

## National accounts

### Current definitions

#### **Actual social security contributions by employees**

The payments made by employees and self-employed to social security institutions for their own benefit, in order to guarantee social security services. These payments include all obligatory and voluntary contributions (additional social security) for insurance against illness, maternity, invalidity, old age and survivors' pensions, unemployment, industrial accidents and diseases and for some family benefits.

#### **Actual social security contributions by employers**

The payments made by employers, for the benefit of their employees, to social security institutions. These payments include all obligatory, contractual and voluntary contributions for insurance against illness, maternity, invalidity, old age and survivors' pensions, unemployment, industrial accidents and diseases and for some family benefits.

#### **Basic price**

The price that a producer can get from the purchaser for a unit of a good or service produced as output minus any tax (i.e. taxes on products) payable on that unit as a consequence of its production or sale, plus any subsidy (i.e. subsidies on products) receivable on that unit as a consequence of its production or sale. It excludes any transport charges invoiced separately by the producer.

#### **Chained values**

These represent the volume measure of national accounts aggregates representing a series of economic data in real terms, net of price changes. For each aggregate and each year it calculates the ratio between the value in the prices of the previous year (for example, the estimates for 2009 are expressed at 2008 prices) and the aggregate value for the previous year. The volume indices with moving base year computed are then related to a fixed base year (currently 2010), thus obtaining chained volume indices. Chain-linked aggregates are obtained by multiplying chained volume indices by the current value in the base year.

#### **Changes in inventories**

Inventories consist of goods and services that came into existence in the current period or in an earlier period held for sale, use in production or other use at a later date. They consist of materials and supplies, work-in-progress, finished goods and goods for resale. Changes in inventories are measured by the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories.

#### **Compensation of employees**

The cost sustained by an employer to remunerate an employee in return for work done by the latter during an accounting period. Compensation of employees includes both wages and salaries and actual and/or imputed social security contributions.

#### **Consumption of fixed capital**

The loss of value at current replacement costs undergone by fixed assets (machinery, plants, transport vehicles, etc.) during the course of the year due to physical wear and tear, obsolescence (loss of economic value in capital assets due to technical progress incorporated in new assets) and insured accidental damage (fire, accident, shipwreck, etc.). The concept of economic consumption of fixed capital is different from that of fiscal or financial depreciation in a wider sense.

#### **Current balance (saving or deficit)**

When referring to public accounts, current balance is equal to the balance between current revenue and

current expenditure.

### **European System of Accounts (ESA)**

In 1970 the statistical office of the European Community (Eurostat) adopted a harmonised accounting system, based on the 1968 System of National Accounts of the United Nations (Sna68). The following reference system was Esa95, in line with Sna93, adopted in Member States' national accounts starting from 1999. The present reference system is Esa 2010, based on Sna 2008, adopted in Member States' national accounts starting from 2014.

### **Exports**

Transactions in goods and services from residents to non-residents. Exports of goods include all goods which economic ownership, on payment or free of charge, changes between residents and non-residents. These are valued at Fob value (Free on board), which corresponds to market price at the border of the exporting country, including: price ex-works, sales margins, international shipping costs and any customs due on exports. Exports of services include all services (transport, insurance, etc.) provided by residents to non-residents.

### **Factor cost**

When estimating the value of aggregates, factor cost excludes all taxes and includes contributions, for both products and production. In the case of value added and production, the value is calculated by subtracting other taxation on production net of subsidies from the figures at basic prices.

### **Final consumption**

The value of the goods and services used to directly meet human needs, either individual (final household consumption and individual consumption expenditure of General Government) or collective (collective consumption expenditure of General Government and final consumption of Non-profit institutions serving households). Consumption is divided into:

- internal final consumption by resident and non-resident units, which occurs in the economic area of the country;
- domestic final consumption by resident units, which occurs in the country's economic area and in the rest of the world.

### **Gross capital formation**

The value of tangible assets acquired by productive units that will produce income in a subsequent financial period. These include: fixed capital formation; changes in inventories; acquisitions less disposals of objects of value. Gross capital includes consumption of fixed capital, while net capital excludes it.

### **Gross domestic product at market prices (Gdp)**

The final result of productive activities of resident production units. This value corresponds to the total production of goods and services in the economy, less intermediate consumption, plus Vat and indirect taxes on imports. It also equals the sum of gross value added of the various industries, plus taxes on products (including Vat and taxes on imports) and less subsidies on products (which are not allocated to industries).

### **Gross fixed capital formation**

Formed by acquisitions (net of disposals) of fixed assets by resident producers, plus the additions to the value of non-produced tangible assets. Fixed capital consists of tangible and intangible assets (e.g. software) produced and destined for use in productive processes for a period of more than one year.

### **Gross national disposable income**

The aggregate that expresses the economic results achieved by the productive factors resident in the country. The value is equal to Gdp plus the balance of the national economy and the rest of the world, indirect taxation on production and imports, subsidies on production, income from employment, capital and business gains and current unilateral transfers. It represents the revenue that the country can use for final consumption and savings.

### **Gross operating results**

Represents (together with mixed income) the balance of generation of income account, or rather the part of produced value added destined to remunerate the productive factors other than employees used in the

production process. For consumer households, the operating result exclusively includes revenue from activities associated with production for personal consumption (imputed rent and ordinary maintenance for owner-occupied accommodation, the value of household staff and concierge services, agricultural products produced for own final consumption and the value of emergency maintenance realised on one's own).

### **Gross (or net) national income at market prices (Gni)**

Represents the total amount of primary income from resident institutional units: income from employment, taxation on production and imports net of subsidies, capital gains (less costs), operating result (gross or net) and mixed income (gross or net). The value is calculated by adding income from employment, capital and business gains received from the rest of the world to Gdp and subtracting the corresponding flows towards the rest of the world.

### **Gross salaries and wages**

Includes salaries, wages and accessory remuneration in money or in kind, before taxation and social security contributions, paid directly to employees on a regular basis, as set out in contracts, company agreements and current legislation.

### **Imports**

Transactions in goods and services from non-residents to residents. Imports of goods include all goods which economic ownership, on payment or free of charge, changes between non-residents and residents. These are valued at Fob value (Free on board) (see Exports). Imports of services include all services (transport, insurance, etc.) provided by non-resident to resident units.

### **Imputed social security contributions by employers**

The equivalent of social security services provided directly by employers to their employees, former employees or other entitled parties, without the intermediation of social security institutions. These include, for example, pensions provided to former civil servants, family benefits paid to civil servants, etc. Their value is estimated to be equal to the services provided net of actual social security contributions paid by employees.

### **Institutional sector**

A group of institutional units with a similar economic behaviour (financial and non-financial corporations, households, General Government, non-profit institutions serving households and the rest of the world).

### **Institutional unit**

A resident unit constitutes an institutional unit if it has decision-making autonomy in the exercise of its principal function and either keeps a complete set of accounts or it can, from both an economic and legal viewpoint, create a complete set of accounts if they are required.

### **Intermediate consumption**

The value of the goods and services consumed as input in a production process, excluding fixed assets whose consumption is recorded as consumption of fixed capital. Goods and services may be transformed or used up during the productive process.

### **Mixed income**

The balance of the account of the generation of primary income, in the case of individual family-run companies. Implicitly includes the remuneration of work performed by the owner and members of his family, which may not be distinguished from the profits made by the owner as entrepreneur.

### **Net lending/borrowing**

The balance of public sector economic accounts, both current and capital accounts, excluding financial transactions. The relationship between net lending/borrowing, calculated according to an accruals basis, and Gdp represents the reference parameter for the excessive deficit procedure (EDP) within the European Union.

### **Non-profit institutions serving households**

The non-profit institutions serving households (NPISHs) sector consists of non-profit institutions which are separate legal entities, which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as

consumers, from payments made by General Government and from property income. The NPISHs sector includes the following main kinds of NPISHs: trade unions, professional or learned societies, consumers' associations, political parties, churches or religious societies (including those financed but not controlled by governments), and social, cultural, recreational and sports clubs; charities, relief and aid organisations financed by voluntary transfers in cash or in kind from other institutional units.

### **Primary balance**

The balance of General Government non-financial account net of interest payments on consolidated government liabilities.

### **Production (of goods and services)**

Total output of economic activity performed during an accounting period. Standardised national accounting schemes establish a distinction between market production of goods and services, which is the object of exchange and therefore entails the formation of a market price, and non-market production which is not subject to exchange (own-account production, public services provided by General government and by Non-profit institutions serving households).

### **Social security contributions**

The actual social security contributions due from employers and employees, plus imputed social security contributions from employers.

### **Subsidies on products and production**

Current unrequited payments which General Government or the institutions of the European Union make to resident producers, with the aim of influencing prices and/or production and/or influencing the remuneration of the factors of production. Subsidies are divided into:

- subsidies on products: payable per unit of a good or service produced or imported; by convention, subsidies on products only apply to market output or to output for own final use;
- other subsidies on production: subsidies other than subsidies on products which resident producer units may receive as a consequence of engaging in production.

### **Taxation**

Obligatory unilateral payments, in money or in kind, imposed by public authorities or Eu institutions.

Taxation comes in two forms:

- direct taxation, deducted at source on income and gains;
- indirect taxation, applied to production and imports of goods and services, use of labour, property and use of land, buildings or other goods used in productive activities.

### **Value added**

The aggregate that shows the growth of the economic system in terms of new goods and services made available to the community for final use. It is the balance between the production value of goods and services created by individual productive branches and the value of the intermediate goods and services consumed by them (raw and auxiliary materials used and services provided by other productive units). It corresponds to the sum of revenue from productive factors and depreciation. It may be calculated at basic prices or factor costs.

### **Value added at basic prices**

The balance of production and intermediate consumption, in which production is valued at basic prices, i.e. net of taxation on products and before subsidies on products.