous Funds and Services of Central Government.*

*ii) Parpública, which is a public holding company that holds and manages shares of companies operating in several sectors, from real estate to water and waste management, classified in the financial corporations sector;*

*iii) CMVM, which is the entity responsible for regulating the stock markets in Portugal, classified in the financial corporation's sector;*

*iv) ISP, which is the entity responsible for regulation and supervision for the insurance, reinsurance, pension funds and their management companies and insurance mediation; classified in the financial corporation's sector.*

**9. Other specific units** - please specify whether other specific units (and of what kind) are included in general government sector (please list the main institutions, if possible by subsectors)

*There are no other units worth mentioning in this point.*

## 6. Time of recording

This section describes the time of recording for taxes and social contributions, EU flows, military expenditure, interest and other transactions (subsidies, current and capital transfers and financial transactions).

The time of recording is defined in ESA95 §1.57. It is the accrual basis, meaning when economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.

### 6.1 Taxes and social contributions

Council Regulation 2516/2000 amended the Regulation on European system of national and regional accounts in the Community (ESA) 95 as concerns taxes and social contributions and clarified the rules concerning both the time of recording and the amounts to be recorded.

#### 6.1.1 Taxes

This section describes the methods of recording of taxes on an accrual basis. The time of recording is defined in ESA95 §4.26 and §4.82 as the time "...when the activities, transactions or other events occur which create the liabilities to pay taxes".

*1. Please detail the data sources used: cash data, assessment data, receivable, payable, write-offs, other data needed for compilation of individual taxes, separately for the first and second EDP notification, in case they differ.*

*Our cash data sources are the administrative/accounting records of the Ministry of Finance. Also, we receive specific information from the Customs and Tax Authority (AT) for monthly information on individual taxes.*

*2. Please shortly describe which of the following methods you use:*

*A. Assessed amounts adjusted by a coefficient*

*B. Assessed amounts recorded entirely as revenue, the amount of taxes unlikely to be collected is recorded as capital transfers*

*C. Time adjusted cash amounts which are attributed to the period when the activity takes place.*

*We use method C.*

*This time adjustment is linked to the time lag between the moment of the transaction that originates the tax liability and the actual payment moment.*

*Regarding VAT, the adjustment consists in deducting  $\frac{3}{4}$  of the revenue from January and February of year  $n$  and to add  $\frac{3}{4}$  of the revenue from January and February of year  $n+1$ .*

*In the case of other indirect taxes (taxes on petroleum products, tobacco, alcoholic drinks and alcohol) the time adjustment consists in deducting the revenue of January of year  $n$  from the total revenue for that year and adds the revenue from January of year  $n+1$ .*

*Other taxes are not adjusted.*

*3. Please indicate which institution collects the information and which institution compiles the data for EDP tables and related questionnaires.*

*The Ministry of Finance, more specifically the AT collects the information and sent it to Statistics Portugal who is responsible to compile the data for EDP tables and related questionnaire.*

*5. In case the coefficient is used, please specify who decides on the coefficient and on which basis.*

*6. Please describe how you record the following: reimbursements and refunds, final settlement, interest on late payments, fines and penalties for non-payment, amnesties. Taxes are recorded net of reimbursements. Interest on late payments, fines and penalties for non-payment are recorded as D7 – current transfers.*

*7. Please mention the time when the final data for the year t should become available. Possibly, a table specifying the requested information on individual taxes could be provided. The final data for the year t become available in June of t+1.*

### **6.1.2 Social contributions**

The time of recording of social contributions is defined in ESA95 §4.96 as "... the time when the work that gives rise to the liability to pay the contribution is carried out..." for employers and employees social contributions, and as "... when the liabilities to pay are created" for self-employed and non-employed persons.

*1. Please detail the data sources used: cash data, assessment data, receivable, payable, write-offs, other data needed for compilation of social contributions, separately for the first and second EDP notification, in case they differ. The social contributions are on a cash basis.*

*2. Please shortly describe which of the following methods you use:*

*A. Assessed amounts adjusted by coefficient*

*B. Assessed amounts recorded entirely as revenue, the amount of social contributions unlikely to be collected is recorded as capital transfers*

*C. Time adjusted cash amounts which are attributed to the period when the activity takes place.*

*We use method C.*

*Social contributions are time-adjusted. The method used for the cash/cash adjusted conversion of social contributions consists of deducting the revenue of January of year (n) from the revenue of that year and adding the revenue of January of year (n+1). The source for this adjustment is the monthly budget execution of Social Security.*

*3. Please indicate which institution collects the information and which institution compiles the data for EDP tables and related questionnaires.*

*The Social Security Financial Management Institute (IGFSS) collects the information and sent it to Statistics Portugal who is responsible to compile the data for EDP tables and related questionnaires.*

*4. In case the coefficient is used, please specify who decides on the coefficient and on which basis.*

5. Please describe how you record the following: reimbursements and refunds, interest on late payments, fines and penalties for non-payment, amnesties.

*Reimbursements and refunds, interest on late payments, fines and penalties for non-payment are recorded as other current transfers (D75). In the case of amnesties the taxes collected are in general recorded in the respective transactions.*

6. Please mention the time when the final data for the year  $t$  should become available.

*The final data for the year  $t$  become available in June of  $t+1$ .*

## 6.2 EU flows

The issue of recording EU flows is important for national accounts, especially government accounts, because – due to the institutional arrangements – in general all amounts transit via government accounts. In order to avoid potential effects on the level of government deficits, countries have to eliminate these flows from public accounts. Eurostat, after the consultation with Member States, released a decision in February 2005. Chapter II. 6 of the ESA Manual on government deficit and debt details the rules concerning the recording of these flows.

### 6.2.1 General questions

1. Please describe which central agency is involved in/designated to receive payments from the EU for all flows in Structural funds, Agricultural funds, and Pre accession funds. Please provide names and sector classification in national accounts (In case S.13 please mention sub-sector).

Structural Funds – European Social Fund (ESF):

*The Institute for the Management of the European Social Fund - IGFSE ( Instituto de Gestão do Fundo Social Europeu - IGFSE) is the entity that has as its principal task, ensure the management, coordination and financial control of projects funded by the European Social Fund. Thus, this unit is the “Management Authority” whereas Instituto de Gestão Financeira da Segurança Social (IGFSS) is responsible for the payments.*

*IGFSE is classified in central government as Autonomous Services and Funds and IGFSS is integrated in the social security funds subsector.*

Structural Funds – Cohesion Fund and European Regional Development Fund (ERDF):

*The Instituto Financeiro para o Desenvolvimento Regional, IP (IFDR) is responsible for the financial coordination of these funds.*

*The structural funds are deposited in an account in the Portuguese Debt Agency (Instituto de Gestão do Crédito Público – IGCP) and are transferred directly to the promoters of the programs except for the lines of business support that are channelled to intermediate entities (Instituto de Apoio às Pequenas e Médias Empresas – IAPMEI, Instituto de Turismo de Portugal – ITP and Agência para o Investimento e Comércio Externo de Portugal – AICEP). All of the units are classified in central government as Autonomous Services and Funds except AICEP which is classified in the Non-Financial Corporations sector.*

Agricultural funds: European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), The European Fisheries fund (EEF):

*The Instituto de Financiamento da Agricultura e Pescas - IFAP is the entity responsible for: (i) ensuring the functioning of the systems of support and direct aid at a national and European level and application at national level, the common rules for direct support schemes under the common agricultural policy; (ii) ensuring compliance function of the agency from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD); (iii) ensuring compliance with the certification authority function under the European Fisheries Fund (EFF), as well as intermediate body within the meaning of Reg (EC) n. 1198/2006 of 27 July 2006;*

*IFAP is classified in central government as Autonomous Services and Funds.*

*2. What institution is the source of data for EU flows (the agencies mentioned under point 1 (balance sheets, profit and loss accounts, other?)/Ministry of Finance/within budget reporting).*

*INE has a protocol with the Comissão Técnica de Coordenação do Quadro de Referência Estratégico Nacional constituted by IFDR, IGFSE and Observatório do QREN whose mission is to contribute to the effective and efficient use of EU funds in Portugal in 2007-2013, through its strategic coordination and monitoring.*

*Under this protocol INE receives a list by final beneficiary (fiscal number and name) for Cohesion Fund and for the Structural Funds (ESF and ERDF).*

*For European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), The European Fisheries fund (EEF) INE receives from IFAP the complete set of agricultural aids, by beneficiary, originated from EU in the framework of Common Agriculture Policy.*

*3. Indicate if you are able to collect data on EU flows on central/state/local government level?*

*See previous answer.*

*4. Specify whether you have reliable data on date of expenditure (are you on a claim or time of expenditure basis?).*

*The date of expenditure is identified in the accounts of the units that manages de Funds. In some cases data on claims is used.*

*5. Specify if you have information on the final beneficiary (government, non-governmental unit).*

*See previous answers.*

*6. Specify whether you are able to distinguish these for national accounts purposes.*

*The data available allows distinguishing the final beneficiary.*

*7. Specify whether you are able to distinguish advances/reimbursements.*

*The data available allows distinguishing advances/reimbursements.*

*8. Are amounts from the EU entering the working balance? Please specify for central/state/local government level. Please provide information asked above for all funds: the European Agricultural Guarantee Fund (EAGF) and the European Agricultural*

Fund for Rural Development (EAFRD), The European Fisheries fund (EEF) the European Regional Development Fund (ERDF), the European Social Fund (ESF), Cohesion Fund).  
The only amounts recorded in the working balance are those related with ESF in table 2D.

9. Where is the accrual adjustment done in EDP tables 2 (receivables/payables, other adjustments)? Please provide above asked information for all funds.

The accrual adjustment done in EDP tables 2D is included in "other accounts receivable".

10. Are you able to quantify both receivable and payable data or do you simply carry out the neutralization on a cash flow basis (net receivables)?

Both receivable and payable are quantified and neutralized.

11. In case advances are received, are these recorded as an asset of government? Where is this money kept (Treasury account (separate, not separate), another account)?

Advances received related with EU flows are recorded as assets of government and the money is kept in Treasury accounts.

12. In case an advance is an asset of government, is there a matching payable recorded in EDP T3?

The recording of the adjustment for EU flows is net. Thus, the impact in EDP table 3 is also net, i.e., on other accounts receivable or other accounts payable, depending on the signal.

13. Could you please describe where you make the adjustments in EDP tables for the third resource?

The adjustment in EDP table 2A for the third resource is considered in "other adjustments".

Please provide further information on EU flows recording in public and national accounts, if relevant.

### 6.2.2 Cash and Schengen facility:

The time of recording of payments received by the beneficiary Member States through Schengen and Transitional Facilities would be accounted according to the Eurostat decision on EU flows, while the time of recording of Cash-flow Facility is when the transfers are to be made by the Commission. In practice, in this particular case, the amounts would be recorded as revenue in the years in which they were received by the beneficiary countries.

1. Specify if your country received cash through transitional or Schengen facility.

2. Please describe the recording of cash and Schengen facility in national accounts in and in EDP tables (time of recording, assets/liabilities, EDP table line if adjustment is necessary).

### 6.2.3 Jeremie/Jessica

The European Commission and the European Investment Bank Group and other International Financial Institutions on financial engineering in cohesion policy, the European Commission

drew up new initiatives for improving access to finance of European corporations. These initiatives require the involvement of EU governments (as in the case for other cohesion and structural policy instruments). EU Member States implement the JEREMIE and JESSICA initiatives by establishing a Holding Fund funded through their Structural Fund receipts from the European Commission and national contributions. The Holding Fund (HF) can be managed either by the EIF or by other financial institutions, according to the EU Structural Funds legislation applicable. In this context, the "Managing Authorities" can award management either directly to the EIF or any national institution which benefits from public procurement exemption under national law through a grant agreement, or indirectly by way of tender to a financial institution through a service contract. Holding Funds can be set up either as "ring-fenced blocks of finance" or as bank accounts managed by the Holding Fund manager on behalf of and in the name of the Managing Authority, or as an independent legal entity (Special Purpose Vehicle – SPV).

1. Indicate if you have the Jeremie/Jessica programmes implemented in your country.
2. In which sector is the Holding Fund classified?  
*The Jessica Holding Fund Portugal is classified in the Autonomous Services and Funds subsector.*
3. What is the proportion of the Holding Fund funding from government and Structural Funds?  
*The Holding Fund is endowed with 130 million euro (100 million from the European Regional Development Fund (ERDF) and 30 million from the Treasury.*
4. What is the nature of government transfer to the Holding Fund (loan, deposit, grant)?  
*The government transfer to the Holding Fund had the form of equity (capital injection).*
5. Who is the final beneficiary from national accounts point of view – government, non government unit (Holding Fund, other)?  
*The final beneficiary from national accounts point of view is the non government units.*

#### 6.2.4 Market Regulatory Agencies

Market regulatory agencies are bodies whose intervention activities are mostly characterised by buying and selling products, often on behalf of the EU, with an aim to stabilize prices and to maintain purchasing prices to farmers at a sufficiently high level: they offer buying agricultural products from domestic producers at a predetermined price (often higher than "market" prices) and reselling them usually at a lower price later on and occasionally arranging for giving them away free of charge. These agencies can be involved in storing agricultural inventories, or in arranging for storage, as well as in distributing subsidies.

The question is whether the principle of re-arranging EU transactions would also apply to the recording of changes in inventories (P.52) arising from the interventions of agricultural market regulatory agencies in the market. According to the guidance, in those circumstances where a market regulatory agency acting on behalf of the EU is classified inside general government, the creation of a unit in S.11 is recommended in order to capture the changes in agricultural inventories, and to avoid that such changes in inventories are recorded in national



government accounts (as changes in government inventories, with an impact on the government deficit/surplus) or in the rest of the world accounts (as exports and imports). The unit to be created to capture these changes in inventories is a quasi-corporation, rather than a notional unit, in order to ensure an equality of treatment with cases where market regulatory agencies are classified outside government. This is also appropriate because any temporary difference in value arising from changes in market value of these inventories not yet covered by subsidies is likely to be small and on average zero.

1. *Indicate if you have MRAs in your country.*

*In Portugal there are no MRAs.*

2. *Where are these classified?*

3. *In case these are classified in S.13, how do you record changes in inventory?*

4. *Specify whether units are created to capture changes in inventory.*

5. *Do those units have the form of a quasi-corporation or notional unit?*

6. *Where are these classified?*

## 6.3 Military expenditure

The ESA95 principle on accrual recording, when applied to military expenditure, is generally the time when the economic ownership of the good occurs, which is usually when delivered.

Chapter II.5 in Part II of the MGDD details the rules concerning the recording of military expenditure.

### 6.3.1 Types of contracts

*Please describe the following:*

*1. Data sources used for compilation of military equipment expenditure*

*The information concerning military equipment is sent by the Ministry of Defence. This information includes the type of equipment, its function, the dates of delivery, the amounts and the dates of the contracts (pre payments and post payments if any). The information of equipments imported is validated with the data of the international trade statistics.*

*2. Types of contracts used by military forces for the procurement of military equipment (if possible, please, give an indication on the frequency and on the average share in equipment expenditure)*

*1. Arrangements within the government sector (manufacturing by government units)*

*2. Sales agreed in advance with industrial suppliers, with or without government pre-financing*

*3. Long-term rental contracts (please describe the nature of the lessor - industrial supplier, special purpose entity, etc. - and the coverage of the contract as regards services provided during the contract)*

*4. Trade credits (payments after delivery)*

*5. Purchasing through an international special agency*

*6. Others*

*The nature of the contracts used by military forces is sales in advance with industrial suppliers, with or without government pre-financing and trade credits (payments after delivery. An operational leasing contract for the acquisition of helicopters is in force since the beginning of 2004. Most often, these military suppliers are foreign.*

*3. Please mention which institution (Ministry of Defence, Ministry of Finance, other) provides the data to INS for the recording of military equipment*

*The Ministry of Defence provides the data to INE.*

### 6.3.2 Borderline cases

*1. Please describe any borderline cases relating to classification of military goods or other equipment used by military forces.*

*There are no borderline cases.*

### **6.3.3 Recording in national accounts**

*1. Please describe the time of recording in national accounts and EDP tables for each of the above mentioned types of contracts: 1.1; 1.2; 1.3; 1.4; 1.5; 1.6.  
For all cases the time of recording is at the moment of delivery.*

## 6.4 Interest

This part aims at describing accrual adjustment for interest.

ESA 4.50 reads: "Interest is recorded on an accrual basis: that is, interest is recorded as accruing continuously over time to the creditor on the amount of principal outstanding. The interest accruing in each accounting period must be recorded whether or not it is actually paid or added to the principal outstanding. When it is not actually paid, the increase in the principal must also be recorded in the Financial Account as a further acquisition of that kind of financial asset by the creditor and an equal acquisition of a liability by the debtor. "

MGDD part II, chapter II.4 is dealing with some practical aspects of the recording of interest.

### 6.4.1 Interest expenditure

**Table x Availability and basis of data on interest**

Instrument	S.1311		S.1312		S.1313		S.1314	
	State	OCGB	Main unit	OSGB	Main unit	OLGB	Main unit	OSSB
Deposits (AF.2)	A	A	M	M	A	A	C	M
Securities other than shares (AF.3)	A	A	M	M	A	A	C	M
Loans (AF.4)	A	A	M		A	A	C	M
Other accounts receivable (AF.7)	A	A	M	M	A	A	C	M

Cash/accrual, M (not applicable) or L (not available)

Please complete the table above and provide a description.

1. What data sources are being used?

The interests for the State are accrued and calculated by the IGCP.

The methodology used by the IGCP for converting interest from cash to accrual basis is made loan-by-loan and security-by-security, at the individual level, and is entirely based on the rules of the ESA 95. Thus, for all kinds of loans, including related financial derivatives, the interest paid in year  $n$  is reduced by the interest paid in year  $n$ , but accrued in the previous year, and increased by that accruing in year  $n$  but payable in a subsequent year. In the particular case of financial derivatives, net payments resulting from the swap arrangements are recorded as interest expenditure (following Regulation (EC) 2558/2001). So the accrued interest adjustment made includes the net accrued interest resulting from both swap legs (paid and received).

Moreover, both discounts and premiums (capital gains or losses) in debt issuance are also recorded as interest expenditure on national accounts (see point 6.4.4.).

Finally, when a swap is cancelled the resulting holding gain/loss is also considered in national accounts accordingly with ESA95 and MGDD rules (for more details please see point 7.7.3.).

The interests for other subsectors are obtained from the accounts of the units.

2. Is data on interest cash, accrual or both?

Data on interest is both cash and accrual.

*3. Please indicate whether data on instrument by instrument basis available to the NSI.  
Data instrument by instrument is not available to the NSI.*

*4. Indicate if you have information on interest in State/Local government and social security funds subsector.*

*We have information on interest in State/Local government and social security funds subsector.*

*5. Please clarify, whether the principle of recording accrued interest under instrument is being followed for all instruments? If not, where interest is allocated (F.7 or other)?*

*The principle of recording accrued interest under instrument is being followed for all instruments.*

*6. As a general practice, are amounts for accrual adjustment on interest the same in EDP table 2A and 3B. If not, are you able to reconcile those?*

*Amounts for accrual adjustment on interest are the same in EDP table 2A and 3B.*

#### **6.4.2 Interest Revenue**

*Please describe:*

*1. Source data for interest accrued and received.*

*The interests for the State are accrued and calculated by the IGCP.*

*The interests for other subsectors are obtained from the accounts of the units.*

*2. Where are related accrual adjustments implemented in EDP tables?*

*The accrual adjustments implemented in EDP tables are related to the difference between cash data considered in the working balance and accrual data considered in national accounts.*

#### **6.4.3 Consolidation**

*Please describe:*

*1. How you implement consolidation on interest?*

*Consolidation on interest is implemented by using the information of the counterpart sector.*

*2. What source data is used for consolidation?*

*The usual source data allows identifying the counterpart sector. There is no specific source data for consolidation purpose.*

*3. Indicate whether consolidation is applied for all subsectors.*

*Consolidation is applied for all subsectors.*

*4. How does consolidation impact B.9?*

*Consolidation does not impact B.9.*

#### 6.4.4 Recording of discounts and premiums on government securities

1. Please specify whether flows associated to premium and discount enter the Working balance of EDP tables 2 and on what basis are those flows (cash/accrual/other).

*Discounts/premiums received or paid (capital gains or losses) in debt issuance are not accounted as interest on a cash basis. So premiums and discounts do not enter on the Working balance of EDP tables 2.*

2. In case the working balance includes premium/discount, where in EDP table 2 are these flows neutralised?

3. Do entities reported under "other government bodies" in EDP tables 2 issue debt above/below par?

*Not applicable.*

*If yes, where in EDP tables 2 is the accrual adjustment recorded?*

4. Specify whether premiums and discounts are spread over the life of an instrument.

*According to ESA 95, these flows received or paid in debt issuance should be considered as interest, so they are considered on the "Net borrowing (-)/lending(+)" (EDP B.9) line on table 2 through the item "Difference between interest paid (+) and accrued (EDP D.41)(-)". On an accrual basis, the discount/premium is allocated to interest over the residual maturity of the bond, using a linear process. In the event of early redemption of the debt instrument (before the contract date), if there are premiums/discounts to be accrued, the value for the period between the date on which it is repaid and the original maturity date (value still to be accrued) is not considered as interest (i.e. are deducted / added to the interest bill)*

5. How are premiums treated in national accounts (as revenue or as negative expenditure)?

*See previous question.*

6. Specify whether the repayment of discount is identifiable from the repayment of debt?

*No.*

## 6.5 Time of recording of other transactions

### 1. General questions

- do you record all transactions on accrual basis according to ESA95 rules? Indicate any deviations from ESA95 rules.
- do you use accrual data sources or do you use cash and make accrual adjustments?
- how do you ensure that accrual data coming from financial statements are in line with ESA95 rules (e.g. for GFCF, subsidies, investment grants and other transfers, dividends, etc)?
- indicate if accrual non-financial flows are consistent with F.7 recorded in financial accounts.
- indicate whether you check if all receivables, as booked in public accounts, are finally cashed (e.g. revenue from fees, penalties, etc)
- it was observed in some countries that payables (and so expenditure) have not been always booked in public accounts due to different reasons (exceeded limit of the budget, insufficient funds to pay subsidies, etc). Are you aware of such cases? How do you ensure that all payables are taken into account? Are public accounts audited in this respect?
- specify if you are aware of accumulated arrears / payables of government?

All transactions are recorded on accrual basis according to ESA95 rules. Data sources in cash basis are adjusted by deducting from the expenditure paid in year (n), the payments relative to previous years' commitments, and adding the expenditure of year (n) which will remain outstanding for the year (n+1). The basic data for these calculations come from a data collection process carried out by DGO to all General Government bodies, which enables identifying payables as well as arrears. The corporation's financial statements used for the compilation of national accounts follow the Accounting Standardisation System which is in line with ESA95 rules.

(See Part A).

2. In particular, please specify the time of recording of the following transactions in your national accounts by sub-sectors (separate description by sub-sectors is only needed when the recording differs among sub-sectors):

- subsidies payable
- current and capital transfers payable
- gross capital formation
- dividends (and interim dividends) receivable
- social benefits payable
- possibly other transactions non-financial transactions
- financial transactions (when cash is not paid at the time when the transaction in financial instrument took place, e.g. privatisation)

All the transactions are recorded according to ESA95 rules.

For each transaction

- Please detail, separately, the basic and supplementary (if relevant) data sources used.
- Specify any accrual adjustments you make to the basic data sources.

## **7. Specific government transactions**

Methodological rules applicable for recording of specific government transactions are set up in the Manual on Government Deficit and Debt (implementation of ESA95), 2010 edition<sup>6</sup>.

### **7.1 Guarantees, debt assumptions**

Generally, government guarantees are recorded off-balance sheet in government accounts (contingent liability), and neither government debt nor deficit is impacted. However, when a guarantee is activated (called), the payment made by government on behalf of the debtor is normally recorded as government expenditure. In case of repeated guarantee calls, the whole outstanding amount of the guaranteed debt should be assumed by government. The latter leads to a one-off increase of government debt as well as of deficit. The accounting rules are explained in the Chapter VII.4 on Government guarantees of the ESA95 Manual on government deficit and debt. This chapter describes also specific cases and related treatment in national accounts.

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<sup>6</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/publication?p\\_product\\_code=KS-RA-09-017](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-RA-09-017)



### 7.1.1 Guarantees on borrowing

#### 7.1.1.1 New guarantees provided

##### *Recording in public accounts*

1. Provide some background information and explain the mechanism related to guarantees; which units provide guarantees, who are beneficiaries, existence of guarantees on borrowing and on assets, etc.

*Guarantees are granted by the Central Government and by Regional Governments.*

*Central Government guarantees are granted to non financial corporations (mostly public corporations), financial corporations (mainly in the framework of the support to the financial system after the financial crisis of 2008), other government units and foreign governments.*

*Regional government's guarantees are granted to non financial corporations and non profit institutions.*

*These guarantees cover the borrowing of these institutions both through loans and securities.*

2. Are the related accounting records on government guarantees kept exclusively in government public accounts? Or are there any kept by a unit outside government?

*Government guarantees are recorded in government public accounts.*

3. Is the information on government guarantees made public? If yes, what details are published?

*The complete list of beneficiaries of government guarantees is published in the accounts of central government and of the regional governments. The details published in government accounts are: amounts outstanding of guaranteed borrowing, new guarantees granted, called guarantees, recovered credit from called guarantees and fees received by government.*

4. Specify a typology of guarantees: on assets (e.g. deposit, export insurance, housing loans, student loans, other) and on borrowing (public corporations, other), etc.?

*Guarantees on borrowing may be divided into guarantees to public corporations, financial corporations, foreign governments, other government units and other.*

5. How are granted guarantees recorded in public accounts?

*Guarantees are recorded as contingent liabilities in public accounts.*

6. Indicate any cases of debt assumption at inception.

7. Specify cases when since inception, government pays regularly interest.

### ***Recording in national accounts***

*1. What kind of data and details on guarantees provided by government are available for statisticians?*

*The details published on guarantees are available to statisticians on a quarterly basis and include: new guarantees granted stock of outstanding guarantees, called guarantees, recovered credit from called guarantees and fees received by government. Information is available with a breakdown by individual beneficiary.*

*2. How are guarantees provided by government treated in national accounts?*

*In general, government guarantees are recorded as contingent liabilities. When guarantees are granted to public corporations with a difficult financial situation (e.g. negative own funds), the stock of guaranteed debt is classified as government debt through a debt assumption, with an impact in deficit.*

*Additionally, when guarantees are called and the recovery of the amount paid by government is not expected, a capital transfer is recorded in national accounts by the amount of the call. The whole debt may be reclassified as government debt, if there is a pattern of regular calls.*

*3. Indicate any cases of debt assumption at inception in national accounts.*

*Some granted guarantees may be recorded, in national accounts, as government debt (through imputed debt assumption) in the moment of granting of this guarantee. This was the case of a new guarantee on the borrowing by SESARAM – Serviço de Saúde da Região Autónoma da Madeira in 2011.*

*4. Specify the recording in national accounts of cases when, since inception, it is foreseen that government will pay regularly interest.*

#### **7.1.1.2 Treatment of guarantees called**

### ***Recording in public accounts***

*1. How are guarantee calls recorded in public accounts? Mention and describe all possible cases:*

- expenditure?*
- claim?*
- nothing since early repayment is expected?*

*Guarantee calls are recorded as a claim.*

*2. If a claim is recorded, is recoverability regularly assessed in public accounts and reflected via provisions?*

*No provisions are recorded in public accounts.*

*3. If a claim was recorded, have there been any related debt cancellations recorded in public accounts? What are the rules in public accounts for recording of debt cancellation or write-off?*

*Debt cancellations may occur by decision of government.*

*4. Have there ever been recorded in public accounts an assumption of the outstanding amount of debt? When, why, whose debt?*

*Guaranteed debt may be assumed by the government units. In 2008, the debt of Casa do Douro, previously guaranteed by the State, was been assumed by government. This occurred through a contract between Casa do Douro and the lender, that transferred the debt to the State, after several calls by the bank.*

### ***Recording in national accounts***

*1. How is a guarantee call recorded in national accounts? Describe all possible cases and explain when and why a guarantee call is recorded as:*

- expenditure (partial call - cash payment)*
- claim against the guaranteed unit or against a third party*
- assumption of the whole outstanding debt*
- other (e.g. nothing is recorded, equity injection...)*

*Indicate also counterpart transactions.*

*When guarantees are called (both for repayment of principal and interest) and the recovery of the amount paid by government is not expected (for example, in the case of a loss making public corporation), a capital transfer is recorded in national accounts by the amount of the call. The whole debt may be reclassified as government debt, if there is a pattern of regular calls.*

*If a repayment of the called amount is expected, the call may be recorded as government lending to the beneficiary.*

*2. Who decides on the way of recording, on the basis of what information, decision, etc? Is this decision taken independently by statisticians? To what extent is it based on public accounts recordings, government decision, etc.?*

*The decision on the statistical treatment of these operations is taken independently by statisticians and based primarily on the accounts of the beneficiary entity, which allow for an assessment of its financial situation.*

*3. If a claim is recorded in national accounts,*

- indicate if recoverability is assessed by statisticians.*
- is the claim recorded at its nominal value or is an "effective" value estimated? If the latter, how is the estimation done?*
- indicate any related debt cancellations recorded in national accounts. When, who decided, why? Specify if it is always linked to recording in public accounts.*

*A call of a guarantee is recorded as a claim if statisticians assess that the amounts paid by government on behalf of the guaranteed entity are recoverable. The claim is recorded at nominal value. The way of recording called guarantees does not depend on the treatment adopted in public accounts but on the assessment performed by national accounts compilers.*

*4. How do you treat repeated guarantee calls?*

*[Answered in previous questions]*

*5. Have you recorded assumption of the outstanding amount of debt? When, who decided?*

*[Answered in previous questions]*

*6. Cases of regular call for payments of interest by GG on behalf of debtor – describe treatment in national accounts.*

*If government repayments of the debt occur in three consecutive years the debt is considered assumed in its entirety and a capital transfer is recorded at the time of the third annual payment.*

7.1.1.3                      *Treatment of repayments related to guarantees called*  
***Recording in public accounts***

*1. How are repayments by the original debtor/third party recorded in public accounts:*  
- revenue?  
- financial transaction?  
- it depends- explain further.  
- both – revenue and financial transaction? Explain further.  
- nothing? .  
*Repayments related to guarantees called are recorded, in public accounts, as a financial transaction (recovery of guaranteed credits).*

***Recording in national accounts***

*1. Explain in detail how repayments by the original debtor/third party are recorded in national accounts.*  
*When guarantees called are recorded as an expenditure, the corresponding repayments are recorded as revenue. When they are recorded as a claim, the repayments are recorded as a reduction of financial assets of government.*

7.1.1.4 *Treatment of write-offs by government in public accounts of government assets that arose from calls, if any*

*1. Provide some details and explain how they are recorded in national accounts.*  
*Write-offs are not recorded in public accounts revenue or expenditure. They are simply removed from the list of assets of government.*

7.1.1.5                      *Data sources*

*1. Specify whether individual data on stocks of guarantees and related flows (calls by year and by beneficiary) are available. If only aggregated or partial data are available, specify further.*  
*The details published on guarantees are available to statisticians on a quarterly basis and include: new guarantees granted, stock of outstanding guarantees, called guarantees, recovered credit from called guarantees and fees received by government. Information is available with a breakdown by individual entity.*  
*2. Do related flows enter the WB, or are these recorded in extra budgetary accounts (EBA)? If the latter, explain further.*

*Flows related with fees are recorded in the working balance. Guarantees called and recovered credit are recorded as financial expenditure and revenue, respectively.*

*3. Indicate if you have related information at state and local level.  
Information is available for regional governments.*

### **7.1.2 Guarantees on assets**

*Please complete the section on guarantees on assets via answering the questions from the section 7.1. on guarantees on borrowing.*

#### **7.1.2.1 New guarantees provided**

##### ***Recording in public accounts***

*1. Provide some background information and explain the mechanism related to guarantees; which units provide guarantees, who are beneficiaries, existence of guarantees on borrowing and on assets, etc.*

*Government insures export credit through a financial corporation (COSEC - Companhia de Seguro de Créditos, SA). The beneficiaries of these guarantees are Portuguese exporting firms. Additionally there are deposit insurance schemes (Fundo de Garantia de Depósitos e Fundo de Garantia do Crédito Agrícola Mútuo) and student loan guarantees.*

*2. Are the related accounting records on government guarantees kept exclusively in government public accounts? Or are there any kept by a unit outside government?  
Export credit guarantees are managed by a financial corporation and the accounting records of these operations kept in government accounts.*

*3. Is the information on government guarantees made public? If yes, what details are published?  
Aggregate information on the amounts guaranteed, fees collected and payments made by government is made public.*

*4. Specify a typology of guarantees: on assets (e.g. deposit, export insurance, housing loans, student loans, other) and on borrowing (public corporations, other), etc.?*

*5. How are granted guarantees recorded in public accounts?  
Guarantees are recorded as contingent liabilities in public accounts.*

*6. Indicate any cases of debt assumption at inception.  
There are no cases of debt assumption at inception.*

*7. Specify cases when since inception, government pays regularly interest. ~  
There are no known cases of interest payment since inception.*

***Recording in national accounts***

*1. What kind of data and details on guarantees provided by government are available for statisticians?*

*Information on the amounts outstanding, fees collected and payments made by government are available for statisticians.*

*2. How are guarantees provided by government treated in national accounts?*

*Government guarantees on assets are recorded as contingent liabilities. Payments made by government upon a call of guarantees are classified as capital transfers, with an impact in government deficit.*

*3. Indicate any cases of debt assumption at inception in national accounts.*

*There are no cases of debt assumption at inception.*

*5. Specify the recording in national accounts of cases when, since inception, it is foreseen that government will pay regularly interest.*

*There are no known cases of interest payment since inception.*

**7.1.2.2                      Treatment of guarantees called**

***Recording in public accounts***

*1. How are guarantee calls recorded in public accounts? Mention and describe all possible cases:*

- expenditure?*
- claim?*
- nothing since early repayment is expected?*

*Guarantee calls are recorded as a claim.*

*2. If a claim is recorded, is recoverability regularly assessed in public accounts and reflected via provisions?*

*No provisions are recorded in public accounts.*

*11. If a claim was recorded, have there been any related debt cancellations recorded in public accounts? What are the rules in public accounts for recording of debt cancellation or write-off?*

*Debt cancellations may occur by decision of government.*

*4. Have there ever been recorded in public accounts an assumption of the outstanding amount of debt? When, why, whose debt?*

*There are no known cases of assumption of the outstanding amount of debt guaranteed.*

***Recording in national accounts***

*1. How is a guarantee call recorded in national accounts? Describe all possible cases and explain when and why a guarantee call is recorded as:*

- expenditure (partial call - cash payment)*
- claim against the guaranteed unit or against a third party*
- assumption of the whole outstanding debt*
- other (e.g. nothing is recorded, equity injection...)*

*Indicate also counterpart transactions.*

*When guarantees are called (both for repayment of principal and interest), a capital transfer is recorded in national accounts by the amount of the call. These operations are treated using detailed information and there is a case by case analysis.*

*2. Who decides on the way of recording, on the basis of what information, decision, etc? Is this decision taken independently by statisticians? To what extent is it based on public accounts recordings, government decision, etc.?*

*The decision on the statistical treatment of these operations is made by statisticians.*

*3. If a claim is recorded in national accounts,*

- indicate if recoverability is assessed by statisticians.*
- is the claim recorded at its nominal value or is an "effective" value estimated? If the latter, how is the estimation done?*
- indicate any related debt cancellations recorded in national accounts. When, who decided, why? Specify if it is always linked to recording in public accounts.*

*The way of recording called guarantees does not depend on the treatment adopted in public accounts but on the assessment performed by national accounts compilers.*

*6. How do you treat repeated guarantee calls?*

*Repeated call (after the 3rd call) the whole outstanding amount of the guaranteed debt should be assumed by government and recorded as a capital transfer.*

*5. Have you recorded assumption of the outstanding amount of debt? When, who decided? – [not applicable]*

*6. Cases of regular call for payments of interest by GG on behalf of debtor – describe treatment in national accounts. – [not applicable]*

7.1.2.3 Treatment of repayments related to guarantees called

**Recording in public accounts**

1. How are repayments by the original debtor/third party recorded in public accounts:

- revenue?
- financial transaction?
- it depends- explain further.
- both – revenue and financial transaction? Explain further.
- nothing?

Repayments related to guarantees called are recorded, in public accounts, as a financial transaction (recovery of guaranteed credits).

**Recording in national accounts**

1. Explain in detail how repayments by the original debtor/third party are recorded in national accounts.

When guarantees called are recorded as expenditure, the corresponding repayments are recorded as revenue.

7.1.2.4 Treatment of write-offs

1. Provide some details and explain how they are recorded in national accounts.

In principle, write-offs are not recorded in national accounts revenue or expenditure. They are removed from the list of assets of government. However, each operation is analysed and, in case statistical authorities consider that a benefit is being given to the counterpart, a capital transfer is recorded.

7.1.2.5 Data sources

1. Specify whether individual data on stocks of guarantees and related flows (calls by year and by beneficiary) are available. If only aggregated or partial data are available, specify further.

Detailed information on the amounts guaranteed, fees collected and payments made by government is available for the compilation of national accounts, although only aggregated information is public.

2. Do related flows enter the WB, or are these recorded in extra budgetary accounts (EBA)? If the latter, explain further.

Flows related with fees are recorded in the working balance. Guarantees called and recovered credits are recorded as financial expenditure and revenue, respectively.

3. Indicate if you have related information at state and local level.

These transactions are not relevant for these subsectors. However, detailed information is available concerning regional government.



## Specific government transactions -

Capital injections in public corporations

### 7.2 Claims, debt cancellations and debt write-offs

Providing loan capital is generally a financial transaction not impacting the net borrowing/net lending (B.9). Government, as a lender, is expecting that the debtor will be in a position to repay the loans, according to a schedule agreed at inception. However, if the loan is non-recoverable, the recording of government expenditure might be considered. The related accounting rules are set up in ESA95 and further clarified in the Chapter III.2 on Capital injections and Chapter VII.2 on Debt assumption and cancellation of the ESA95 Manual on government deficit and debt.

#### 7.2.1 New lending

*1. Explain briefly what kind of loans are granted by government, who are beneficiaries, at what interest rates are loans granted, maturity, which government units can grant loans and which not, etc.*

*Loans are granted mainly to public corporations and foreign governments. Additionally other amounts are granted to private companies. The main entity granting loans is the Treasury. Fundo de Apoio ao Sistema de Pagamentos do Serviço Nacional de Saúde grants loans to public hospitals. Instituto de Apoio às Pequenas e Médias Empresas e à Inovação grants loans to private companies. Additionally, one government unit (Parvalorem) acquired loans from a bank.*

*2. Specify whether you have direct data on transactions on new lending and on the related repayments, or are net transactions derived from the stocks?*

*There is direct data on transactions on new lending and repayments of loans granted by the Treasury.*

*3. If data on transactions and also stocks are available, are these integrated data sources?*

*Data on transactions and stocks are consistent although not integrated.*

*4. What data (details) are available for statisticians?*

*Data on new lending, repayments, interest received, debt cancellation, by corporation, and aggregated stocks of outstanding debt.*

*5. Do you consider regularly recoverability of a loan when it is granted? If yes, how it is done, does it relate only to big amounts, or for all cases, or only for specific units? Explain further.*

*The recoverability of loans granted to public corporations is analysed when it is granted. The financial situation of the recipient company is assessed and if there is likelihood that the company will not repay the loan, the government payment is recorded as capital transfer with a negative impact on B9.*

*6. Have there been any cases of granted loans which were recorded as a transfer (expenditure) in national accounts instead of financial transaction? If yes,*

*a. who decided about the treatment?*

*b. why?*

*c. which units were involved?*

## Specific government transactions -

### Capital injections in public corporations

*Loans granted to public corporations in a difficult financial situation are classified as a capital transfer and not as a financial transaction. There have been cases when this occurred, namely loans to public hospitals. The decision was taken by compilers of national accounts.*

*7. Specify integrated data on stocks and transactions in F.4 available for all GG units, including state and local level.*

*In national accounts transactions and stocks in F.4 are available for the whole institutional sector of General Government and its subsectors.*

*8. Are there any cases when government claims are kept in books of public corporation (it means outside GG)? If yes, specify.*

*There are no cases of government claims kept in books of public corporation outside GG.*

*Please ensure that it is always clear when the description relates to public accounts and when to national accounts recording.*

### 7.2.2 Debt cancellations

*1. When, under which circumstance is a debt cancellation recorded in public accounts – legislation, official decision – at what level, decision of public accountant, provisions, ...? Debt cancellations are not recorded in public accounts. They are simply removed from the list of assets of government.*

*2. Specify the official rules for public bookkeeping on debt cancellation. When could a claim be cancelled? [Already answered in question 1]*

*3. How does it come to your knowledge that there was a debt cancellation?*

*Debt cancellations are reported to the statistical authorities by the Ministry of Finance.*

*4. What is the impulse for recording a debt cancellation in national accounts? Is it always based on government decisions and/or recording in public bookkeeping records?*

*Debt cancellations are always recorded in national accounts taking into account the analysis of the operation made by the statistical authorities.*

*5. Explain cases when a debt cancellation is recorded on the basis of a decision of statisticians. [Already answered in question 4]*

*6. Do you record debt cancellation also on F.7 other accounts receivable? Specify.*

*Debt cancellations are recorded as a negative transaction or a negative volume change in the financial instrument of the cancelled debt, including F7.*

*7. In case you use accrual data sources, specify if you could identify flows on debt cancellation. Indicate if the details are available.*

*8. How do you treat loans or F.7 other accounts receivable which are clearly non-recoverable, but there is no official decision on debt cancellation?*

*Debt cancellation is recorded only when there is an official decision to cancel a certain debt.*

## Specific government transactions -

### Capital injections in public corporations

9. For the latter case, do you record accrued interest revenue?

*Accrued interest is recorded for cancelled debt, until the moment of the cancellation. When the cancellation occurs, unpaid accrued interest is treated in the same way as the principal.*

10. In case you use accrual data sources, is accrued interest on bad loans an “other claims” (e.g. AF7) included in revenue and so in national accounts?

*Accrued interest on bad loans is included in revenue.*

11. Specify whether you have data on debt cancellations, stocks on bad loans and related accrued interest revenue available at all government levels.

*Data on debt cancellations is available for central and regional governments. Stocks of bad loans, meaning loans with provisions, are available for Parvalorem.*

12. Do you investigate significant differences between the change in stocks of claims and transactions in order to identify possible occurrence of a debt cancellation? How do you treat these differences? [Already answered in question 3]

13. What is the time of recording of debt cancellation in national accounts?

*Debt cancellations are recorded when the decision to remove the asset from the accounts of government is taken.*

14. Specify whether the amount of debt cancellation include also interest accrued.

*The amount of debt cancellations includes interest accrued and not yet received.*

15. In the specific case when foreign claims, governed by the Paris club agreements or by other agreements, are maintained in the books of public corporations instead of in those of the Treasury, have you recorded a capital transfer in the accounts of government at time of debt cancellation? Specify further. [not applicable]

16. How do you treat in national accounts provisions on claims from public bookkeeping records? [not applicable]

### 7.2.3 Repayments of claims

1. Recall briefly the recording of repayments of claims in ESA95 accounts - general case.

*Repayments of claims are recorded as financial transaction if the claim was not previously removed from the assets of government or as capital transfer received if the asset has been removed from the assets of government.*

2. How do you record receipts from repayments of claims which were previously cancelled? [not applicable]

3. How do you record repayments in kind, e.g. via delivery of goods and services or via transfer of assets? Do you record an expenditure?

## Specific government transactions -

### Capital injections in public corporations

4. *Where do the related data come from? What kind of data and details are available to statisticians?*

*Data on repayments of claims are available in the public accounts.*

### 7.2.4 Debt write-offs

1. *How are recorded in national accounts debt write-offs (loan or F.7) which are booked in public accounts? When, under which circumstance is a **write-off** recorded in public accounts? Specify under which conditions a claim could be **cancelled** (and not written-off) in public accounts. Specify the related official rules applied in the public accounts bookkeeping.*

*Debt write-offs are recorded as a decrease in assets with counterpart in other value changes.*

*Write-offs maybe recorded in public accounts when the counterpart ceases to exist.*

*Claims are cancelled (not written-off) when a decision of government is taken.*

2. *How does it come to your knowledge that there is a debt write-off?*

*Debt write-offs by the central government are reported by the Ministry of Finance to the statistical authorities.*

3. *Specify whether you have information available for all government units, also at state and local level.*

*Debt write-offs for the regional and local government subsector are available to the statistical authorities.*

12. *Have you recorded debt write-offs in national accounts (via other changes in volume account), which have not followed public accounts recordings?*

*Debt write-offs may be recorded in cases of debt cancellation benefiting companies that will be privatized in the short term. There have been no such cases in recent years.*

5. *If yes, explain further why, when, who decided, what units were involved, etc.*

### 7.2.5 Sale of claims

5. *Have there been any cases of sales of bad loans AF.4 (including foreign claims)?*

*If yes, provide details, focus on the valuation issue (nominal value versus the sale price), and specify the treatment in national accounts.*

*There were no sales of claims by government.*

2. *Have there been any cases of sales of well performing loans?*

*If yes, provide details, focus on the sale price versus nominal value, and specify the recording in national accounts.*

3. *Have there been any cases of sales of claims in AF.7 (including foreign claims)?*

*If yes, provide details and specify the recording in national accounts.*

4. *How does it come to your knowledge that there was a sale of a claim?*

5. *Specify whether you have information available for all government units, including at state and local level.*

## Specific government transactions -

### Capital injections in public corporations

#### 7.3 Capital injections in public corporations

Government capital injections are transactions which occur when governments provide assets (in cash or in kind) to public corporations (or assume liabilities), in their capacity of owner / shareholder, with an aim to capitalize or recapitalize them. The accounting rules are set out in ESA95 and clarified in the Chapter III.2 on Capital injections of the ESA95 Manual on government deficit and debt. This chapter devotes considerable space to set the operational rules for the recording of capital injections in national accounts either as transactions in equity (financial transaction = financing = “below-the-line”), or as capital transfers (non-financial transaction = expenditure = “above-the-line”).

It is recalled that the MGDD also indicates that payments by government to public units, structured in the legal form of a loan or a bond, might be considered in specific circumstances as capital injections, to be classified as either a capital transfer D.9 or as an acquisition of equity F.5.

*1. How does it come to your knowledge that there is a capital injection (either in cash or in kind)?*

*The information on capital injections is collected by DGO and Regional governments of Açores and Madeira and made available to statisticians.*

*For central and regional government INE receives information on the acquisition of equities and loans granted, by entity, recorded in public accounts.*

*For local government the information available does not yet identify the entity benefiting from the capital increase. This identification is done by information of the counterpart sectors.*

*2. Specify whether you have knowledge about capital injections in kind (both in non-financial or financial assets)?*

*Information on capital injections in kind is also made available.*

*3. How do you apply the capital injection test (both to the ones in kind or the ones in cash)?*

*a. who does it,*

*b. when,*

*c. from what data sources do you have data,*

*d. do you apply it for only big amounts or all cases?*

*The analysis and classification of capital injections bears in mind the guidelines of ESA 95 and those subsequently issued in the ESA95 Manual on Government Deficit and Debt.*

*Beneficiaries' accounts are analysed, in particular, to determine whether capital injections should be considered as financial or non-financial transactions.*

*Once capital injections have been analysed, the amount to be reclassified as non-financial transactions is added to expenditure and deducted from financial transactions (F4 or F5).*

*The capital injection test is made by INE, during the compilation of quarterly accounts. If there are additional doubts on the test, the statistical authorities ask for the business plans of the public corporation, in order to understand the foreseen results.*

*The analysis is made by entity which allows to decide the recording of capital injections in national accounts either as transactions in equity (financial transaction = financing = “below-*

## Specific government transactions -

Capital injections in public corporations

*the-line”), or as capital transfers (non-financial transaction = expenditure = “above-the-line”).*

4. How do you control capital injections at the local/state government level?

*In local government the capital injections made by regional governments are controlled by similar mechanisms. Regarding the capital injections made by local governments, detailed analysis is made when large amounts are involved.*

*As mentioned the capital injections at the local government level (municipalities) are identified by information of the counterpart sectors.*

5. How do you record capital injections into quasi-corporations?

*There are no capital injections into quasi-corporations.*

## 7.4 Dividends

It is recalled, that the ESA95 Manual on Government Deficit and Debt chapter III.5 indicates that large and exceptional payments out of reserves which significantly reduce the own funds of the corporation should be treated as superdividends, i.e. transaction in shares and other equity (a capital withdrawal).

Total distributions could therefore comprise one part recorded as property income, D.42, and another recorded as transactions in equity, F.5. The former data is reported to Eurostat in ESA95 table 2, but the latter is included within transactions in equity in financial accounts. Within the latter, for the benefit of analysis, one should also distinguish between amounts received from the National Central Bank, and amounts received from other public corporations.

1. What is the data source on dividends received by the government (central/state/local)?

*The amounts of dividends are compiled through data provided by DGO and BdP. Each operation is analysed and, in accordance with ESA95 and the Manual on Government Deficit and Debt, classified as non-financial expenditure (capital transfers), financial investment or other volume changes in the General Government accounts.*

2. When and how do you apply the superdividend test?

- a. who does it,
- b. when,
- c. from what data sources do you have data,
- d. do you apply it for only big amounts or all cases,
- e. What kind of profit do you use (e.g. Ordinary income, income before tax)?

*The superdividend test of dividends is performed by the statistical authorities when large distributions of dividends occur. The test consists in comparing the amount of dividends with the operational profit of the corporation, using business accounts.*

**Specific government transactions -** 1. *Indicate if there is a separate institutional unit/ extra-budgetary fund involved in privatization.*

*The State holding company Parpública - Participações Públicas, SGPS, S.A. is involved in the privatization of public corporations.*

2. *Please provide the name both in English and in your national language.*

3. *Where is this unit classified?*

*This unit is classified in the institutional sector of financial corporations.*

4. *Indicate if privatization income goes through the working balance.*

*Privatization income is not recorded in the working balance.*

5. *If yes, where do you make the neutralization on B.9 in EDP table 2A?*

6. *Specify whether you can separate privatization and sale of shares at state/local government level.*

*Sales of shares by local government can be split between privatization and other sales, since additional information on the new holder of shares is available.*

1. *Specify whether you record transactions in F.5 due to privatisation on an accrual basis (when the cash is paid in tranches).*

*Transactions in F.5 are recorded when the ownership of shares is transferred to the buyer.*

#### Public Private Partnerships

3. *Specify if government receive interim dividends.*

*Government may receive interim dividends.*

13. *How are interim dividends recorded?*

*Interim dividends are recorded as a non financial transaction up to the limit of the operational profit earned during the part of the year elapsed until the payment was decided. Dividends exceeding this amount are recorded as a financial transaction.*

14. *How do you test dividends on state/local government level?*

*Dividends are analysed for central and regional governments and, for noticeable amounts, for local government.*

## 7.5 Privatization

The proceeds collected by government when disposing of shares in public corporations are often called privatization proceeds. The counterpart entity (i.e. the acquirer of shares) is the private sector. Privatization can be indirect when the proceeds are forwarded to government after the sale of a subsidiary. The MGDD chapter V.2 indicates that such indirect privatization proceeds are not government revenue.

Chapter V.3.1 of the ESA95 Manual on government deficit and debt mentions that in some EU Member States, holding companies have been set- up by the government to restructure the public sector with the aim of making the enterprises more competitive and profitable and, in the long run, disengaging the government. Often their main activity is to organise the

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2. *Please provide the name both in English and in your national language.*

3. *Where is this unit classified?*

*This unit is classified in the institutional sector of financial corporations.*

4. *Indicate if privatization income goes through the working balance.*

*Privatization income is not recorded in the working balance.*

5. *If yes, where do you make the neutralization on B.9 in EDP table 2A?*

6. *Specify whether you can separate privatization and sale of shares at state/local government level.*

*Sales of shares by local government can be split between privatization and other sales, since additional information on the new holder of shares is available.*

1. *Specify whether you record transactions in F.5 due to privatisation on an accrual basis (when the cash is paid in tranches).*

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#### Public Private Partnerships

privatisation efficiently and transfer the proceeds of the sale of shares to other public corporations (owned by the holding company or not), through grants, loans or capital injections.

The main issue is: what is the relevant sector classification of this sort of unit managing privatisation and possibly making grants to other enterprises? Should this activity been considered as taking place on behalf of the government?

1. *Indicate if there is a separate institutional unit/ extra-budgetary fund involved in privatization.*

*The State holding company Parpública - Participações Públicas, SGPS, S.A. is involved in the privatization of public corporations.*

2. *Please provide the name both in English and in your national language.*

3. *Where is this unit classified?*

*This unit is classified in the institutional sector of financial corporations.*

4. *Indicate if privatization income goes through the working balance.*

*Privatization income is not recorded in the working balance.*

5. *If yes, where do you make the neutralization on B.9 in EDP table 2A?*

6. *Specify whether you can separate privatization and sale of shares at state/local government level.*



**Specific government transactions - 1.** *Indicate if there is a separate institutional unit/ extra-budgetary fund involved in privatization.*

*The State holding company Parpública - Participações Públicas, SGPS, S.A. is involved in the privatization of public corporations.*

*2. Please provide the name both in English and in your national language.*

*3. Where is this unit classified?*

*This unit is classified in the institutional sector of financial corporations.*

*4. Indicate if privatization income goes through the working balance.*

*Privatization income is not recorded in the working balance.*

*5. If yes, where do you make the neutralization on B.9 in EDP table 2A?*

*6. Specify whether you can separate privatization and sale of shares at state/local government level.*

*Sales of shares by local government can be split between privatization and other sales, since additional information on the new holder of shares is available.*

*1. Specify whether you record transactions in F.5 due to privatisation on an accrual basis (when the cash is paid in tranches).*

*Transactions in F.5 are recorded when the ownership of shares is transferred to the buyer.*

#### Public Private Partnerships

*Sales of shares by local government can be split between privatization and other sales, since additional information on the new holder of shares is available.*

*15. Specify whether you record transactions in F.5 due to privatisation on an accrual basis (when the cash is paid in tranches).*

*Transactions in F.5 are recorded when the ownership of shares is transferred to the buyer.*

## 7.6 Public Private Partnerships

The term “Public-Private Partnerships” (PPPs) is widely used for many different types of long-term contracts between government and corporations for the provision of public infrastructure. In these partnerships, government agrees to buy services from a non-government unit over a long period of time, resulting from the use of specific “dedicated assets”, such that the non-government unit builds a specifically designed asset to supply the service. ESA95 Manual on government deficit and debt Chapter VI.5 deals with this issue.

The key statistical issue is the classification of the assets involved in the PPP contract – either as government assets (thereby immediately influencing government deficit and debt) or as the partner’s assets (spreading the impact on government deficit over the duration of the contract). This is an issue similar to the one of distinguishing between operating leases and finance leases, which is explained in annex II of ESA95 (see also chapter VI.4).

As a result of the methodological approach followed, in national accounts the assets involved in a PPP can be considered as non-government assets only if there is strong evidence that the partner is bearing most of the risk attached to the asset of the specific partnership. In this context, it was agreed among European statistical experts that, for the interpretation of risk assessment, guidance should focus on three main categories of risk: “construction risk”

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*2. Please provide the name both in English and in your national language.*

*3. Where is this unit classified?*

*This unit is classified in the institutional sector of financial corporations.*

*4. Indicate if privatization income goes through the working balance.*

*Privatization income is not recorded in the working balance.*

*5. If yes, where do you make the neutralization on B.9 in EDP table 2A?*

*6. Specify whether you can separate privatization and sale of shares at state/local government level.*

*Sales of shares by local government can be split between privatization and other sales, since additional information on the new holder of shares is available.*

*1. Specify whether you record transactions in F.5 due to privatisation on an accrual basis (when the cash is paid in tranches).*

*Transactions in F.5 are recorded when the ownership of shares is transferred to the buyer.*

#### **Public Private Partnerships**

(covering events like late delivery, respect of specifications and additional costs), “availability risk” (covering volume and quality of output) and “demand risk” (covering variability of demand).

PPP assets are classified in the partner's balance sheet if both of the following conditions are met: the partner bears the construction risks and the partner bears at least one of either availability or demand risk, as designed in the contract.

If the conditions are not met, or *if government assumes the risks through another mechanism*, (e.g. guarantees, government financing) then the assets are to be recorded in the government's balance sheet. The treatment is in this case similar to the treatment of a financial lease in national accounts requiring the recording of government capital expenditure and borrowing. In borderline cases it is appropriate to consider other criteria, notably what happens to the asset at the end of the PPP contract.

*1. Indicate if PPPs common in your country.*

*2. How do you distinguish PPPs from concessions or operative lease?*

*In the case of PPPs government is paying to a private partner all or a majority of the fees under a contractual arrangement, thus covering most part of the total cost of the service and in a concession government makes no regular payments to the partner, or such payments do not constitute a majority of the fees received by the private partner.*

*3. Is there a specific unit established in your country to deal with PPPs?*

*The Unidade Técnica de Acompanhamento de Projetos (UTAP) is an entity with administrative autonomy under the Ministry of Finance, which assumes responsibility in*

**Specific government transactions - 1.** *Indicate if there is a separate institutional unit/ extra-budgetary fund involved in privatization.*

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*2. Please provide the name both in English and in your national language.*

*3. Where is this unit classified?*

*This unit is classified in the institutional sector of financial corporations.*

*4. Indicate if privatization income goes through the working balance.*

*Privatization income is not recorded in the working balance.*

*5. If yes, where do you make the neutralization on B.9 in EDP table 2A?*

*6. Specify whether you can separate privatization and sale of shares at state/local government level.*

*Sales of shares by local government can be split between privatization and other sales, since additional information on the new holder of shares is available.*

*1. Specify whether you record transactions in F.5 due to privatisation on an accrual basis (when the cash is paid in tranches).*

*Transactions in F.5 are recorded when the ownership of shares is transferred to the buyer.*

#### **Public Private Partnerships**

*monitoring global processes Public-Private Partnership (PPP) and provides specialized technical support, including economic, financial and legal support.*

*4. At what level you are aware of PPPs – central, state, local?*

*All PPPs contracts are analysed, but PPPs are usually contracted at a level of central government.*

*5. If there is no specific unit, how does the NSI get to know new PPP projects?*

*6. Who is assessing the risks associated and who bears the risks? (NSI, special unit)*

*7. Indicate if the NSI gets the contracts and assesses the risks or if is it another unit providing results to the NSI.*

*8. If the latter, which unit is this?*

*INE (General Government Statistics Unit - GGSU) receives the contracts and makes the risk assessment following national accounting rules.*

*9. Specify whether government provides guarantees for the private partner.*

*Government does not provide guarantees for the private partner.*

*10. What kind of other government financing is involved?*

**Specific government transactions - 1.** *Indicate if there is a separate institutional unit/ extra-budgetary fund involved in privatization.*

*The State holding company Parpública - Participações Públicas, SGPS, S.A. is involved in the privatization of public corporations.*

*2. Please provide the name both in English and in your national language.*

*3. Where is this unit classified?*

*This unit is classified in the institutional sector of financial corporations.*

*4. Indicate if privatization income goes through the working balance.*

*Privatization income is not recorded in the working balance.*

*5. If yes, where do you make the neutralization on B.9 in EDP table 2A?*

*6. Specify whether you can separate privatization and sale of shares at state/local government level.*

*Sales of shares by local government can be split between privatization and other sales, since additional information on the new holder of shares is available.*

*1. Specify whether you record transactions in F.5 due to privatisation on an accrual basis (when the cash is paid in tranches).*

*Transactions in F.5 are recorded when the ownership of shares is transferred to the buyer.*

#### **Public Private Partnerships**

*There is no government financing for the private partners.*

## **7.7 Financial derivatives**

This part describes the use of financial derivatives and the recording of derivative related flows in EDP tables and national accounts.

Regulation 2558/2001 added a new annex to ESA95 which specified that: "*For the purpose of the Member States' reports to the Commission under the excessive deficit procedure..., "Government deficit" is the balancing item "net borrowing/net lending" of General Government, including streams of interest payments resulting from swaps arrangements and forward rate agreements. This balancing item is codified as EDPB9. For this purpose, interest includes the abovementioned flows and is codified as EDPD41 of streams of interest payments.*"

*Eurostat guidance note on Financial Derivatives was published on 13 March 2008.*

### **7.7.1 Types of derivatives used**

*1 Please describe what kind of derivatives are being used by general government (e.g. FRAs, options, swaps (please list what kind of swaps)).*

*IGCP, the debt management agency, uses the following types of derivatives: Interest Rate Swaps (IRS), Currency Interest Rate Swaps (CIRS), Fx Swaps and Swaptions.*

*2 Please specify whether derivatives are used at the level of "other central government bodies", state/local government, social security funds.*

Some public corporations classified inside central government also use derivatives, mainly interest rate swaps.

#### 7.7.2 Data sources

*1. What data sources are being used? Indicate if the NSI receives cash or accrual data. Specify whether you record swap related flows (interest flows) on an accrual basis. Are derivative related flows in national accounts reported on asset, on liability side or both?*

*The data source is the IGCP. IGCP's information system automatically manages all the flow of liabilities of debt already contracted, whether capital or interest. It also provides the accrual values and allocates discounts/premiums to the corresponding periods. In the derivatives case all the flows are reported on the expenditure side (two legs netting flow is recorded as interest).*

*In the national accounts, derivatives are reported in both asset and liabilities.*

*2. What are the data sources for derivatives used in "other central government bodies", in state/local government, social security funds? Specify whether appropriate adjustments are implemented in EDP tables.*

*The accounts of other central government bodies are used for compiling national accounts information for derivatives. The appropriate adjustments are made, in particular, the ones regarding swap cancellation, for which the revenue/ expenditure is spread throughout the remaining of the term of the cancelled contracts. This information is also provided by IGCP which currently also manages swaps in public corporations.*

#### 7.7.3 Recording

*1. Have there been occurrences of swaps (IRS, currency, other) or FRA cancellations over the period 2000-till now. Please describe the recording practices.*

*Yes, there have been swap cancellations since 2000. IGCP treats these amounts according to the note "Eurostat Guidance on Accounting Rules for EDP", March 13, 2008. When a swap is cancelled there is an amount paid/received by the State and which is usually named as Lump Sum. The Lump Sum corresponds to the present value of expected (in future) stream of interest payments at the time of swap cancellation. This Lump Sum is split in two parts:*

- 1. accrued interest (two legs netting): formed between the last swap payment date and the cancellation date;*
- 2. holding gain/loss: corresponds to the Lump Sum excluded from the accrued interest formed between the last swap payment date and the cancellation date.*

*According to the methodology followed by IGCP and which takes into account the "Eurostat Guidance on accounting rules for EDP – Financial derivatives, 13 March 2008 and also the clarification given by Eurostat to INE in a letter from 11 August 2008, the recordings are made as follows:*

1. *accrued interest: enter EDP correction line at once and is recorded as D.41 at the time of the swap cancellation with impact on the EDP B.9.;*
2. *holding gain/loss: (measured on an accrual basis) is spread over the remaining theoretical life of the swap and so enter EDP correction since the swap cancellation date until it's original maturity.*

2 *Have there been occurrences of off-market swaps (IRS, currency, other) over the period 2000-till now. Please describe the recording practices.*

*There were no occurrences of off-market swaps.*

3. *Specify whether information on cash or on, accrual basis on streams of interest payments from swaps and FRAs is available. Do you apply the accrual recording?*

*Yes, IGCP reports interest payments from swaps both on a cash and on accrual basis. For accrual recording procedure please see point 7.7.2 and 7.7.3.*

4. *Indicate if you record swap and FRA interest related flows on a net basis. Are those net amounts reported under asset and liability side in national accounts?*

*Yes, in national accounts interest swap flows are recorded on a net basis and on the expenditure side. In financial accounts flow and stocks may be recorded both in the asset and liability sides.*

5. *Specify any threshold for swap operations which you apply (i.e. amounts below this threshold are considered negligible and thus rules on cancellations or off-market swaps are not applied).*

*There isn't any threshold for swap operations, so the rules aforementioned on swap cancellations are always applied regardless the amount involved.*

## 7.8 Payments for the use of roads

The main issue is whether payments for road, both in the case of tolls and vignettes, should be considered as sale of services or as a tax, when the infrastructures are owned by public units. The issue is important also because the classification of payments made for the usage of roads, either as sales or taxes, influences the assessment of the 50% criterion, which is fundamental for the purpose of assessing whether a given institutional unit (in some cases, a government-controlled entity receiving the payment of the toll or vignette) is a market or a non-market producer.

Payments for the use of roads will generally be classified as a sale of a service in the case of tolls. They will also be classified as a sale of a service in the case of vignettes whenever users have sufficient choice both in terms of selecting specific roads and of choosing a determined length of time for the vignette.

1. *Indicate if you have tolls or vignettes in your country (except for the vignette system for trucks).*

*In Portugal the payments for the use of roads has the form of tolls.*

2. *In case you have vignettes, is there a sufficient choice both in terms of selecting specific roads and of choosing a determined length of time?*

*There is no system of vignettes in Portugal.*

3. *How do you classify income from the vignettes (tax, revenue)?*

*4. Where is the institutional unit collecting toll/vignette revenues classified in national accounts?*

*The institutional unit collecting tolls is Estradas de Portugal and is classified in national accounts in the Autonomous Services and Funds subsector.*

## 7.9 Emission permits

There are two main trading systems, where European Union Member States can participate:

The Kyoto Protocol is a 1997 international treaty which came into force in 2005. In the treaty, most developed nations agreed to legally binding targets for their emissions of the six major greenhouse gases.[33] Emission quotas (known as "Assigned amounts", AAUs) were agreed by each participating 'Annex 1' country,

The European Union Emission Trading Scheme (or EU ETS) is the largest multi-national, greenhouse gas emissions trading scheme in the world. It is one of the EU's central policy instruments to meet their cap set in the Kyoto Protocol. The so-called EU emission Allowance (EUA) is traded.

*1. Are you aware of emission permits (either AAU or EUA) sold by your government? Please specify.*

*There were no sales of emission permits.*

*2. How do you record in national accounts and EDP tables these occurrences of sale of emissions?*

## 7.10 Sale and leaseback operations

Government sells an asset and immediately leases it back from the purchaser. The issue is whether the sale is to be considered as a "true sale" (transaction in GFCF improving B.9) or the transaction is to be treated differently and an asset should remain on government's balance sheet.

MGDD part VI, chapter VI.3 is dealing with sale and lease back operations

*1. Please provide a description, have there been occurrences of sale and lease back operations over the period 2000-till now?*

*In 2007 there was an operation of Sale and leaseback in the Regional Government of Madeira, where the type of assets were Real estate (buildings).*

*2. Specify the procedures in place for NSI to be informed on the new operations undertaken by government.*

*There is no specific information in place to be informed on the new operations undertaken by government. The procedures consist in analysing the conditions of the sales of assets performed by general government. The Court of Auditors reports are considered.*

*3. Indicate if information is available for Local/State government.  
The procedures are the same of those used for central government.*

*4. Specify if contracts for these operations are available to the NSI.  
The Ministry of Finance informs the NSI if new operations took place.*

## 7.11 Securitisation

Securitisation is when a government unit transfers the ownership rights over financial or nonfinancial assets, or the right to receive specific future cash flows, to a special-purpose vehicle (SPV) which in exchange pays the government unit by way of financing itself by issuing, on its own account, asset backed bonds.

The classification of the proceeds received by government as disposal of an asset may lead to an impact on the government deficit, when the asset is a nonfinancial asset or if it is determined that a revenue should accrue. All securitisation of fiscal claims should be treated as borrowing, as well as all securitisation with a deferred purchase price clause and all securitisation with a clause in the contract referring to the possibility of substitution of assets. Also if the government compensates the SPV ex-post, although this was not required according to the contract, the operation should be reclassified as government borrowing.

MGDD part V, chapter V.5 and the Eurostat decision of 25 June 2007, "Securitisation operations undertaken by general government" are dealing with securitisation operations.

*yes please identify what kinds of assets were securitized. How were these operations recorded?*

*There was an operation of securitization of tax credits in 2003. This operation was recorded as tax revenue, with an impact in net lending / net borrowing. This treatment was adopted when the operation took place, i.e., before the Eurostat decision of 25 June 2007.*

*2. Indicate if procedures are in place for NSI to be informed on the new operations undertaken by government.  
The Ministry of Finance informs the NSI if new operations took place.*

*3. Indicate if information is available at Local/State government level.  
No operations occurred at Local / State government level.*

*3. Specify if contracts for these operations are available to the NSI  
All necessary information is made available to the statistical authorities.*

## 7.12 UMTS licenses

The sale of UMTS licenses is to be recorded as the sale of a non-financial asset (the license) at the time the license is allocated. Thus, sale proceeds have a positive effect on B.9 in the



year when the license is allocated. The actual payment of cash payment does not influence the recording of this transaction.

In some special cases, the sale of UMTS could be seen as a rent for the use of a non-financial asset, recorded over the life time of the license. In this case, the impact on government B.9 is spread over the duration of the license.

MGDD part V, chapter V.2 and Eurostat decision of 14 July 2000 on the allocation of mobile phone licences (UMTS) are dealing with the sale of UMTS licenses.

*1. Has there been any sale of UMTS licenses over the period 2000-till now? If yes please explain how these operations were recorded.*

*In 2002 Portugal Telecom was granted a UMTS licence and in 2011 an auction was carried out which resulted in the sale of the UMTS licences regarding the 4th mobile generation.*

*Those operations were recorded as Acquisitions less disposals of intangible non-produced assets.*

### 7.13 Transactions with the Central Bank

The management of asset portfolios and interventions in foreign exchange markets for monetary policy purposes, may generate capital gains for central banks which are liable to be distributed to general government. The amounts involved may sometimes be very large. Capital gains are not income in national accounts and therefore payments to government financed out of capital gains cannot be recorded as property income but have to be recorded as financial transactions.

It also proposes to apply the rules on capital injections when government makes a payment to the Central Bank. Such payments by government may be made to cover losses made by the Central Bank. Capital losses may occur due to foreign exchange holding losses. Operational losses may occur due to the fact that interest and other operational income do not cover operational costs made by the central bank. Capital losses can not be recorded as equity injection, therefore capital gains and losses are somehow not treated symmetrically. This asymmetrical treatment is nevertheless justified for the purpose of appropriately measuring government deficit.

*1. Please describe transactions between general government and the Central Banks and their treatment in national accounts.*

*According to ESA95, dividends are property income which should be paid from the entrepreneurial income. In the case of Central Bank this means that capital gains and losses, which result from the change in value of the assets, should be excluded, for national accounts purposes, from the amount available to distribute as dividends.*

*Banco de Portugal is the Central Bank of Portugal and it is a public entity. Banco de Portugal distributes dividends to the State, the sole shareholder. The statistical authorities analyse the profit and loss account of Banco de Portugal to determine the nature of the dividends. When dividends are lower than the profits excluding capital gains and losses, the amount is treated as property income, with an impact in net borrowing / net lending of General Government. When dividends are higher than the profits excluding capital gains and losses, the amount in excess is treated as withdrawal of equity by government, with an impact only in the financial account.*

## 7.14 Lump sum pension payments

The related accounting rules are described in the Chapter III.6 on payments to government from transfer of pension obligations, in the ESA95 Manual on government deficit and debt.

*1. Have there been any occurrences of lump sum pension payments?*

*There have been occurrences of lump sum pension payments in 2003, 2004, 2010, 2011 and 2012.*

*2. If yes, provide details and specify how it was recorded in national accounts.*

*The pension funds occurred were transferred to the Civil Servant Pension Scheme (CGA) except the obligations with pension payments to current pensioners of the monetary financial institutions, in 2011, that were transferred to the General Social Security Regime (RGSS). In all cases, the amounts transferred to the Government matched the actuarial value of future liabilities to pay pensions involved in the transfer.*

*These operations were recorded in national accounts as a capital transfer (D.99) with a positive impact on the net borrowing / net lending (B.9).*

## 7.15 Pension schemes

*See the previous version of consolidated EDP inventory, section 7.3*

### Classification of pension schemes

*Categories of pension schemes:*

*A. Social Security schemes;*

*B. Private funded schemes administered by insurance companies or autonomous pension funds;*

*C. private funded schemes operated by employers, which maintain special reserves (segregated from other reserves)*

*D. private unfunded schemes operated by employers (without special reserves).*

*E. social assistance;*

*F. other insurance.*

### Classification of social insurance pension schemes

*Under social insurance pension schemes there are: trade unions of bank workers in include social protection on health side and it is financed by contributions paid by employers and employees (compulsory) and mutual benefit associations receiving contributions from the members' associates and paying social benefits such as pensions and health (most are voluntary).*

### Definition of social security schemes

Specific government transactions - Transactions with the Central Bank - Lump sum pension payments -

Pension schemes

*Social security includes the General Social Security Scheme, which includes private sector employees, civil servants and self-employed workers. It also includes Civil Servants' Pension Scheme (CGA)*

Classification of institutional units supporting pension schemes; borderline cases

*The following table shows the breakdown of categories of pension schemes (see above table for key to codes – by subsector) in Portugal:*

		Categories of pension schemes					
		A	B	C	D	E	F
Institutional sectors/subsectors	S.11	xx	Yes	Yes <sup>(2)</sup>	Yes	No	xx
	S.121	xx	Yes			No	xx
	S.122	xx	Yes	Yes	Yes	No	xx
	S.123	xx	Yes		(3)	No	xx
	S.124	xx	Yes		(3)	No	xx
	S.125	xx	Yes		(3)	No	Yes
	S.1311	No	xx	No	Yes	Yes	xx
	S.1312						
	S.1313	No	xx	No		Yes	xx
	S.1314	Yes		No		Yes	xx
	S.14	xx		No			xx
	S.15	xx		No		Yes	xx

Yes=> there are institutional units belonging to the sector/subsector which support (run) pension scheme of specified category;

No=> there is no institutional unit belonging to the sector/subsector which supports (runs) pension scheme of specified category;

XX=> the combination is impossible.

(2) Although they exist the non-financial accounts have not identified them yet

(3) not known