

**Inventory of the methods, procedures and sources  
used for the compilation of deficit and debt data and  
the underlying government sector accounts  
according to ESA 2010**

**Sweden**

**January 2024**

## 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. This version introduces references to the ESA 2010 and the updates mirroring the changes introduced by the ESA 2010. It also includes changes introduced by the MGDD 2022 version.

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

## **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 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 subsectors for Sweden.

The general government sector for Sweden is composed by three subsectors: S.1311 central government, S.1313 local government containing municipalities and regions and S.1314 social security funds. As well as additional other government bodies included in these three subsectors.

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

Central government comprises departments of government administration and other central government agencies, authorities, and institutions whose jurisdiction covers the entire economic territory, apart from the administration of the social security funds subsector. It also includes non-profit institutions and non-market public corporations that are controlled and mainly financed by the central government. Concerning education, the central government is responsible for the so-called special needs schools in Sweden; The Swedish Sami Schools; and major part of the universities. In addition, two universities with private principals are classified as central government units.

Central government public service undertakings are classified as market producers and are therefore included in the non-financial corporation sector. Medical care and hospitals are not included in central government. Instead included in the local government.

At the end of year 2022, there were about 240 units included in the central government subsector in national accounts out of which approximately 20 other central government bodies.

Further details relating to practical aspects of sector classification for individual units into general government sector can be found in Chapter 5, section 5.1.



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

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

The state government subsector is not applicable for Sweden.

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

The local government subsector comprises of primary municipalities, regions and municipal associations plus the Swedish Association of Local Authorities and Regions (SALAR). Included in the local government subsector are also non-profit institutions and corporations controlled and mainly financed by local authorities.

In Sweden, there are 290 municipalities, 180 municipal associations (including SALAR) and 20 regions.

Further details relating to practical aspects of sector classification for individual units into general government sector can be found in Chapter 5, section 5.1.

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

The social security funds subsector includes all public sector institutional units whose main activity consists of administering pension schemes and funded social insurance systems. The institutions included in the subsector are the Swedish National Pension funds. General pension funds, so called AP-funds. In total there are 5 entities at present. In addition, the Swedish Pensions Agency is included in the subsector. The Swedish Pensions Agency is the unit administering the funded social insurance systems. While the AP-funds are responsible of managing funded assets and creating a return of these funded means. However, a major part of the Premium Pension scheme is classified in the financial corporation sector accordance with a European Union decision. Though, the traditional insurance plan in the Premium Pension scheme is classified in the social security funds subsector. Only a few minor additional other social security funds bodies classified into this subsector exist.

Further details relating to practical aspects of sector classification for individual units into general government sector can be found in Chapter 5, section 5.1.

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

## 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 ESA 2010 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;
- publication of deficit and debt statistics.

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

In Sweden there is a law SFS 2001:99, amended SFS 2013:945 (in Swedish *Lag 2001:99 om den officiella statistiken*) relating to public statistics. This law specifies the liability to supply information for different units/operators. It also specifies what falls within this liability.

Complementary to the law relating to public statistics, there is an ordinance, also amended SFS 2013:945 (in Swedish *Förordning 2011:100 om den officiella statistiken*) relating to public statistics. This ordinance stipulates the authorities responsible for different types of public statistics.

For more information on accounting rules for subsectors, please, see section 2.2.1 below.

### 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 801 – Non-financial accounts by sector (quarterly)

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<sup>1</sup> <https://ec.europa.eu/eurostat/data/database>

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1581327918231&uri=CELEX:32013R0549>

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

Table 9 – Detailed Tax and Social Contribution Receipts by Type of Tax or Social Contribution and Receiving Sub-sector (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>.

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

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

<sup>3</sup> <https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables>

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	3E social security funds	X			
<b>EDP table 4</b>		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 comment*

*\* The Swedish National Financial Management Authority (in Swedish: Ekonomistyrningsverket)*

In Sweden, several government agencies and institutions are involved in working with EDP.

Institutions involved in the compilation of the EDP tables are:

- NSI: Statistics Sweden (in Swedish: *Statistiska centralbyrån (SCB)*)
- Swedish National Financial Management Authority (in Swedish: *Ekonomistyrningsverket (ESV)*)
- Ministry of Finance (in Swedish: *Finansdepartementet (MOF)*)
- Swedish National Debt Office (in Swedish: *Riksgälden (SNDO)*)

Please, see Table 1 above.

At SCB, two different units, one in Stockholm and one in Örebro, within the Balance of Payments, Financial Markets and National Accounts Department, are involved in the compilation of the EDP tables and GFS. In Stockholm, the Financial and Sector Accounts (FSR) unit is responsible for the financial accounts (for all institutional sectors) and the Maastricht debt, as well as EDP tables related to the financial accounts and Maastricht. The coordination responsibility for the EDP work in Sweden also lies within this unit. In Örebro, the Public Finance (OE) unit, are responsible for the non-financial accounts for general government, as well as EDP tables related to the non-financial accounts. Within this unit lies also the responsibility for coordinating and publishing data in relation to Council Directive 2011/85/EU. The two units both perform annual and quarterly calculations for general government.

The ESV is a central administrative agency under the Ministry of Finance. The agency develops efficient financial management for all central government agencies, and analyses and makes forecasts of central government finances. All central government authorities report, both annually and quarterly, profit and loss and balance sheet data to the ESV.

ESV produces both non-financial accounts data and financial accounts data and delivers the data to SCB, on a quarterly basis. The ESV approach for the non-financial and the financial accounts is the same, thus enabling a reconciliation by each individual central government body. The ESV process for the non-financial and the financial accounts is similar for the major part of the population. Every staff member involved in the calculations is responsible for one or more central government body/bodies and analyse reported figures both from an accounting point of view and also from a national accounts point of view. Any adjustment is traceable from national accounts value to individual

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authority transaction/account. However, for the most complex authorities, the process is different.

SCB has the coordinating responsibility for the work on EDP. With this, SCB is responsible for ensuring that a specific person is responsible for the ongoing EDP work, through an EDP coordinator. The coordinator is responsible for coordinating contacts between SCB and other agencies in relation to, and throughout the EDP Notification, as well as between the Notification periods. Coordination responsibility covers time schedules, meetings, reconciliation, publishing and reporting in connection with the EDP Notification. There are meetings between the staff involved in the EDP work (SCB, ESV, SNDO, MOF), at least before and after each notification period. SCB initiates these meetings and is responsible for the minutes of the meetings.

SCB, ESV, SNDO, and MOF each take responsibility for their respective parts of the report concerning content and also that delivery takes place in accordance with the specified time schedule. Specified in a Memorandum of understanding. The ESV, the SNDO and the MOF send their tables to SCB which then finalises them in accordance with the applicable reporting requirements. The ESV are responsible for EDP Table 2A, Questionnaire tables 2.1, 7 and parts of questionnaire tables 3, 4, 6 and 8. The SNDO are responsible for part of Questionnaire table 9 and the Supplementary table for the financial crisis. The MOF are responsible for the forecasts in EDP Table 1, 2A, 2C and 4.

The EDP coordinator at SCB is responsible for both ensuring the internal consistency of the EDP tables and that the tables are sent to Eurostat in accordance with the specified time schedule. SCB delivers the EDP tables to Eurostat through Edamis (as well as by email if requested). A formal letter signed by the head of the department responsible for EDP at SCB is attached. Final approval of EDP data is performed by SCB.

### **2.1.1 Existence of an EDP unit/department**

There is no separate EDP unit in Sweden. Several agencies and units are involved. Please see sections 2.1, 2.1.2 and 2.3.1.1 for a full description of the organisation of the EDP work in Sweden.

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

Please see also sections 2.1, 2.1.1 and 2.3.1.1.

As mentioned above, at SCB, two different units, one in Stockholm and one in Örebro, within the National Accounts Department, are involved in the compilation of the EDP tables and GFS. In Stockholm, the Financial and Sector Accounts (FSR) unit are responsible for the financial accounts (for all institutional sectors) and the Maastricht debt as well as EDP tables related to the financial accounts and Maastricht. In Örebro, the Public Finances (OE) unit, are responsible

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for the non-financial accounts for general government, as well as EDP tables related to the non-financial accounts. Within this unit lies also the responsibility for coordinating and publishing data in relation to Council Directive 2011/85/EU.

An organisation chart for SCB can be found here:  
[Statistics Sweden's organisation \(scb.se\)](#)

The number of staff working in GFS amounts to just over 8 full time equivalents. Delimitation of GFS vs non-GFS is not always completely straightforward.

The staff involved in GFS compilation are also involved in developing questionnaires, checks and analysis of data sources, as well as, providing data upon requests of other international and national organisations, e.g. IMF, OECD, the Riksbank (the Swedish Central Bank) etc.

## 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

In Sweden there are several laws and legal acts referring to general government budget, accounting and auditing.

For Central government, **The Swedish Budget Act** (*SFS 2011:203, Budgetlag, Chapter 10, amended 2014:866*) stipulates accounting and auditing for the central government including consolidated financial statements. There are also two ordinances stipulating budget and accounting, i.e. **Ordinance concerning the Annual Reports and Budget Documentation** (*SFS 2000:605, Förordning om årsredovisning och budgetunderlag, amended SFS 2014:1433*) and **The Bookkeeping Ordinance** (*SFS 2000:606, Förordning om myndigheters bokföring, amended SFS 2014:99*)

For Local Government, **The Swedish law on local government** (*SFS 1991:900, Kommunallag, Chapter 8, amended SFS 2014:573*) stipulates the budget. There is also the **Law on accounting in local government in Sweden** (*SFS 1997:614, Lag om kommunal redovisning, amended 2014:568*) stipulating local government accounting.

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For Social security funds there is the **Law on special treatments of the Premium pension in Sweden** (*SFS 1998:710, Lag med vissa bestämmelser om Pensionsmyndighetens premiepensionsverksamhet, amended SFS 2010:2061*), where rules for accounting are stated in 5§. Accounting for the General pension funds are stipulated in **The National Pension Insurance Funds (AP Funds) Act** (*SFS 200:192, Lag om allmänna pensionsfonder (AP-fonder), amended 2014:979*)

Public corporations are subject to the **Law on bookkeeping in Sweden** (*SFS 1999:1078, Bokföringslag, amended SFS 2014:1387*) and the **Law on annual accounts in Sweden** (*SFS 1995:1554, Årsredovisningslag, amended 2014:1386*).

In 2018, the Government submitted a Government Communication, “Fiscal Policy Framework” (Skr. 2017/18:207), to the Riksdag (the Swedish parliament). The Communication describes a code of conduct for fiscal policy. The purpose of the Communication is to enhance fiscal policy sustainability and transparency by institutionalising important principles used by the Government. The Communication serves to present and summarise the fiscal policy framework, the Communication can be found here: [The Swedish fiscal policy framework - Government.se](https://www.government.se/press/meddelanden/2018/06/the-swedish-fiscal-policy-framework-2018-06-14)

## 2.2.2 Auditing of public accounts

### 2.2.2.1 General government units

The audits of general government authorities are annual and take place in connection to the annual accounts.

#### The Swedish National Audit Office

The Swedish National Audit Office (the Swedish NAO) is an authority under the Riksdag (the Swedish parliament) and is tasked with auditing the activities run in the central government. The audit is carried out through financial and performance audits.

In a performance audit, the government authorities' efficiency is audited. The starting point is how well the subject of the audit is achieving its goals and the appropriateness of the organization, operations, process, or function for the purpose. The goal of the audit is to ensure that the state, with regards to the interests of the general public, is getting good results for its efforts. For example, a topic for scrutiny could be how road and rail investments are being planned and organized. A common factor for all performance audits is that they are based on problem indicators and risk and materiality evaluations. This means that the audit is directed at operations that risk not fulfilling its purpose. It can relate to that the operations of the authority are not cost effective, that they have an inefficient organisation or that they are not observing rules and ordinances.

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The financial audit involves the auditing of annual reports where the financial statements of the government authorities are audited and evaluated whether credible and correct. An assessment of the risk of material misstatements in an annual report lies at the heart of the financial audit. The risk determines the focus and scope of the audit. Within national audits, the concept of materiality refers not only to significant sums, but also to important issues of principle for governmental administration that should be highlighted in the annual financial report. From 2011 the Swedish NAO applies the international standards on auditing supplemented with the guidelines for public sector audit; International Standards of Supreme Audit Institutions (ISSAI). The scope of the financial audit is governed by Section 3 of the Act on the Audit of State Activities (SFS 2002:1022, including SFS 2023:115). This states that the Swedish NAO shall audit the annual reports of:

- the State
- the Government Offices and, with the exception of the National Swedish Pension Funds, the agencies under the Government
- the Riksdagsförvaltningen (the Swedish Parliamentary administration), the Parliamentary Ombudsmen, the Riksbank (the Swedish Central Bank), Stiftelsen Riksbankens Jubileumsfond (Bank of Sweden Tercentenary Foundation) and
- the Palace Administration and the Royal Djurgården Administration.

Under section 2, points 4 and 5 of the Act on the Audit of State Activities, the Swedish NAO may appoint auditors to limited companies and foundations if any of the following conditions are met:

- The activities that are conducted by the state are governed by law or other statute.
- The state is the owner.
- Contributions are made to the activities in the form of government appropriations.
- The state has a controlling interest in the activities through a contract or otherwise (the state owns at least 50 per cent of the company or in some other way has a controlling influence).
- A foundation has been formed by or jointly with the state or is administrated by a state agency.

Furthermore, the Swedish NAO audits the government's annual report for state operations, the State Annual Report. They also give a limited assurance on interim financial statements.

Every year, the Swedish NAO audits about 250 financial statements and these are completed in mid-March. The Swedish NAO also audits the Annual Report for Central Government, in late March and at the beginning of April. However, the formal report on the audit is made at the latest one month after the day The Annual Report for Central Government is presented to the Swedish Parliament, i.e. in mid-May. The audit may continue until then.

The audit reports are published at the homepage of the Swedish NAO (Riksrevisionen) <http://www.riksrevisionen.se/sv/GRANSKNINGAR/?at=Myndighet> (authorities) <http://www.riksrevisionen.se/sv/GRANSKNINGAR/?at=Bolag> (companies and foundations) <http://www.riksrevisionen.se/sv/GRANSKNINGAR/?at=Departement> (departments).

The main findings, risks etc. of the performance audit and the financial audit are documented



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in an annual report. The annual report is submitted to the parliament.

#### Internal control in government authorities

All agencies comply with Government agencies ordinance (SFS 2007:515, Myndighetsförordningen). According to paragraph 3, the management is responsible to the Government for running an efficient business in accordance with applicable law, is reported in a reliable and fair manner, and that the agency economizes well with state funds. In 2015, 66 agencies also complies with the ordinance of internal audit (SFS 2006:1228, amended SFS 2009:1321). According to the ordinance of internal audit (2006:1228), paragraph 4, shall the internal audit be based on an analysis of operational risks and independently review whether management's internal control is designed to allow, with a reasonable certainty, that the requirements stated in paragraph 3 in ordinance SFS 2007:515 are met. The Swedish National Financial Management Authority (ESV) are responsible for development, management and coordination of the government internal audit. ESV has a normative role by issuing/provisions of regulations.

#### The Swedish National Pension Funds

The Swedish National Pension Funds (AP-fund) are not audited by the Swedish NAO like the Swedish Pension Agency. The pension funds are instead audited by an auditor assigned by the Government Office of Sweden (Regeringen). The annual accounts for the pension funds are to be reported before mid-February. The auditors must deliver an audit report within two weeks after the reporting of the annual accounts. The committee deliver the annual accounts and the audit report to the Government Office of Sweden, which must make a decision before the 1<sup>st</sup> June, whether they approve the annual accounts or not. The AP-funds are publishing the annual reports and auditors comments on their homepage. The Government's annual evaluation of the AP funds is published on the government website [www.regeringen.se](http://www.regeringen.se), evaluation 22:130 [Redovisning av AP-fondernas verksamhet t.o.m. 2021 - Regeringen.se](http://www.regeringen.se)

#### Local government

In every local government authority, the municipal assembly commissions auditors to audit the annual accounts. There shall be auditors to inspect the activities conducted within the sphere of a committee and by an assembly drafting committee. The audit is stipulated in The Swedish Local Government Act (*in Swedish: Kommunallagen*) and follows The Generally Accepted Auditing Standards (*in Swedish: God revisionssed i kommunal verksamhet*) issued from the Swedish Association of Local Authorities and Regions (SALAR). SALAR also monitors national and international developments in the field of auditing and provides support and advices to local authorities.

The auditors review the effectiveness, accounting and internal control. The auditors comment the annual accounts in the audit report, delivered to the municipal assembly on a specific date entered by the municipal assembly. However, the municipal assembly must make a decision at the very latest on the last day of June, whether they approve the annual accounts or not.

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The annual report is to be kept available to the general public as from the announcement of the assembly meeting at which the annual report is to be approved. The place where the annual report is kept available should be indicated in the announcement. The local governments are usually publishing the auditors comment and the annual reports on their homepage. Below are links to the annual reports for the three major cities/municipalities.

Annual report, city of Stockholm:

<http://www.stockholm.se/OmStockholm/Budget/Arsredovisning/>

Annual report, city of Gothenburg : [Årsredovisningar - Göteborgs Stad \(goteborg.se\)](http://arsredovisningar.goteborg.se)

Annual report, city of Malmö: <http://redovisningar.malmo.se/arkiv/>

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

Accounts of all units, included in the public corporation sector according to ESA 2010 are audited annually. Public corporations are subject to the same laws that apply to private corporations. In addition, public corporations are subject to additional regulations. Public corporations are subject to the Law on bookkeeping in Sweden (SFS 1999:1078, Bokföringslag, amended SFS 2010:1514 and SFS 2011:1399) and the Law on annual accounts in Sweden (SFS 1995:1554, Årsredovisningslag, amended SFS 2009:573, SFS 2011:1554 and SFS 2014:1386). The annual statements are audited. In addition, corporations can be subject to interim revisions in case of suspected irregularities in its operations (by the Swedish Tax Authority and Swedish Financial Supervisory Authority).

In the general case, annual statements of accounts are due to the Swedish Companies Registration Office (Bolagsverket) final day of July year t+1 referring to year t. Depending on source and unit, the results are available to GFS compilers at different time periods.

Audit reports are available at the Swedish Companies Registration Office. These are not published but are available to order. All major corporations publish their annual statements at their own website. The financial audit involves the auditing of annual reports where the financial statements of the government authorities are audited and evaluated whether credible and correct. An assessment of the risk of material misstatements in an annual report lies at the heart of the financial audit. The risk determines the focus and scope of the audit. Within national audits, the concept of materiality refers not only to significant sums, but also to important issues of principle that should be highlighted in the annual financial report.

### **2.3. Communication**

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

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

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For a description on the co-operation between actors involved in the EDP, please see also sections 2.1, 2.1.1 and 2.1.2 above.

According to Government Decision 16 December 2010 (Fi2010/5690), authorities involved in the EDP reporting must set up a Memorandum of understanding that, in detail, regulates the responsibilities for the EDP reporting to the Commission (Eurostat) according to Council regulation (EC) No 479/2009, as amended.

The Memorandum of understanding is signed by the authorities directly involved in the EDP work in Sweden as well as some other external authorities participating in a steering group of EDP: the Director-General of Statistics Sweden (SCB), the Director-General of The Swedish Financial Supervisory Authority (Finansinspektionen, FI), the Director-General of The Legal, Financial and Administrative Services Agency (Kammarkollegiet), the Director of the Swedish National Debt Office (SNDO, Riksgälden), the director of Ministry of Finance, (Finansdepartementet, MOF) and the Director-General of the Swedish National Financial Management Authority (Ekonomistyrningsverket, ESV). Significant updates of the memorandum are to be decided by the Director-Generals. Minor updates of the Memorandum of understanding can be decided by the steering group for EDP, which consists of the Directors from each authority.

The most recent update of the memorandum is from 2021, when new tables were added. In the context of the introduction of new tables required for the data validation (such as COVID-19 expenditure tables and Recovery and Resilience tables), the memorandum was updated in order to include the institutional responsibilities for the new added tables. In addition, a minor clarification of the responsibilities was made after an organizational change at SCB.

The steering group for EDP was formed in 2010, at the initiative of the SCB, as part of SCB's coordination responsibility for the EDP reporting. The group meets about 1 time per year and its role is e.g. follow-up and work to ensure resources for necessary development work.

FI is formally responsible for all official statistics referring to the financial markets area, and therefore, for the financial accounts. The authority has commissioned SCB to produce the financial accounts. The authority has no active role in the EDP work. The role of the authority is to finance the financial accounts production. The Legal, Financial and Administrative Services Agency have no active role in the EDP work but data from the agency are an important source for the financial accounts.

During the last years, much development work has been carried out regarding improvements of data sources for the financial accounts, in particular regarding central government. For many years the ESV has supplied the OE unit at SCB with almost all data needed in order to produce non-financial accounts for central government. Development work for the ESV compilation of financial accounts data for central government has been in progress since 2011. The

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development work includes construction of a new/expanded IT system, changes in the reporting codes and instructions for all central government authorities, reconciliation of tax data between non-financial and financial accounts at the ESV, training and education referring to financial accounts and ESA, increased knowledge of the operations of the complex authorities and developing a work process enabling ESV to produce all necessary data for not only the non-financial accounts (as has been the case for many years) but also for the financial accounts.

ESV today produces both non-financial accounts data and financial accounts data for central government and delivers the data to SCB, on a quarterly basis. For transactions in deposits, repos, loans, shares and other accounts receivable/payable, the ESV now constitutes the source for the SCB financial accounts. This is a major improvement of the SCB financial accounts since this is direct information from the central government bodies, via ESV, and not counterpart information.

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

As a result of the complexity of national accounts, both for non-financial and financial accounts, neither a single nor a standardized data source is available. Data are collected from a large variety of sources. Some of them through large official transmissions from data suppliers, electronically, directly into databases at SCB. Others, also in a standardized way, by receiving data in Excel format by e-mail or by receiving single figures from the data supplier based on a mutual agreement by phone, publication etc. However, all major data sources are adapted for national accounts needs and the main part of all figures are collected and received by an electronic transmission.

There is no significant difference between collecting figures for compiling national accounts and for compiling EDP. But, additional figures requested in EDP, and not included in national accounts are more often collected directly from the data supplier via Excel-files. Compilers at SCB do not have access to databases at ESV, MoF or SNDO and therefore have to ask assistance to verify data if relevant. The working process of calculating and compiling national accounts and EDP is based on a standardized working process and a considerable cooperation and collaboration with data suppliers.

### **2.3.2 Publication of deficit and debt statistics**

#### **2.3.2.1**                      *Publication of EDP data.*

At national level, the EDP Notification tables, historical EDP Notification table and a press release are published by Statistics Sweden concurrently with the EDP reporting to Eurostat, i.e. at the latest by 31 March and 30 September.

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If there are any revisions during the Notification period, new EDP Notification tables are published at national level the same day as the EDP press release from Eurostat.

EDP related information, as well as EDP tables and press releases can be found at: <http://www.scb.se/nr0108-en>

### 2.3.2.2 *Publication of underlying government ESA 2010 accounts*

As requested in the ESA 2010 Transmission Programme, the following ESA 2010 tables are transmitted to Eurostat regarding underlying government ESA 2010 accounts. The published tables refer mainly to general government sector:

<b>ESA 2010 table</b>	<b>Deadline</b>	<b>Updated connection in with EDP reporting</b>	<b>Transmissions</b>
0200, Main aggregates general government, Annual	Year t-1, deadline 3 months and 9 months	Yes	First transmission by the end of February. Possible update by the end of March. Update by the end of May, August and possible update in the end of September and an update in late November, next February and March the following year with a final outcome in May year t+2.
0900, Detailed tax and social contribution receipts by type of tax or social contribution and receiving subsector for General Government, Annual	Year t-1, deadline 9 months	Yes	The same as table 0200
0999 (NTL), National tax list, Annual	Year t-1, deadline 9 months	Yes	The same as table 0200
1100, Expenditure of general government by function	Year t-1, deadline 12 months	Yes	A first transmission in late November referring to previous year. Then updates/revisions corresponding to transmissions of table 0200

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25*, Quarterly Non-Financial Accounts of General Government	Quarterly t-1, deadline 3 months	Yes	The same as table 0200
2700, Quarterly financial account of general government	Quarterly t-1, deadline 3 months	Yes	Transmitted end of March, end of June, end of June, end of September, end of December
2800, Quarterly government debt	Quarterly t-1, deadline 3 months	Yes	Transmitted end of March, end of June, end of June, end of September, end of December
2800, Annual	t-1	Yes	Transmitted in May

\*Table 25 is at present not part of ESA 2010 Transmission Program but is delivered to Eurostat based on a general agreement. Will change after ESA mid-term review 2024, and included in the Transmission Program. Also a seasonally adjusted version of table 25 is sent to Eurostat upon request on a regular basis.

The tables can be found on SCB's website. Tables 2700 and 2800 are currently not published.

### 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 ESA 2010 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(+)(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 (D.41) .

This section focuses on Maastricht debt only. A detailed description of 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*

The data sources for the Swedish Maastricht debt are the same as for the financial accounts (FA) for the different government subsectors (S.1311, S.1313 and S.1314). However, currently, SCB utilizes the “old” SNDO report for central government debt data for technical implementation reasons even if ESV is the responsible body for collecting all the debt data regarding the central government. The data used is the same data as collected by the ESV.

Statistics Sweden compiles the Maastricht debt (except for forecasts). A table is found below, for general government (S.13), presented by debt instrument, issuer, type of instrument and valuation. S.1314 is not allowed to issue debt. Maturities and interest rates for central government (S.1311) are found at the SNDO website<sup>5</sup>. Creditor information is available by using counterpart information in FA (FACPI).

Verification, calculation of components and final reconciliation for general government as well as for the subsectors (S.1311, S.1313 and S.1314) is the responsibility of the SCB.

Regarding the revision process for S.1313, the national accounts receive the annual accounts referring to t-1, in June year t. Thereafter the quarterly calculations are corrected with the new balance items. The debt level will be revised if the annual accounts indicate other debt levels than the quarterly data source.

For S.1311 and S.1314, data is usually finalized after the April Notification.

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<sup>4</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2014.069.01.0101.01.ENG](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.069.01.0101.01.ENG)

<sup>5</sup> <https://www.riksgalden.se/en/statistics/statistics-regarding-swedens-central-government-debt/>

There has been a change in the composition of SNDO debt instruments starting in year 2020. One instrument has been added and two types of instruments are no longer used. They are still listed in the table below marked in red. The instruments are:

Green bonds, first issue in year 2020, 9<sup>th</sup> of September

National debt savings, ceased in year 2020, 31<sup>st</sup> of December

Lottery bonds ceased in year 2021, 2<sup>nd</sup> of December

Maastricht debt instruments							
Debt	Issuer	Type of instrument	instrument	Valuation	Maturities and interest rates	Creditors	Comment
AF.2	S1311	National debt savings, inflationlinked and face		Face and inflation included	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	Ceased 2020
AF.2	S1311	Collateral, Credit Support Annex		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.2	S1311	Deposits from Premium pension scheme	S1295 & S1314	Deposits		<a href="#">FACPI</a>	
AF.2	S1311	Deposits from S11		Market value		<a href="#">FACPI</a>	
AF.31	S1311	T-bills		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.31	S1311	Commercial papers		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.32	S1311	Government bonds		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.32	S1311	Lottery bonds		Face value I	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	Ceased 2021
AF.32	S1311	Zero coupon bonds		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.32	S1311	Inflation-linked bonds		Face including inflation	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.32	S1311	Public bonds in foreign currencies		Face including exchange rate effect	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.32	S1311	Public bonds, foreign currencies smaller size		Face including exchange rate effect	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.32	S1311	Green bonds		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	New 2020
AF.32	S1311	Swaps between SEK and foreign currencies, revaluation debt		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.41	S1311	Repos, Government bonds		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.41	S1311	Repos, inflation-linked bonds		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.41	S1311	Repos, T-bills		Nominal	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.41	S1311	Bank loans, foreign currencies		Face including exchange rate effect	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.41	S1311	Bank loans, etc (overnight)		Face value	See <a href="#">SNDO</a>	<a href="#">FACPI</a>	
AF.42	S1311	Long term loan over one year		Book value		<a href="#">FACPI</a>	
AF.2	S1313	Not applicable					
AF.31	S1313	Local Government Certificates		Face value		<a href="#">FACPI</a>	
AF.32	S1313	Local Government Bonds		Face value		<a href="#">FACPI</a>	
AF.41	S1313	Short term loan less than one year		Book value		<a href="#">FACPI</a>	
AF.42	S1313	Long term loan over one year		Book value		<a href="#">FACPI</a>	
AF.2	S1314	Not applicable					
AF.31	S1314	Not applicable					
AF.32	S1314	Not applicable					
AF.41	S1314	Collateral with right of disposition		Book value		<a href="#">FACPI</a>	
AF.42	S1314	Long term loan over one year					



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

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

ESV is the responsible authority for collecting all debt data regarding the central government. SCB does utilize direct debt data from the SNDO due to technical implementation reasons, but this is the same data as collected by ESV.

The data from ESV is available about 60 days after end of quarter. For S.1311 all source data of Maastricht debt is finalized and included in April Notification. Usually there are no revisions in October unless errors are detected and corrected.

Please see the above table for instrument details.

**Local government subsector (S.1313):**

The Quarterly survey on financial assets and liabilities for municipalities and regions, provide a specification of the Maastricht debt, face value for AF.31 and AF.32 and book value for AF.41 and AF.42. AF.2 is not applicable for S.1313. The survey is a total survey for the fourth quarter of every year. These are preliminary figures used for the first Notification in April.

The Annual accounts for municipalities and regions, provides completely audited profit and loss and balance sheet data used for the second Notification in October, and for all years. All liabilities are valued at book value. Face value for AF.31 and AF.32 are only specified in the quarterly source, but amended if book value differs between sources. The annual and the quarterly source are always reconciled and the quarterly source is revised if not consistent with the annual accounts. The quarterly source provides more detail on an instrument level than the annual source. Usually liabilities in debt securities, AF.31 and AF.32, do not need to be revised when quarterly and annual sources are reconciled. But the liabilities in loans, AF.41 and AF.42, are often revised when the annual accounts are available, since the quarterly source is preliminary, and the books are not closed at this time.

Both surveys are carried out by SCB. For the annual accounts, data is available about T+8 months after end of year. Data from the quarterly survey on financial assets and liabilities for municipalities and regions is available 60 days after end of quarter and used for the April Notification. SCB is responsible for all estimations. The quarterly survey is used as an indicator for how much the debt has increased or decreased. Since the annual data is prepared when books are closed and audited, the total level of debt might be corrected in the October Notification.

For Other local government bodies (OLGB), multiple data sources are used: a Quarterly survey, Annual accounts (RS), and annual statements. The main source for the local government corporations is a quarterly survey containing the balance sheet information with additional counterpart information. Data is available approximately 60 days after end of quarter and is used for the April Notification. The main source, for the municipal associations, is the Annual accounts for municipal associations, which are compiled and produced annually by the Public Finance unit at SCB. The statement of accounts is completed approximately nine months after the end of the year. The annual accounts consist of: income statement, balance sheet, operating account and investment account. It is a total survey covering all municipal associations but on an aggregated level of detail as regards financial instruments. Therefore, annual accounts for the municipal associations with the largest debts have been analysed in order to identify

counterpart, assets and debt (AF.42) on a more detailed level, but the totals from the Annual accounts for municipal associations are kept. Data is available at T+9 months and is used for the October Notification. The impact on revisions compared to the April Notification is however small. The main source for the hospitals is the annual statements for each unit. No Maastricht debt has been identified for the hospitals.

The balance sheet data is the main source for the financial accounts.

The SCB is responsible for the data collection regarding local government.

**Social security funds subsector (S.1314):**

The main source for social security sector data is the Quarterly survey on social security funds conducted by SCB, collecting data from the National pension funds (the 5 AP-funds). Data is available about 60 days after end of quarter. S.1314 is not allowed to issue debt; for the AP-funds, only short term debt is reported, connected to collateral with right to disposition. Also the Swedish Pension Agency (PM) have repos, connected to the funds that are administered by the Legal, Financial and Administrative Services Agency (in Swedish: Kammarkollegiet), reported as liability AF.41. PM has small liability loans, with counterpart central government. These small, short and long term, debts are therefore consolidated and do not impact the Maastricht debt. For S.1314 all source data of Maastricht debt is finalized and included in the April Notification. Usually there are no revisions in October unless errors are detected and corrected.

The SCB is responsible for the data collection regarding social security funds subsector, debt and claims towards central government is collected from the data sources for S.1311.

Verification, calculation of components and final reconciliation for general government as well as for the subsectors (S.1311, S.1313 and S.1314) is the responsibility of the SCB.

Regarding the revision process for S.1313, the national accounts receive the annual accounts referring to year t-1, in June year t. Thereafter the quarterly calculations are corrected with the new balance items. The debt level will be revised if the annual accounts indicate other debt levels than the quarterly data source.

For S.1311 and S.1314, data is usually finalized after the April Notification, as described above.

### **3.1.1.3**                      *Amendments to basic data sources*

Book value is approximated to be the same amount as face value, since no information regarding face value is available in the accounts, for the following instruments and subsectors:

S.1311: AF.42, Long term loans, book value is used.

S.1313: For AF.41 and AF.42, Loans, book value is used. S.1314: For AF.41 and AF.42, book value is used.

The difference between the book value and face value are considered small.

S.1313: For AF.41 and AF.42, transactions are calculated as the change in the stock of the instrument. Market transactions include changes in interest payable, which is not included in transactions in the Maastricht debt instruments. Interest payable is only specified in the quarterly survey on local government.

S.1314: For AF.4 transactions are calculated as the change in the stock of the instrument.

S.1311: Other changes in volume is reported by ESV.

S.1313: Information regarding other changes in volume is available from the Quarterly survey on financial assets and liabilities for municipalities and regions.

No amendments of data by using counterpart information are made.

For S.1311, data is collected in a special report showing the link between the change in face value and the transaction at transaction value. The difference between these consists of premiums, discounts, profit/losses (realized holding gains/losses) interest payable etc. These items are specified in the report from the SNDO.

### **Methodological adjustments**

Savings on the tax account: In a yearly analyse of deposits in the tax account it is evaluated however there are excess payments, obviously larger than expected tax payments. These excess payments are treated as deposits, AF.29 affecting Maastricht debt. The savings on the tax account primary affects S.1311 debt, but a part is allocated to S.1313 and is consolidated within S.13.

Factoring: For S.1313 a 2.5 percent of trade credits payable are classified as AF.41 short term loans, due to factoring.

Pension premiums payable: In S.1313 pensions premiums for employees are paid to pension funds (S.129). Depending on the pension plan payments are made quarterly with a 6 month lag (new plan) or in the first quarter next year (old plan). These delayed payments are classified as AF.41.

### **3.1.1.4**                      *Consolidation of Maastricht debt*

Consolidation items within S.1311 is collected and reported by ESV.

S.1311, within central government holdings in AF.31 short term debt securities:

AF.31 bills issued by central government, held by *other central government units* (OCGB).

Holdings in other government subsectors:

AF.31 bills issued by local governments, held by OCGB. Valuation is at book value.

S.1311, within central government holdings in AF.32 long term debt securities:

AF.32 bonds issued by central government, held by units within central government. The units are: universities, government linked foundations, the Nuclear waste fund, Deposit insurance fund. Valuation is at face value. Other minor holdings within the central government subsector constitutes OCGB holdings in government bonds (book value).

S.1311, central government holdings in AF.41 short term loans:

Holdings in other government subsectors: Holdings in AF.41 are loans to S.1314, book value and reported by ESV.

S.1311, central government holdings in AF.42 long term loans:

Holdings in other government subsectors: Holdings in AF.42 are long-term loans to S.1314, book value and reported by ESV.

S.1313, within local government holdings in AF.31 short term debt securities:

Holdings in AF.31 issued by S.1313. Valuation is at book value and reported in the Quarterly survey on financial assets and liabilities for municipalities and regions. Holdings in other government subsectors: Holdings in AF.31 issued by S.1311. Valuation is at book value and reported in the Quarterly survey on financial assets and liabilities for municipalities and regions.

S.1313, within local government holdings in AF.32 long term debt securities:

Holdings in AF.32 issued by S.1313. Valuation is at bookvalue and reported in the Quarterly survey on financial assets and liabilities for municipalities and regions. Holdings in other government subsectors: Holdings in AF.32 issued by S.1311. Valuation is at book value and reported in the Quarterly survey on financial assets and liabilities for municipalities and regions.

S.1313, within local government holdings in AF.41 short term loans:

Holdings in AF.41 are short-term loans from municipalities and regions to local government owned companies and municipal associations, classified within S.1313. Valuation is at book value and the figures are obtained from the Quarterly survey for the companies and associations' annual reports. The sources do also contain information on the mentioned companies and the municipal associations (other local government bodies) short term loans to local government main bodies.

S.1313, within local government holdings in AF.42 long term loans:

Holdings in AF.42 are long-term loans from local governments to local governments owned companies and municipal associations, as well as loans from municipals to regions and vis versa. Holdings in other government subsectors: Local government holdings in AF.42 also constitutes of long-term loans to S.1311 (e.g. Swedish Transport Administration). Valuation is at book value and reported in the ESV compilation. This loan is also reported in the quarterly survey on financial assets and liabilities for municipalities and regions. The figures at book value from the two sources are compared and should be the same.

S.1314, social security funds holdings in AF.29 deposits, other:

Holdings in other government subsectors: These are deposits of the traditional insurance plan (the annuity policy) within the Premium Pension Scheme (into SNDO). Valuation is at book value and reported by ESV.

S.1314, social security funds holdings in AF.31 short term debt liabilities:

Holdings in other government subsectors: These are bills issued by S.1311 and S.1313. Valuation is at face value and reported by the AP-funds.

S.1314, social security funds holdings in AF.32 long term debt liabilities:

Holdings in other government subsectors: These are bonds issued by S.1311 (the large part) and S.1313 (the smaller part). Valuation is at face value and reported by the AP-funds and the Legal, Financial and Administrative Service Agency (Kammarkollegiet). Amendments are made for holdings in inflation linked bonds issued by S.1311 where the face value is adjusted for inflation.

All data is consolidated on an aggregated level. Inconsistencies are difficult to detect. No data from counterpart sector is used (other than S.13).

### **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 ESA 2010.

#### **2.2.1 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 ESA 2010 adjustments (e.g. accrual adjustments, recording of specific government transactions, etc.).

The starting point in EDP table 2A is the working balance of the central government (S.1311) budget. The budget is approved by the parliament, and consists of revenues and expenditures. All transactions affecting the balance are defined as either part of revenues or part of expenditures of the central government. The balance is the difference between total revenue and total expenditure. The total balance is cash based and calculated by the Swedish National Debt Office (SNDO).

The working balance is published on a monthly basis by the SNDO and is available t+6 days. The annual figures for the working balance can be revised before the annual report of SNDO is published on 22 of February every year. The annual report of SNDO is audited by the National Audit Office (the Swedish NAO) and the report of the audit is published no later than 22 of March.

<http://www.riksrevisionen.se/sv/vardeforrad/myndigheter/aktuella/Riksgaldskontoret/>  
<https://www.riksrevisionen.se/rapporter/revisionsberattelser/2022/riksgaldskontoret.html>

The working balance for the central government budget is calculated by SNDO as:

Primary balance (all central government current revenues and payments)  
+ Net lending (authorities and government-owned corporations borrowing at the SNDO)  
= Primary borrowing requirement  
+ Interest (interest payments on the central government debt)  
Net borrowing requirement=working balance

Regulations of the central government budget are stipulated in the Form of Government chapter 9, 1-10 §§. Additional regulations are specified in the Budget Act (SFS 2011:203, amended SFS 2014:866).

The central government budget is voted by the Riksdag (the Swedish parliament) in the end of December each year. The budget balance is part of the outcome of the central government budget, which is included in the Annual Report for the central government. The annual report for central government, as well as, the annual reports for each individual central government authority, is audited by the Swedish NAO.

For the major part, the audit of the Annual Report for the central government takes place in late March and in the beginning of April. But, the audit can continue until mid-May when the Annual audit Report for central government is presented to the parliament (the Riksdag).

The report of auditing is published on the website:  
[Riksrevisorns årliga rapport 2022 \(riksrevisionen.se\)](https://www.riksrevisionen.se/riksrevisorns-arliga-rapport-2022)

The Swedish NAO audits the Annual Report for central government by auditing the annual accounts of central government authorities. If the auditors would discover something erroneous it could theoretically affect net lending/net borrowing, B.9 and B.9f. For the most part, the audit of central government is carried out in late March and in the beginning of April and any error would be corrected in the annual report. If the corrections affect B.9 or B.9f, it is taken into account in the EDP April Notification. However, the formal report on the audit is made at the latest one month after the Annual Report for central government is presented to the parliament, i.e. in mid-May.

**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+months		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

All central government agencies report their outcome monthly and quarterly to the Swedish National Financial Management Authority (ESV). The reporting from the agencies is the base for both the national budget and national accounts. For compilation of national accounts, the outcome from statistical reporting codes (S-codes) are used. For taxes, additional information on e.g. income headings, is also used in the compilation (more information in section 6.1 Taxes and social contributions). For the compilation of the national budget agencies report figures in another structure also used by ESV. All units included in B.9 and B.9f referring to central government agencies are included in working balance. Furthermore, in B.9 and B.9f also additional units are included (other central government bodies). Supplementary information is also used which is mostly from annual reports from units not included in working balance.

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

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

The working balance is neither adapted to ESA 2010 nor accrual. Instead information provided by the about 220 central government agencies through the statistical reporting codes (S-codes) is used for providing information to the central government accounting system; part of the government's information system Hermes. The S-codes are constructed in order to include all necessary and relevant information for the national accounts for central government as well as being designed to correspond to the requirements in ESA 2010.

The authorities do not report individual transactions to central level (central government accounting system at ESV), but aggregated information for different types of expenditure and income as well as assets and liabilities.

The national accounts are produced by using accounting information from each central government authority, reported to ESV, based on reporting through S-codes. The information obtained through the S-codes also includes counterpart information, i.e. information regarding which institutional sectors are involved in each transaction. The S-codes also provide the distinction between financial and non-financial flows.

Data for central government authorities is collected either on a monthly or on a quarterly basis depending on the type of transaction. For 2 out of 21 small units that are defined as other government units, the information is collected annually from annual reports. The other 19 units use the reporting system Hermes, quarterly. However, their reporting is slightly delayed compared to central government authorities.

The working balance (WB) in EDP table 2A is strictly divided into income and expenditure. Sometimes there is differences in definitions between WB and requirements in ESA 2010. For example capital injections and super dividends, and how they correspond to the requirements in ESA 2010. It is not straight forward. But there are on-going analyses of the WB outcome to distinguish these flows in a better way and how they relate to the information received by S-codes. For example, concerning capital injections, the state pays out shareholder contributions from the budget. Depending on how it is carried in ESA 2010, it is decided whether it should be explained in Table 2A. If, according to ESA 2010, it is to be brought in as a shareholder contribution (financial), it will be an item in 2A. Had the judgment been that it should be recorded as a capital transfer (non-financial), there would have been no entry in Table 2A.

In the non-financial accounts the major part of transactions are recorded gross. However, by using available S-codes it is possible to identify flows which should be eliminated for the purpose of consolidation.

Transfers to and from other sectors as ROW, non-profit institutions serving households (NPISH), non-financial corporations etc. can be found directly in the data source. The coverage of transfers is good and this information provided by ESV concerning central government income and expenditure is also used for compilation of other parts of the national accounts. There are only a few numbers of occasions when counterpart information from other sectors is used. This is done only to distinguish a more detailed level of information in a particular field, i.e. the total amount on an aggregated level is set by the central government data source at ESV,



but the breakdown is based on information from, another, more detailed data source referring to that particular item.

ESV produce the basic elements for both non-financial accounts data and financial accounts data and delivers the data to SCB, on a quarterly basis. The ESV approach for the non-financial and the financial accounts is the same, thus enabling a reconciliation by each individual central government body. The ESV process for the non-financial and the financial accounts is similar for the major part of the population. Every staff member involved in the calculations is responsible for one or more central government body/bodies and analyse reported figures both from an accounting point of view and also from a national accounts point of view. Any adjustment is traceable from national accounts value to individual authority transaction/account. However, for the most complex authorities, the process is different.

Previously, SCB collected data and compiled the financial accounts. In year 2011 Sweden begun a work with developing consistent data collection and compilation of both non-financial accounts and financial accounts, which meant that the data collection was transferred to the ESV.

The development work included construction of a new/expanded IT system, changes in the reporting codes (S-codes) and instructions for all central government authorities, reconciliation of tax data between non-financial and financial accounts at the ESV, training and education referring to financial accounts and ESA.

ESV began compiling data for the financial accounts in year 2012 and for several years a double compilation was made by ESV and SCB. During this time ESV and SCB compared and amended results in an ongoing development work to satisfy ESA and EDP quality requirements.

A project in cooperation with the Swedish National Debt Office started in year 2016. The aim was to improve and raise the quality of the reporting to the ESV. That mean correct information regarding government debt management adapted to national accounts, that meets Eurostat's requirements. The project ended in year 2022 when the project goal had been achieved. The project goal was to minimize operational risks, manual handling and key person dependency, both at the National Debt Office and ESV. Today there is an automated transfer from the National Debt Office to ESV that goes directly into ESV's application for calculations of the financial accounts where the components of the government debt instruments are divided according to the requirements that Eurostat has.

The development work around the national accounts has now gone from development to ongoing. However, new things come in and need to be solved, such as measures for Covid-19, electricity subsidies, etc. between SCB and ESV, but also with the National Debt Office.

Final results for assets and liabilities, stocks and transactions, and therefore net lending/net borrowing, in the financial accounts remain the responsibility of the SCB. SCB is still, and will continue to be, as for the non-financial accounts, the responsible authority for the financial accounts and will perform final reconciliation (e.g. between non-financial and financial accounts as well as relating to the other institutional sectors and adjustments, if any).

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

The starting point in EDP table 2A is the working balance of the central government budget. The budget is approved by the parliament and consists of revenue and expenditure. All transactions affecting the balance are defined as either part of revenue or part of expenditure of the central government. The balance is the difference between total revenue and total expenditure. The total balance is cash based and calculated by the Swedish National Debt Office (SNDO) as part of their managing of the Swedish National Debt.

The Working balance is published on a monthly basis by the SNDO and is available t+6 days. The annual figures for the working balance can be revised before the annual report of SNDO is published on 22 of February every year. The annual report of SNDO is audited by the National Audit Office (the Swedish NAO) and the report of the audit is published no later than 22 of March. <https://www.riksrevisionen.se/rapporter/uppfoljning/arliga-rapporten/riksrevisorns-arliga-rapport-2022.html>

The working balance for central government budget is calculated by SNDO as:

Primary balance (all central government current revenues and payments)  
+ Net lending (authorities and government-owned corporations borrowing at the Debt Office)  
= Primary borrowing requirement  
+ Interest (interest payments on the central government debt)

[Net borrowing requirement=working balance](#)

Regulations of the central government budget are stipulated in the Form of Government chapter 9, 1-10 §§. Additional regulations are specified in the Budget Act (SFS 2011:203, amended SFS 2014:866).

The central government budget is voted by parliament in the end of December each year. The budget balance is part of the outcome of the central government budget, which is included in the annual report for CG. The annual report for central government, as well as, the annual reports for each individual central government authority, is audited by the National Audit Office.

For the major part, the audit of The Annual Report for Central Government takes place in late March and in the beginning of April. But, the audit can continue until mid-May when the Annual audit Report for central government is presented to the Swedish Parliament. The report of auditing is published on the website:

<https://www.riksrevisionen.se/rapporter/uppfoljning/arliga-rapporten/riksrevisorns-arliga-rapport-2022.html>

The Swedish National Audit Office audits the Annual Report for central government by auditing the annual accounts of central government authorities. If the auditors would discover something erroneous it could theoretically affect the B9 and B9f. For the most part, the audit of central government is carried out in late March and in the beginning of April and any error would be corrected in the Annual Report for the Central Government. If the correction should affect B9 or B9f it would be taken into account in EDP reporting in April. However, the formal report on the audit is made at the latest one month after the Annual Report for Central Government is presented to the Swedish Parliament, i.e. in mid-May.

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

The calculation and compilation of central government in national accounts are based on administrative records and directly reporting from all central government authorities. No statistical survey is used as a basic data source.

### 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 ESA 2010 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.

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

The calculation and compilation of central government in non-financial accounts are based on administrative records and directly reporting from all central government authorities.

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

The calculation and compilation of central government in financial accounts are based on administrative records and reporting directly from all central government authorities.

Amendment is made to basic data in the financial accounts for, central government (S.1311), in order to meet ESA 2010 and MGDD requirements. E.g. for the calculation of super dividends from central bank (S.121) to central government. Since Sweden compile full accounts (both non-financial and financial accounts) for the central bank, the “super-dividend test” is performed based on non-financial data registered in the account of the central bank (which in turn is reported by the Swedish central bank, Riksbanken). The transaction affects both B.9 and B.9f for central government. The “super-dividend test” is performed annually. Super-dividends regarding other central government owned corporations, see section 7.4.

Additional data is used when calculating the transactions in the pension liability of S.1311. The source for calculating the transactions in pension liability is the annual report of National Government Employee Pensions Board (SPV) where detailed information on the actuarial assumptions is given in the notes of the annual report. Information about employers’ contributions and pension benefits are provided by ESV. Calculations of D.614-contribution supplements, D.8-change in pension entitlements and the F.63 transaction are performed by ESV.

### 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 that 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.

The section on extra-budgetary accounts (EBA) is not relevant for Sweden. There are no EBA in central government budgetary accounts.

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

There are no EBA in central government budgetary accounts.

### *Financial flows recorded in EBA*

There are no EBA in central government budgetary accounts.

## **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).

Other central government bodies are either financed with at least 50 percent from central government funds or they operate as central government controlled and financed foundations, funds, or are non-market public corporations and/or mainly controlled by central government. At present, there are about 20 other central government bodies included in central government.

**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		7	8
		T + days	T+months			
				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
A	M	T+55	T+7	(4) Balance sheets		x
				<b>Financial Statements</b>		
A	A	T+150	T+7	(5) Profit and loss accounts		
A	A	T+150	T+7	(6) Balance sheets		
				(7) Cash flow statement		
				<b>Other Reporting</b>		
				(8) Statistical surveys		
				(9) Other:		

See notes to table 2, on the used abbreviations.

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

For 2 out of 21 small units that are defined as other central government units at present, the information is collected annually from annual reports which are accrual. The other 19 units use the reporting system Hermes, quarterly. However, their reporting is slightly delayed compared to central government authorities.

Information needed to consolidate, counterpart information is provided from the notes in the annual reports. But if this information is insufficient, additional information is collected from the units.

For the two remaining units annual reports are used. For quarterly figures in year T, the annual report for T-1 is used until the annual reports for year T in T+4 months are available (i.e. forecasts are made for the current year quarters until outcome is available). In the EDP table 2A, reported in April, no actual figures for year T are available. Therefore revisions occur between the April and the October notification. For the units that report via Hermes, forecast for quarter 4 are used as their reporting for quarter 4 comes in a little later for year T. In the October Notification, definitive outcomes for these authorities are available.

No such cases when financial transactions are used in non-financial accounts exist. Financial transactions are not used for non-financial B.9 compilation.

Data sources for B.9f and compilation of transactions in EDP table 3B are the same.

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

No statistical surveys are used. Annual reports are collected for each unit.

### 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 ESA 2010 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.

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

Supplementary data sources for non-financial accounts are not relevant.

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

Supplementary data sources for financial accounts are not relevant.

### **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*

All authorities of central government report their outcome monthly and quarterly to the Swedish National Financial Management Authority (ESV). The reporting from the authorities is the base for both the national budget and national accounts. For compilation of national accounts the outcome from statistical reporting codes (S-codes) are used. All units included in net lending/net borrowing (B.9) referring to central government authorities are included in the working balance. Furthermore, in B.9 also additional units are included referring to other central government bodies. Supplementary information is also used mostly annual reports from units not included in working balance.

Please see more information in section 3.2.1.

#### 3.2.3.2 *Legal basis of the working balance*

Please see a complete description in section 3.2.1 (data sources for main central government unit, the state).

The starting line in EDP table 2 is the working balance of the central government budget. Regulations of the central government budget are stipulated in the Form of Government chapter 9, 1-10 §§. Additional regulations are specified the Budget Act (SFS 2011:203, amended SFS 2014:866).

The central government budget is voted by the parliament (the Riksdag) in the end of December each year.

The budget balance is part of the outcome of the central government budget, which is included in the central government annual report. The annual report for central government, as well as the annual reports for each individual government authority, is audited by the National Audit Office (the Swedish NAO).

For the major part, the audit of the Annual Report for central government takes place in late March and in the beginning of April. But the audit can continue until mid-May when the Annual Audit Report for central government is presented to the parliament (the Riksdag).

The report of auditing is published in mid-May.

<https://www.riksrevisionen.se/rapporter/uppfoljning/arliga-rapporten/riksrevisorns-arliga-rapport-2022.html>

If the auditors would discover something erroneous it could theoretically affect net lending/net borrowing, B.9 and B.9f. For the most part, the audit of central government is carried out in late March and in the beginning of April and any error would be corrected in the annual report for the central government. If the correction should affect B.9 or B.9f it would be taken into account in the April Notification. However, the formal report on the audit is made at the latest one month after the Annual Report for central government is presented to the parliament (the Riksdag), i.e. in mid-May.

### 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 ESA 2010 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

All units included in the central government budget are also included in the central government as defined by ESA 2010 with the exception of three units. These three units are quasi-corporations and they belong to the non-financial sector. There are no other entities reporting in working balance not belonging to government.

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

Other central government bodies are either financed with at least 50 percent from central government funds or they operate as central government controlled and financed foundations, funds, or are non-market public corporations and/or mainly controlled by central government. At present, there are about 20 other central government bodies included in central government.

Payments from central government to other central government bodies are included in the working balance in EDP table 2A. In the line net lending/net borrowing, total income and expenses for each unit are included because they are classified within central government in national accounts. The recording is accrual based on the same principle as for main central government units.

Methodological imputations/reclassifications relating to these units are reflected in net lending/net borrowing.

#### 3.2.3.4 *Accounting basis of the working balance*

The accounting basis of working balance is pure cash.

To obtain the cash-based budget balance there are two cash correction items and a net lending item included in the budget. One is part of the tax revenue, which of course is the main part of the budget revenue. This item “differences in payments” adjusts the accrual tax revenue to net cash payments. The other cash correction item is placed among expenditure items, although it is used as an adjustment from total accrual or modified accrual revenue and expenditure to net cash balance. Then we have the “net lending” which is the net sum of loans, repayments and deposits. Total balance thus is cash based, calculated by the Swedish National Debt Office (SNDO) as part of the management of the Swedish National Debt.

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

The accounting basis for recording of interest expenditure and revenue in the working balance is cash.

Only the interest paid (cash) is registered in the working balance. The accrual figure is reported in net lending/net borrowing.

Data reported in the row “Difference between interest paid (+) and accrued (EDP D.41) are almost entirely related to interest payable. There are, however, negligible amounts of interest receivable in this row for all years. However, it is not (yet) possible to report an exact amount concerning the adjustment for interest receivable in a separate line in EDP table 2A. Development work referring to the reporting of interest from the SNDO is still in progress. This indicates e.g. that it is not possible to distinguish interest receivable from interest payable in EDP table 2A. The net flows in working balance are pure cash (i.e. realized interest) and the flows in net lending/net borrowing are correct.

In conclusion, it is not possible to report an accrual adjustment for interest receivable in a separate line in EDP table 2A. The amounts in line “Difference between interest paid (+) and accrued (EDP D.41)(-)”, are, however, very small.

Discounts and premiums are included in working balance, and the amounts are possible to identify. These are treated as financial transactions not to be included in net lending/net borrowing. However, in the line “Difference between interests paid and accrued” the total accrued interest regarding premiums and discounts are booked.

##### 3.2.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2



The taxes in working balance are pure cash and the taxes in net lending/net borrowing are accrual. In the lines “Timing of taxes” receivables and payables the adjustment for the difference between cash and accrual is made. The data source for working balance is accounting information from the Swedish Tax Agency. The data source for net lending/net borrowing is calculations made by the ESV. The same accrual adjustments are included in financial accounts in F.89 other accounts receivable/payable.

The grants to local government in working balance is pure cash but adjusted to ESA 2010 definition in net lending/net borrowing. The data source for the figures is the Tax Agency. The line “Military equipment expenditure” reported in questionnaire table 7.2 includes adjustment between cash and accrual for the “Military equipment expenditure” as reported in table 7.2. The source for the adjustment is accounting information from the military authorities.

In the line “EU-flows difference in timing” receivables and payables adjustments for the EU-flows are made. The expenditures to e.g. farmers affect the working balance when the farmers are paid. The income from EU might come another year. ESV makes an adjustment for these transactions while these transactions are never included in net lending/net borrowing. The source of the adjustment is the authorities accounting on the central government budget. The same accrual adjustments are included in financial accounts in F.89 other account receivable/payable.

In the line “Trade credits and advances” there are changes in Trade credit (F.81) such as prepaid rent, goods and services. The source for the adjustment is from the authorities accounting. Military equipment and investments are reported under a separate line but is part of F.81. The total accrual adjustments in F.81 are also included in financial accounts.

In the line “Business day/ settlement day the difference between when the business is registered and when the liquid funds are received. A financial transaction that exists on both the asset side and the liability side. Booked with reversed sign under other financial transactions

In the line “Taxes considered as savings in tax account”, under payables. Since there has been very low interest and even negative interest on deposit accounts in the banks, companies and households have chosen to deposit money in the tax account with the Swedish Tax Agency because it gives a higher return. Is transferred further to FL29 and is found under other financial transactions with reversed sign.

In the line “Electricity support” Which is government intervention to mitigate the effects of high energy prices, under payables.

In the Line “RRF account” expenditure financed by the Recovery and Resilience Facility (RRF) under receivables.

The explanations of the adjustments for accounts receivable also applies to payables and the adjustments are collected from the authorities accounting.

Please see section 3.2.3.8 Net lending/net borrowing of central government.

No adjustments refer to replacement of cash flow by accrual one because working balance is pure cash and net lending/net borrowing is accrual.

Regarding EDP table 3B, there are additional accrual adjustments referring e.g. to differences in timing payment day/business day for central government debt management.

#### 3.2.3.4.3 Other accrual adjustments in EDP T2

All accrual adjustments in EDP table 2A for central government are reported under receivable/payable F.8.

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

All non-financial transactions are included in both working balance and net lending/net borrowing and nothing is recorded under the line “Non-financial transactions not included in the working balance”.

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

The working balance is the result of the central government budget. Regulations of the central government budget are in the Form of Government chapter 9, 1-10§§. Additional regulations are in the Budget Act (SFS 2011:203, amended SFS 2014:866). According to the regulation some transactions in financial assets could be recorded in the working balance, i.e. lending, repayments, equity sales/buying, super dividends, capital injections.

Financial transactions in working balance are borrowing government debt (issue central government bonds and treasury bills).

There have not been any financial transactions above the line in public accounts.

All of these transactions are financial transactions that only affect working balance and not net lending/net borrowing, and which explains differences between working balance and net lending/net borrowing. The source is SNDO and other authorities own accounting reported to ESV.

#### Loans, granted (+)

Entities outside the central government borrow at the SNDO. Here it is a few central government owned corporations, public corporations, the central bank and some other countries that have received emergency loans (Iceland and Ireland).

#### Loans, repayments (-)

Repayment from central government owned corporations, public corporations, the central bank and some repayments from other countries (Iceland and Ireland).

#### Equities, acquisition (+)

Central government purchase of shares in companies/banks and capital contributions to central government owned companies.

#### Equities, sales (-)

The central government sales of shares in central government owned companies.

Other financial transactions (+/-)

Some of the central government owned corporations' dividends are classified as extra ordinary (super) dividends and are recorded at this line. There is also the Nuclear Waste Fund change in investments in central government bonds. The Nuclear Waste Fund takes in fees from the Swedish nuclear power plants to invest in central government securities to build up a fund that will later finance the management of radioactive waste. Net settlements under swap contracts and financial transactions regarding premiums and discounts (liability side) are also specified in this line. Also some differences in timing.

The deposit insurance scheme is financed by contributions from the member banks and institutions, which are investing in a fund. The deposit insurance scheme is financed by contributions from the member banks and institutions, which are investing in a fund. The fund has an account with the National Debt Office and the change in the account affects working balance but not net lending/net borrowing.

Svenska Kraftnät, the Swedish power grid (deposit in National Debt Office). It is a Quasi corporation company, Svenska Kraftnät, which has a deposit account with the National Debt Office. The latest increased in their deposit is due to increased capacity charges.

Taxes considered as savings in tax account. Transferred from F.89 to F.29 in FA (increases debt)

Taxes considered as savings in tax account. Transferred from F.89 to F.29 in FA (increases debt).

### 3.2.3.7 *Other adjustments reported in EDP T2*

The item "Pension system" corresponds to transactions relating to the premium pension system. The SNDO administrates some of the pension money referring to the premium pension scheme until it will be positioned in shares by the earners. This amount does not affect net lending/net borrowing in central government. But the working balance is affected with the difference between new premium pension deposits and the deposits from the year before. This premium pension is placed in shares. The premium pension amount is, on average, handled by the SNDO for 18 months. The correction of the line pension system can either be positive or negative depending on if the new premium pension deposit is more or less compared to previous year.

The item "Exchange profit/loss in bonds and equity" corresponds to transactions relating to exchange profit/loss in bonds and equity while handling the national debt. The transactions are reported by the SNDO and are only affecting the working balance. However, these transactions do not affect net lending/net borrowing and therefore correction for this is needed. The sign for adjustment can be positive or negative depending on if it is net profit or net loss in the working balance. The adjustment is on cash basis.

The item "Current exchange profit/loss" corresponds to transactions relating to current exchange profit/loss while handling the national debt. The transactions are reported by the SNDO and are only affecting the working balance. However, these transactions do not affect

net lending/net borrowing so correction for this is needed. The sign for adjustment can be positive or negative depending on if it is net profit or net loss in the working balance. The adjustment is on cash basis.

The item "Debt cancellations CSN" corresponds to transactions relating to student loans. When a former student dies before he/she has repaid the loan or if he/she become 65 years old the loan is handled as a debt cancellation. The debt related to student loans is not reflected in the working balance. There is no cash transaction. The debt cancellation is reflected in net lending/net borrowing and is recorded as capital transfer expenditure.

The item "Changes in pension liability (occupational)" corresponds to transaction for adjustment for the change in pension entitlements (D.8) in the non-financial accounts. Compared to working balance, this item could be divided in two parts. First, the difference between social contribution (D.611) and social benefits (D.62) is recorded in the working balance, but not in net lending/net borrowing since D.8 is balancing revenues and expenditure regarding pensions. Second, the social contribution supplements (D.614 and D.442) are not recorded in the working balance but in net lending/net borrowing. The difference between social contributions and social benefits, together with the social contribution supplements, is equal to the transaction D.8. For more information about the compilation of D.8 please see more under heading 3.2.4.1. Since D.8 is a balancing item, it could be both positive and negative.

The item "Occupational pensions, lump sum payments" corresponds to lump sum payments of pension entitlements. Lump sum payments are reflected in the working balance but are not recorded in net lending/net borrowing since it is a financial transaction. Lump sum payments are recorded as a transaction in F.63 in financial accounts.

The item "Other adjustments" corresponds to several small other transactions that can be specified but are too small for specification in own lines in EDP table 2A. It can be transactions included in working balance but not in net lending/net borrowing but also the opposite.

The item "Discrepancy" corresponds to the discrepancy between working balance and net lending/net borrowing in national accounts. ESV tries to minimize the unexplained difference between the two. One hypothesis is that the difference is mainly due to timing differences.

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

In Sweden, the government budget balance is measured cash, by the Swedish National Debt Office (SNDO). The SNDO is responsible for all central government payments made by the about 220 central government main units. Therefore, information is available regarding day-by-day payments for each central government authority, as any bank would have, but the SNDO has no information regarding the purpose of neither the payment nor its components.

The non-financial accounts, on the other hand, are produced by using accounting information and reports by individual central government units/authorities. The authorities are reporting figures on so-called statistical reporting codes (S-codes) which are adapted to requirements in national accounts and ESA 2010. For taxes, additional information on e.g. income headings, is also used in the compilation (more information in section 6.1 Taxes and social contributions).

However, authorities do not report each individual transaction to central level, through the accounting system at the Swedish National Financial Management Authority (ESV). But aggregated information for different types of revenues and expenditures.

Since the cash flow and the expenditures are measured from two different sources, the differences must be explained analytically, and not by reconciliation by transaction. Therefore, it is not possible to reach an exact identity between the cash flow (working balance) and the corresponding revenues and expenditures in national accounts.

All central government units are covered. Data for central government authorities are collected either on a monthly basis or on a quarterly basis depending on the transaction. For some small units as well as for some of the other central government bodies, information is collected annually from official annual reports (profit and loss account) and not through the electronic transmission into Hermes system at ESV via the S-codes. These are presented as other central government bodies in EDP table 2A. Nevertheless, also figures for other central government bodies are included in the data set sent by ESV to Statistics Sweden (SCB) together with information for the central government authorities. And in the compilation of net lending/net borrowing for central government sub-sector, other central government bodies are included.

The Swedish Pension Agency (*Pensionsmyndigheten*, PM) is a central government authority from a legal point of view, with appropriations in the same way as other central government authorities. In national accounts PM is, however, recorded in subsector S.1314 social security funds and excluded from subsector S.1311 central government. A major part of the general government pension system in Sweden are recorded and presented outside the central government budget as well as outside the working balance and net lending/net borrowing in EDP table 2A. But due to that PM have an account in the SNDO, which relates to the premium pension system (PPS), it indirectly affects either working balance or net lending/net borrowing. The PPS is recorded outside general government. Flows concerning the PPS are presented as an difference between working balance and net lending/net borrowing in EDP table 2A at the row "Pension system" under "Other adjustments...". The part of the pension system affecting working balance and net lending/net borrowing in the same way is of course not an explanatory item in the table.

For the most part, the audit of central government takes place late in March and at the beginning of April. The Swedish National Audit Office (NAO) audits the Annual Report for central government by auditing the annual accounts of central government authorities. However, the formal report on the audit is made at the latest one month after the day the Annual Report for central government is presented to the parliament (the *Riksdag*), i.e., in mid-May. The audit may continue until then. More information about the audit of the annual report is presented in section 2.2.2.

The non-financial accounts are produced by using accounting information and reports from each central government authority reported to ESV. Information is sent to ESV by an electronic system called Hermes and based on statistical reporting codes (S-codes). As a next step ESV transforms the incoming data from authorities to a dataset called *Base for central government net lending/net borrowing*. A majority of the data within the dataset is transformed to correspond to ESA 2010 definitions. The transmissions from ESV to SCB contain an electronic transmission from an ESV database to an SCB database. Upon receiving the data, SCB transforms the remaining part of the data set according to ESA 2010 definitions. SCB carries out the succeeding calculations and compilations in accordance with requirements from both

the ESA transmission program, EDP and other domestic demands. Only a minor part of the figures is adjusted by SCB compared to the primary source from ESV. For example, it can be reclassifications as subsidies to current transfers and change from cash to accrual recording. All changes refer to ensure recording based on definitions in ESA 2010.

The accounting basis is accrual accounting, but in reality mixed, but based on definitions in ESA 2010. A major part of net lending/net borrowing is accrual and follows the basic accrual principle in ESA 2010 that the transaction should reflect the period when the activity takes place. However, ESA 2010 recommends other accounting principles, especially concerning some of the distributive transactions. If any deviations or systematic special treatment is used, bilateral discussions with Eurostat have been carried out before the decision.

Some figures in the primary dataset are cash and therefore adjusted to accrual recording and some figures are accrual annual figures but divided by four for quarterly accounts. These are replaced by a more accurate quarterly allocation that is still based on the correct annual accrued figure.

Working balance is cash, see above.

Supplementary information for central government, not based on the data from ESV, is calculated and estimated values by SCB e.g., FISIM, own produced software, leasing, consumption of fixed capital and items referring to imputed pensions. Concerning annual calculations at the most detailed statistical level (divided by products, industry, counterpart, COFOG etc.) supplementary figures are collected from other sources both within and outside SCB. However, the total amount for each transaction is based on the overall figure in the primary source. The first published figures are preliminary and are replaced by more accurate figures in the final annual calculation. The final annual compilation concerning year T is presented and published in May year T+2 and included in the EDP October Notification year T+2. Especially for taxes the first estimates are based on forecasts that are later replaced by actual outcome from the Tax Agency.

Transactions referring to subsidies from EU to institutional units outside central government, internal flows, financial transactions etc. are excluded from central government net lending/net borrowing.

Flows that should not be included in net lending/net borrowing are already excluded in the source. Before receiving the dataset from ESV these flows are either excluded from or separated in the dataset. Examples of flows that are excluded are financial transactions and EU flows.

There are some methodological differences that among other things relates to timing of financial transactions (accrual in EDP table 3B for example) and timing of financial transactions (cash vs. transaction day) that are recorded in EDP table 3B but not in table 2A.

The following *adjustments* are made by SCB after receiving the dataset from ESV as a last transformation to fulfil the requirements in ESA 2010:

#### Income

Property income, D.4: Extra ordinary dividends are already excluded in the data source and are reported separately for EDP and financial accounts. The split on ordinary and extra ordinary

dividends for the central bank is performed by the SCB but sent to ESV to be included in the dataset. Investment income attributable to collective investment fund shareholders is calculated by SCB and sent to ESV to be included in the dataset.

Current taxes on income, wealth, etc., D.5: Counterpart information from SCB is taken into account to be able to make a correct counterpart presentation.

Other current transfers, D.7: A few items are recorded as current transfers in the data source but are instead capital transfers based on ESA 2010 definitions and are reclassified as D.9.

Capital transfers, D.9: The items reclassified from D.7 above are recorded as D.9.

#### Expenditures

Subsidies, D.3: A few items are recorded as subsidies on production in the data source but are instead current transfers based on ESA 2010 definitions and are reclassified as D.7. As a result of lack of reliable quarterly accrual information for some other items, redistribution between quarters is made.

Property income, D.4: Counterpart information from general pension funds (S.1314) is used to record interest paid from central government to social security funds, to be able to consolidate

Social benefits, D.6: Some appropriations are recorded as social benefits in the data source but are instead current transfers based on ESA 2010 definitions and are reclassified as D.7.

Other current transfers, D.7: Adjustments corresponding to other mentioned adjustments as reclassification from D.3, D.6 and from/to D.9.

Capital transfers, D.9: The items reclassified from D.7 to D.9 above are recorded here.

Final consumption expenditure, P.3: Supplementary information from other sources for own produced software, R&D etc. and change in quarterly allocation if necessary.

Gross fixed capital formation, P.51G: Supplementary information from other sources for own produced software, R&D, leasing etc. and some redistribution between quarters if necessary.

Consumption of fixed capital, P.51C: No adjustments (primary source is SCB, not ESV).

### **3.2.4 EDP table 3B**

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

The financial accounts are fully integrated with the compilation of table 3, therefore financial accounts are used for the compilation of table 3.

#### **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.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data ( integrated in public accounts)		X	X	X	-	X		X	X	X	-	X	X	
Other transaction data					-						-			
Stock data	X		X		-		X	X			-			X
	Calculation of stocks													
Transaction data					-		X				-			X
Stock data	X	X	X	X	-	X	X	X	X	X	-	X	X	X

As described in section 3.2.1.1, ESV is the responsible authority for collecting *all* the data regarding the central government. The main source for the financial accounts, which is used in compiling EDP table 3B, is collected from ESV. However, SCB utilize direct debt data from the SNDO due to technical implementation reasons, but data is the same collected by ESV. SNDO provides the debt at market and face values along with the different components that determine the transaction in market value. The data from the SNDO does reflect the borrowing requirement of the central government, i.e. the negative of the working balance and the report is also designed to fulfil EDP requirements.

Basic data sources are not compared to counterpart data and other information on a regular basis. However, for specific events, analysis is made using annual accounts and published reports. Counterpart information, such as *debt securities databases*, is used for further breakdowns referring to e.g. instrument/sector. One example is the distribution of debt securities issued by central government by counterpart sector. However, all net transactions, on the asset and the liability side, for all the individual instruments, are kept and collected from central government sources. Thus, no counterpart data is used in EDP table 3B. No amendments, MBS or similar, are used in the financial accounts.

Regular amendments to data sources are, however, performed due to specific transactions reflected in the financial accounts in order to meet ESA 2010 and MGDD requirements. This concerns super-dividends, capital injections, debt cancellation or debt assumptions and change in pension entitlements. These amendments (i.e. calculations) are the responsibility of the ESV but with support from SCB if needed.

Data is not amended due to consolidation. Data is consolidated using direct information on counterpart.



Financial transactions are recorded on an accrual basis, i.e. issue date, signing of contract, date of decision or change of ownership. Transactions are valued at market value, when market value is available. Transaction data is compared to changes in stocks (when relevant) on a regular basis, mainly to discover errors and implausibility's. If errors are discovered they are corrected.

There is no recording of transactions and stocks in liabilities in AF.5 equity for the central government. Concerning unit coverage in financial accounts, it is not an issue. The same units included in the calculations of non-financial accounts are also included in the calculations of financial accounts.

#### 3.2.4.2 *Other stock-flow adjustments*

Under the item "Issuance above/below nominal value" net "cash" premiums and discounts are reported. Data is collected from a transaction/stock report for debt instruments from the SNDO.

Under the item "Difference between interest accrued and paid" interest payable (coupons, interest, "accrued" premiums/discount payable) excluding inflation is recorded. Data is collected from a transaction/stock report for debt instruments from the SNDO.

Under the item "Redemptions of debt above/below nominal value profit/losses related to early redemption of debt instruments are recorded. There is also a correction item related to consolidation of government holdings of government debt instruments, defined as the difference between the transaction value at face value and market value. Data is collected from a transaction/stock report for debt instruments from the SNDO. Data at face value and market value is also collected in reports from units holding government debt instruments as assets.

Under the item "Appreciation/depreciation of foreign currency debt" revaluation of government debt instruments denominated in a foreign currency is reported. Additionally, revaluation related to foreign exchange derivatives used for debt management (swaps, forwards and futures) is also reported under this item. Data is collected from a transaction/stock report for debt instruments from the SNDO.

No recent cases are reported in the item "Changes in sector classifications".

Under the item "Other volume changes in financial liabilities" (OVC) breaks in the time series due to improvements in data sources is reported at present. These improvements are related to a more detailed report on liabilities in central government units, i.e. data provided by ESV but historical data is not yet updated.

#### 3.2.4.3 *Balancing of non-financial and financial accounts, transactions in F.8*

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***

The main sources for general government are well integrated at the level of source data, i.e. the income, expenditure, assets and liabilities are in general reconciled on a unit by unit level. However, this reconciliation is performed on the public accounting level and not at the level of national accounts data.

At the level of national accounts data, the goal is to minimize the discrepancies for all subsectors of government.

During the calculations of non-financial and financial accounts, reconciliation referring to e.g. dividends, capital injections, receivables/payables, pensions etc., is performed. Major events are discussed between non-financial and financial accounts etc. And of course, any large transaction/event affecting either the non-financial/financial accounts are analysed in order to verify that it affects the accounts correctly.

No other explicit reconciliation adjustments are made for general government, or subsectors, in order to reduce discrepancies. Adjustments made refer to statistical/additional information from sources or information from non-financial accounts to financial accounts or vice versa (e.g. capital injections, dividends, pensions etc.).

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

No counterpart data is used to obtain the final statistics in non-financial accounts for general government, but for flows between subsectors (interest paid by central government to social security (funds)).

There is no impact on net lending/net borrowing for general government due to the use of counterpart data for flows between the subsectors of general government.

No counterpart data is used to obtain the final statistics in financial accounts for central government or social security funds subsector. There is no impact on B.9f for these subsectors. For local government counterpart data from the investment funds statistics is used for the transactions and stocks for domestic holdings, but there is no impact on B.9f on an aggregate level.

The discrepancy is not allocated at the final stage.

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

The discrepancy is not allocated to financial instruments, therefore, the balance sheet information is not changed.

### ***Accruals***

The difference in net lending/borrowing between non-financial and financial accounts implies that timing differences are present for all sub-sectors.

***Ex-post monitoring***

Enquiries related to discrepancies, improvements and investigations are a part of the ordinary compilation process.

The goal is to minimize the discrepancies for all subsectors of government. It is as an ongoing continuously development work for all subsectors in a systematic way. With follow-up within both EDP reporting rounds and in connection with EDP dialogue visits.

The main focus is to minimize the annual discrepancies. However the quarterly discrepancies are also analysed each quarter when compiling financial accounts in order to reconcile the subsectors with non-financial accounts, which is already published.

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

The state government sub-sector is not applicable for Sweden.

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

#### 3.4.1 Data sources for Local Government main unit: Primary municipalities, regions, and municipal associations

**Table 5 – 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		6	7	8
		T + days	T+months		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
A	Q	T+35	T+8	(3) Current and capital revenue and expenditure and financial transactions	x	x	
				(4) Balance sheets			
				Financial Statements			
A	A	T+180	T+8	(5) Profit and loss accounts	x	x	x
A	A	T+180	T+8	(6) Balance sheets			x
				(7) Cash flow statement			
				Other Reporting			
A	Q	T+60	T+8	(8) Statistical surveys		x	x
				(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.

#### 3.4.1.1 Details of the basic data sources

The data reported in the working balance is used for the non-financial accounts calculation of net lending/net borrowing supplemented with data referring to government grants, income taxes, retained earnings attributable to collective investment fund shareholders and extra ordinary dividends.

See more below in section 3.4.1.3.

The working balance surveys also provide information regarding different flows between units classified in different sectors, which are excluded from calculations, when relevant.

It is possible to distinguish flows and stocks which should be consolidated between general government units/subsectors, except for the interest variable. As information is available in other surveys, it is taken from there.

The consolidation between sectors is made by SCB.

The level of detail in codification enables distinction between non-financial and financial flows in most cases. It is asked for in the surveys.

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

The local government subsector consists of two parts referring to main local government units:

- Primary municipalities and municipal associations
- Regions

There are different main sources to these subsectors. The most important sources are the three statements of accounts described below.

##### **Annual accounts for municipalities**

The main source, for calculations for primary municipalities, is the Annual accounts for municipalities, which are compiled and produced annually by the unit Public finance at SCB. It is a total survey covering all 290 primary municipalities. Nonresponse is unusual, but when it occurs it is compensated for by an estimation based on the respondents that answered. The first results of Annual accounts for municipalities are available approximately six months after the end of the year. The definitive version is available and published at the end of August year  $t+1$ .

The figures reported in the Annual accounts are compared with the figures reported in the quarterly surveys. If a municipality has reported different figures in the annual and quarterly survey the municipality is contacted and the survey with the erroneous figure is corrected.

The statement of accounts consists of seven parts: income statement, balance sheet, operating account, specification of operating account, investment account, specification of operating revenues and expenditures, specification of contributions, taxes and financial items.

Operating income and expenses are the most important parts for calculating net lending/net borrowing and these parts covers all income and all expenditures of the primary municipalities except investments. The revenues and the expenditures are recorded on a detailed level, by type. Examples of revenues on an aggregated level are service charges and fees, rents, grants, sale of services and construction, income, and cost equalisation. Examples of expenditures on an aggregated level are grants and transfers, personnel costs, materials, services, income and cost equalisation. The statement of accounts is based on the accounting plan for municipalities "Kommun Bas"; [Kommun-Bas | SKR](#) The data is available by unit and by transaction category.

In April reporting the data from the quarterly survey is supplemented with the data regarding working balance from a simplified version of the statement of account, published in March  $t+1$ . This first version includes only data from the income statement and balance sheet.

The balance sheet data is the main source for the financial accounts.

### **Annual accounts for municipal associations**

Collaboration between different municipalities and regions can be organized e.g. by establishing a municipal association to perform certain local and regional tasks (The Swedish law on local government, SFS 2017:725, Kommunallag, ch. 3, par. 8). The municipal association is a legal entity, independent of the municipalities and regions that have established the municipal association, and usually organized in the same way as a municipality/region. The purpose with the municipal association is usually to handle one or more affairs common to the municipalities/regions that have established the municipal association, e.g., rescue services and education.

The main source for the municipal associations is the Annual accounts for municipal associations, which are compiled and produced annually by the division of public finance at SCB. The Annual accounts are completed approximately six months after the end of the year. The Annual accounts consist of income statement, balance sheet, operating account and investment account. It is a total survey covering all municipal associations. The data is available by unit and transaction category.

The balance sheet data is the main and only source for the financial accounts.

### **Annual accounts for regions**

The main source, for regions, is the Annual accounts for regions, which is compiled and produced annually by the unit Public finance at SCB. The statement of accounts is completed approximately six months after the end of the year and is a total survey covering all 20 regions. The figures reported in the Annual accounts are compared with the figures reported in the quarterly surveys. If a region has reported different figures in the annual and quarterly survey the region is contacted and the data source with the erroneous figure is corrected. The statement of accounts consists of eleven parts: income statement, balance sheet, net costs by activities, operating income, operating expenditures, specification of income, specification of expenditures, sundry items, investment account, counterparty account of some income and counterparty account of some expenditures. Operating account, specification of income, specification of expenditures and income statement are the most important parts for calculating net lending/net borrowing and together they cover all income and all expenditures. The revenues and the expenditures in the specification of income and specification of expenditures are recorded on a detailed level by type. The statement of accounts is based on the accounting plan for regions "R- Bas"; [Region-Bas | SKR](#) The data is available by unit and by transaction category.

The balance sheet data is the main source for the financial accounts.

### **The Quarterly survey of municipalities**

The quarterly survey for primary municipalities, part of the Quarterly survey on local governments (municipalities and regions), is the main source of the calculations of net lending/net borrowing of primary municipalities, both during the quarterly calculations and during the first EDP Notification of the current year (n-1). This survey is compiled and produced by the division of public finance at SCB, just like the annual source i.e., the Annual accounts for municipalities. The quarterly survey is a sample survey and includes 84 largest municipalities in terms of population on last December year t-1. A national total is estimated based on the sample survey. The estimates are calculated by projecting the values from the annual survey using the trend from the collected units.

The quarterly survey is not as detailed as the Annual accounts for municipalities, but it covers total income and total expenditure on a more aggregated level. It consists of three parts; revenues, expenditures and investments. The quarterly survey for the fourth quarter is available approximately 35 days after the end of the year and is based on the accounting plan for municipalities.

#### **The Quarterly survey for regions**

The Quarterly survey for regions, part of the Quarterly survey on local governments (municipalities and regions), is the main source of the calculations of net lending/net borrowing of regions, both during the quarterly calculations and during the first notification. It is a total survey covering all 20 regions and is compiled and produced by the division of public finance at Statistics Sweden. The survey is not as detailed as the statement of accounts, but it covers all revenues and all expenditures. The survey for the fourth quarter is available 35 days after the end of the year and is based on the accounting plan for regions.

#### **The Quarterly survey on financial assets and liabilities for municipalities and regions**

The quarterly source for local government is a quarterly survey on local governments' (municipalities and regions) balance sheet data, carried out by the unit Public finance at SCB. The quarterly survey for the fourth quarter is a total survey for the population of 290 municipalities and 20 regions. For quarters 1-3 the survey is a sample-survey where the 84 largest municipalities in terms of population are included. The survey is then adjusted according to the four quarter results. For the regions, all 20 regions respond to the survey for all quarters.

One major difference between the annual and quarterly survey is the time of availability of data. Another difference is that the Quarterly survey on financial assets and liabilities for municipalities and regions, compared to the annual statement of accounts, provides stock data on a more detailed level regarding the breakdown of financial instrument and counterpart information. The annual source however has better precision on an aggregate level and is also better aligned with the non-financial accounts.

Non-responds are rare and when they do occur, they are handled by doing an imputation based on the value of the previous quarter.

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

##### **Income taxes**

The working balance includes income taxes from the statement of accounts (for municipalities and regions) where the final balance is recorded as a forecast for year n, but it also includes an adjustment originating from year n-1. In national accounts figures from the Swedish Tax Agency are used. Before the final outcome from the Tax Agency is received, forecasts on final balance from the Swedish National Financial Management Authority (ESV) is used.

The difference between income taxes from the ESV and later on from the Tax Agency and those from the annual/quarterly survey lead to adjustments in the compilation of net lending/net borrowing as well as an explanatory item in EDP table 2C.

##### **Government grants**

The working balance includes accrual-based government grants to the municipalities and regions. Cash based government grants are also provided to SCB by ESV.

The difference between government grants from the ESV and in the statements of accounts lead to adjustments in the compilation of net lending/net borrowing as well as an explanatory item in EDP table 2C.

##### **Retained earnings attributable to collective investment fund shareholders**

Data for retained earnings attributable to collective investment fund shareholders is not included in the working balance of the local government and is not observable in annual reports of corporations. Therefore, it is calculated residually using information about property incomes receivable/payable by the fund, leaving the fund with no saving according to the description in ESA2010, §4.70. The total amount for D.4432 payable by the fund sector is then allocated to each receivable sector by each sector's holdings in funds, in the financial accounts.

##### **Super-dividends**

Data from the annual source is supplemented with the information about previous year's result of the local government owned companies that has paid dividends to the local government. This information is necessary in order to be able to perform the super-dividend test. If the dividend is recorded as extra ordinary it is recorded as a transaction in equity in the financial accounts and the amount is excluded from the net lending/net borrowing in non-financial accounts.

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

For income taxes, government grants, retained earnings and super dividends, the above described adjustments are made also in the financial accounts.

### **3.4.2 Data sources for other Local Government units**

Units classified as other local government units are non-profit institutions controlled and chiefly financed by local authorities and local government owned corporations classified into the local government.

#### **Table 6– 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		6	7	8
		T + days	T+months		cross appropriate cells		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
A	Q	T+55	T+6	(3) Current and capital revenue and expenditure and financial transactions		x	x
A	Q	T+55	T+6	(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			
A	Q	T+60	T+8	(8) Statistical surveys		x	x
				(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.

### 3.4.2.1 Details of the basic data sources

The basic data, as well as the information about counterpart is collected annually from annual reports and completed with statistics on theatrical and dancing activities from the National Council for Cultural Affairs.

For quarterly accounts in year T the annual reports for year T-1 are used until annual report for year T is available. Additional information is supplemented for the region-owned corporations in the non-financial accounts.

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

#### **Municipal and regions owned corporations' income statement and balance sheet**

The municipal corporation's income statement and balance sheet (KOREBA) is both annual and quarterly collection survey of the financial data for the municipal corporations included in local government, that are part of the municipal administration. Income statement is collected on an annual basis, while the balance sheet is collected both annually and quarterly.

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

Supplementary data sources are not relevant for neither the non-financial nor the financial accounts.

## **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 working balance are used for non-financial accounts and net lending/net borrowing.

### 3.4.3.2 *Legal basis of the working balance*

For the local government sector, all final data are from profit and loss statements that have been prepared in accordance with the Local Government Accounting Act (SFS 2018:597) and the recommendations of, in Swedish *Rådet för kommunal redovisning* (RKR – the municipal financial reporting board). See also section 2.2.1.

### 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

Not applicable, coding "M" is reported in EDP table 2C.

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

Units classified as other local government units are non-profit institutions controlled and mainly financed by local authorities and local government owned corporations classified into the local government.

These units are financed with at least 50 percent by the local government and they operate as local government controlled and financed foundations and funds, or are non-market public corporations and/or mainly controlled by local government.

Methodological imputations/reclassifications relating to these units are reflected in net lending/net borrowing.

### 3.4.3.4 *Accounting basis of the working balance*

Primary municipalities, regions and municipal associations all practise accounting on an accrual basis, so the figures in the statements of accounts are all accrued. No timing adjustments are necessary, except for income taxes and grants (described above in section

3.4.1.3.1).

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

3.4.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2C

3.4.3.4.3 Other accrual adjustments in EDP T2C

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

The adjustment line for non-financial flows not covered in the working balance in EDP table 2C consists of:

- ***Gross fixed capital formation (investments)*** is not a part of the income statement but a part of net lending/net borrowing which is why table 2C is adjusted. Total investments consist of all kind of investments, like investments in buildings, machinery etc, software and R&D are excluded.

- ***Acquisitions less disposals of land and other tangible non-produced assets:***

This item is calculated from information on sales and purchases of land and other tangible non-produced assets. The item is not a part of the income statement but a part of net lending/net borrowing which is why table 2C is adjusted.

- ***Investments grants and other capital transfers excluding capital injections:***

Investment grants are, just like investments, reported outside the income statement. They are, however, non-financial transactions in the national accounts. Investment grants consist of investment grants from central government and the EU while capital transfers consist of investment grants from companies and households.

- ***Capital injections recorded as capital transfers in national accounts:***

Capital injections recorded as capital transfers in national accounts are injections in local government owned corporations that do not pass the capital injection test. The underlying source for this information is the quarterly survey on financial assets and liabilities for municipalities and regions, as well as, case by case analysis.

3.4.3.6 *Financial transactions included in the working balance*

#### **Capital gains relating to financial instruments**

Financial revenues in the income statement are classified as either a part of non-financial accounts or financial accounts. Since the working balance consists of both financial and non-financial transactions, table 2C is adjusted for the financial items such as realized foreign exchange gains.

#### **Super dividends**

Ordinary dividends are included in the working balance and are part of net lending/net borrowing of non-financial accounts. Some of the dividends of local government owned companies are classified as extra ordinary and become a part of financial accounts, which is why table 2C is adjusted.

### **Capital losses relating to financial instruments**

Just like financial revenues, there are also financial expenses classified as either parts of non-financial accounts or financial accounts. Since the working balance consists of both financial and non-financial transactions, table 2C is adjusted for the financial items such as realized foreign exchange losses.

#### **3.4.3.7**                      *Other adjustments reported in EDP T2C*

### **Depreciations**

In the national accounts, consumption of fixed capital is the measure of depreciation and included in final consumption expenditure. Therefore, when net lending/net borrowing is calculated, consumption of fixed capital is excluded.

### **Other source grants**

The item relates to the difference between figures from the central government and the statement of accounts of local government. The working balance includes accrual based government grants to the municipalities and regions. Cash based government grants are also provided to SCB by ESV. The official source used by the national accounts, is the data from ESV because the figures are more detailed and more in line with the definition of time of recording when the regulations in force stipulate they are to be made. Therefore, table 2C is adjusted to reach the figures in working balance. As long as government grants increases, the difference between the two sources will be positive. The difference will only be negative when the government grants from one year to another is drastically reduced.

### **Other source income taxes**

Data from ESV is also used for this item. The same reasoning is applicable here as well as for grants (described above). The official source used by the national accounts, is the data from ESV. The data from ESV is accrual while the figures from the municipalities are based on estimated income tax for the current year.. Therefore, table 2C is adjusted to reach the figures in the working balance.

### **Changes in holiday pay liabilities**

In the working balance, total salary costs are included. These salary costs include costs for holiday pay, which is a salary earned in another period. Because these costs refer to another period they are to be excluded in the non-financial accounts, which is why table 2C is adjusted.

### **Other adjustments**

Other adjustments consist of several items such as:

- Gains on disposal of intangible and tangible fixed assets
- Financial income and cost reported in event of valuation or disposal of financial assets
- Unrealized foreign exchange gains / losses
- Other accruals
- Other small remaining adjustments

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

The figures reported in the last line in EDP T2 are those used to derive B.9. They are only adjusted with other figures for income taxes and government grants.

### 3.4.4 EDP table 3D

#### 3.4.4.1 Transactions in financial assets and liabilities

**Table 7. 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.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)			X	X	NA	X			X		NA	X	X	
Other transaction data				X	NA		X				NA			
Stock data	X	X	X	X	NA		X	NA	X	X	NA			X
	Calculation of stocks													
Transaction data											NA	X		
Stock data	X	X	X	X	NA	X	X	NA	X	X	NA	X	X	X

The main data sources for the local government subsector in the financial accounts and EDP table 3D are the Annual accounts for municipalities and regions and the Quarterly survey on financial assets and liabilities for municipalities and regions.

The Annual accounts for municipalities and regions are integrated data sources used for compiling non-financial accounts and EDP table 2C as well as financial accounts and EDP table 3D. Other Local Government bodies (OLGB) are described separately, please see below.

The Annual accounts for municipalities and regions are providing stock data for AF. 2 Deposits, AF.3 Debt securities, AF.4 Loans, AF.5 Equity and AF.8 Other accounts receivable on the asset side and AF.3 Debt securities, AF.4 Loans, AF.6 Insurance and pensions and AF.8 Other accounts receivable on the liability side. assets and liabilities. The Quarterly survey on financial

assets and liabilities for municipalities and regions provides stock data on a more detailed level regarding instrument and counterpart, than the annual statement of accounts.

Data from the quarterly survey is therefore used for the breakdown of assets and liabilities and counterpart on the required level, while holding the aggregated stock and counterpart levels/totals from the annual statements of accounts intact. The quarterly survey for the 4<sup>th</sup> quarter provides annual stock and transaction data for assets and liabilities in AF.7 derivatives. The quarterly survey also provides gross transaction data for parts of assets in AF.5 equity and AF.4 loans and liabilities in AF.3 Debt securities.

Transactions are valued at market value when market value is available, else the general solution is to calculate transactions from changes in stocks. Data is not amended due to consolidation; data is directly consolidated using counterpart information or direct information on counterparts. As final accounts are integrated relevant amendments in the non-financial accounts are correspondingly amended in the financial accounts and table 3D. Please see below for details.

Municipalities and regions' transactions in asset AF.2 deposits are estimated as the change in stocks, derived from the Annual accounts data source. In addition "savings on the tax account" is added based on counterpart information from central government. Local government surplus receivables related to taxes towards central government (AF.89 other accounts receivable) are reclassified as deposits (AF.2) in central government.

Municipalities and regions' transactions in asset AF.3 debt securities are estimated as the change in stocks. The data source for the stocks is the Annual accounts.

Municipalities and regions' transactions in asset AF.4 loans are derived from the quarterly survey for quarter 4.

The main source for transactions in AF.5 equity is the quarterly survey as the Annual accounts only provide data on the total stocks of AF.5 equity. The aggregate of the survey data is used, but further sources are used for more detailed breakdowns.

Listed shares and investment fund shares are classified as portfolio investments. Transactions in domestic holdings in these portfolio investments are collected from centralized solutions, a *transaction model* for all listed shares and *Investment Fund statistics*. The remaining transaction in holdings of mutual fund shares registered abroad is calculated as changes in stocks adjusted for other volume changes reported in the quarterly survey and balanced with the information on domestic transactions mentioned. Increase and decrease in public corporations unlisted shares is collected from the quarterly survey for the 4<sup>th</sup> quarter. Further, alignment with non-financial accounts is made for super-dividends, capital injections and retained earnings.

The data source for local governments' transactions in asset AF.7 derivatives is the quarterly survey on financial assets and liabilities, which provides annual transactions in derivatives in the quarter four survey.

Transactions in other accounts receivables and payables, AF.8, are derived as the change in stocks in the Annual accounts with corresponding amendments made in the non-financial accounts. A centralized source is used for receivables and payables related to taxes and social contributions, the so called "tax model". For the subcategory of AF.89 in question the total from

the local governments' main data source is kept but the distribution of the total between counterparts is adjusted using the timing of tax-model. This method is used for the sub-category of AF.8 on both the asset and the liability side.

Amendments corresponding to those made in non-financial accounts/Table 2C are made, please see section 3.4.3.7. AF.8 receivables is amended with the net of items *Other sources grants* and *Other sources income tax*. AF.8 payables is amended with the item *Changes in holiday pay*.

Further, 2.5 percent of Trade credits payable are classified as AF.41 Short term Loans, due to factoring and surplus receivables related to savings on central government tax account is classified as AF.2 Deposits (please see above).

The quarterly survey for quarter 4 provides annual transactions data for municipalities' and regions' liabilities in AF.3, Debt securities, while the annual accounts provide stock data. The transaction is adjusted to take into account debt issued in foreign currency. An index is used to derive the currency revaluation from data collected in the quarterly survey each quarter 4 where liabilities foreign currency is reported by instruments and different currencies.

Municipalities and regions' transactions in liabilities in AF.4 loans are estimated as the change in stocks. The data source for the stocks in liability AF.4 is the annual accounts. Adjustments for loans issued in foreign currencies are made in the same manner as described for AF.3 debt securities above. Further, an adjustment for consolidation is made to liability AF.4 where data from other local government bodies is used. This correction takes into account that OLGB loans to local governments are intragovernmental loans.

Municipalities and regions' transactions in liability AF.6 Insurance and pensions are pension funds reserves, AF.63, with households as counterpart. The transactions are taken from the non-financial accounts. A part of the non-financial accounts transaction is classified as AF.41 short term loans, this concerns premiums for employment related retirement schemes not yet paid by local government.

Counterpart information other than from S.13, General Government is only used for breakdown of aggregates. This is mainly related to AF.5 Equity and counterparts of debt securities issued by local governments.

For other local government bodies, multiple data sources are used: a Quarterly survey, Annual accounts, and annual statements. Transactions are estimated as the change in stocks at book value. The main source, for the municipal associations, is the Annual accounts for municipal associations, which are compiled and produced annually by the unit Public finance at SCB. The Annual accounts is completed approximately six months after the end of the year. The Annual accounts consists of income statement, balance sheet, operating account, and investment account. It is a total survey covering all municipal associations but on an aggregated level of detail as regards financial instruments. The main source for Local Government Corporations is the Quarterly survey and for hospitals the main source is the annual statements for each unit. The transactions in liability AF.6 Insurance and pensions are pension funds reserves, AF.63, with households as counterpart. The transactions in AF.63 are taken from the non-financial accounts.

#### 3.4.4.2 *Other stock-flow adjustments*

Under "Difference between interest accrued and paid" is the change in the difference between the stocks in accrued and paid interests for each year recorded. This information is directly available in the main data sources.

Regarding issuance above/below nominal value, redemptions/repurchase of debt above/below nominal value and appreciation/depreciation of foreign currency debt, coding "L", as not available, is reported in EDP table 3D. This information is currently not available in the sources.

In 2020 a reclassification in liability AF.4 loans of SEK 17 million is present due to the inclusion of a new Other Local Government bodies unit.



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

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

Data sources for subsector social security funds (S.1314) are the Swedish National Financial Management Authority (ESV), the Swedish Pension Agency (PM), the Legal, Financial and Administrative Services Agency (in Swedish: Kammarkollegiet), the quarterly survey and annual reports from the National Pension Funds (AP-funds).

**Table 8 – Availability and use of basic source data for social security funds**

Available source data				Source Data Accounting	Source data used for compilation of		
		Time of availability of annual results for T-1					
		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			
M	A	T+55	T+3	(3) Current and capital revenue and expenditure and financial transactions	X		
				(4) Balance sheets			
				Financial Statements			
A	A	T+55	T+3	(5) Profit and loss accounts	X	X	
A	A	T+55	T+3	(6) Balance sheets			X
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
A	Q	T+45	T+2	(9) Other: Quarterly survey		X	X
A	Q	T+50	T+2	(10) Financial assets			X
A	Q	T+45	T+18	(11) Quarterly data source, The Swedish National Financial Management Authority		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 (nonfinancial accounts) and B.9f (financial accounts), respectively.*

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

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

Working balance for the social security funds, the so-called general pension funds or “AP-funds”, is the total change in fund assets, i.e. the change in fund assets as capital gains and losses and interest for derivatives and cash pension fees, and accrual administration and employee costs (source 3 in the table 8 above). From year 2010 this subsector also contains the Swedish Pension Agency (PM) and the source for working balance concerning this is the annual report for PM (source 5 in the table). The data sources for the working balance are available by transaction category.

Non-financial accounts are compiled based on a combination of data sources. For example a quarterly data source originally designed for the financial accounts, which also includes revenues and expenses for the AP-funds, is used (source 9 in the table). Accrual pension fees for the AP-funds are collected and compiled by ESV (source 11). In addition, annual reports and quarterly financial statements from PM are collected and compiled by ESV. Quarterly financial statements from PM regarding the premium pension scheme are collected and compiled by SCB. All data sources are available by transaction category.

The main data source for the five AP-funds in the financial accounts is the quarterly survey (source 9 in the table), in which all the five AP-funds report stocks and transactions for financial assets and liabilities. Thus, it is a total survey for the AP-funds included in the social security subsector. The survey provides information on stocks for all financial assets and liabilities and transactions for some of the assets and liabilities. The survey also provides an income and expenditure statement.

For the PM in financial accounts, several basic data sources are used as they complement each other. PM reports stock information covering liabilities and other assets every quarter in a form sent to SCB. Furthermore, the Legal, Financial and Administrative Services Agency (Kammarkollegiet) is another data source, providing detailed information on the composition of assets that the agency manages on PM’s behalf (source 10 in the table). This includes quarterly stock data at both market and face value for AF.2 deposits, AF.3 debt securities and AF.5 equity. ESV compile data source for AF.4 loans. Holdings in other government subsectors: These are deposits of the traditional insurance plan (the annuity policy) within the Premium Pension Scheme (into SNDO). Valuation is at book value and reported by ESV.

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

The main data source for the five AP-funds in the financial accounts is the quarterly survey (source 9 in the table).

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

The National Pension Funds' (AP-funds) and the Swedish Pension Agency (PM) annual reports are used for comparisons and controls of the quarterly sources for both the non-financial and the financial accounts. Also annual reports for public corporations connected to social security funds subsector are used as supplementary data source to perform e.g. super-dividend tests.

For retained earnings attributable to collective investment funds shareholders regarding PM, a centralized non-financial accounts model is used as a supplementary data source.

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

PM's retained earnings attributable to collective investment fund shareholders, regarding its foreign investment funds holdings, are estimated in a non-financial accounts centralized model, used for several sectors. The model is based on information on dividends from the Balance of Payment statistics and holdings of foreign investment funds shares from financial accounts. The retained earnings attributable to collective investment fund shareholders are recorded as D.4432 transactions in non-financial accounts and are included in F.5 equity transactions in financial accounts.

Annual reports for public corporations connected to social security funds subsector are used to e.g. perform super-dividend tests on dividends received from public corporations.

Annual reports for the AP-Funds' and the PM's are used for comparison and control of the main data sources.

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

Counterpart information is used as supplementary data source for PM's currency and deposits in financial accounts per quarter. The supplementary data source is central government's main data source, ESV.

PM's annual report is used as supplementary data source for minor assets and liabilities that are not included in the main data sources. These assets and liabilities are estimated to be 0.06 percent and 0.05 percent respectively, of the subsector's total assets and liabilities. Because of the insignificant magnitude of these assets and liabilities, the lack of quarterly data is considered to have an insignificant impact on quality of this subsector in financial accounts.

PM's retained earnings attributable to collective investment fund shareholders, regarding its foreign investment funds holdings, are estimated in a non-financial accounts centralized model, used for several sectors. The model is based on information on dividends from the Balance of Payment statistics and holdings of foreign investment funds shares from financial accounts. The retained earnings attributable to collective investment fund shareholders are recorded as D.4432 transactions in non-financial accounts and are included in F.5 transactions in financial accounts.

### **3.5.2 Data sources for other Social Security units**

Two companies are classified as belonging to social security funds. Both are holding companies 100% owned and controlled by the AP-Funds with no employees.

#### **Table 9 – Availability and use of basic source data for other social security units**

## EDP tables and data sources - Social security sub-sector, EDP table 2D and 3E

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		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	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	x	x	
A	A	T+150	T+7	(6) Balance sheets	x		x
				(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

Data regarding the two companies classified as belonging to social security funds is collected via their financial statements. In practice these units have no impact on working balance nor net lending/net borrowing, but theoretically they could.

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

Not applicable.

### 3.5.2.3 Supplementary data sources and analytical information

Not applicable.

### 3.5.2.4 Extra-budgetary accounts

Not applicable.

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

Not applicable.

***Financial flows recorded in EBA***

Not applicable.

**3.5.3 EDP table 2D**

**3.5.3.1            *Working balance - use for national accounts compilation***

Working balance for general pension funds is the total change in fund assets, i.e. change in fund assets as capital gains and losses and interest for derivatives and cash pension fees, but also accrual administration and employee costs. Total change in fund assets can be found in the so-called “*Orange report*”, which is the annual report for the general pension scheme. For PM the data source for working balance is the annual report. I.e. the working balance is not the starting point for the net lending/net borrowing. Non-financial accounts are compiled based on different data sources. For example a quarterly data source originally designed for the financial accounts, which also includes revenues and expenses for the general pension funds. In addition, annual reports and quarterly financial statements from PM are collected and compiled by ESV and SCB. Please see more information in section 3.5.1.

**3.5.3.2            *Legal basis of the working balance***

Audits of central government take place late in March and at the beginning of April. The Swedish National Audit Office (the Swedish NAO) audits the Annual Report for central government by auditing the annual accounts of all central government authorities. However, the formal report on the audit is made at the latest one month after the day the Annual Report for central government is presented to the Swedish Parliament, i.e. in mid-May. The audit may continue until then.

These principles for auditing the central government are the same for PM. The general pension funds are audited by an auditor assigned by the Government Office of Sweden (Regeringen). The annual accounts for the general pension funds are to be reported before mid-February. The auditors must deliver an audit report within two weeks after the reporting of the annual accounts. The committee deliver the annual accounts and the audit report to the Government Office of Sweden, which must make a decision before the 1st June, whether they approve the annual accounts or not.

If the auditors would discover something erroneous it could theoretically affect net lending/net borrowing, B.9 and B.9f. As for central government, if B.9 or B.9f is affected, it would be taken into account in the EDP April Notification.

**3.5.3.3            *Coverage of units in the working balance***

All units within the subsector are included in working balance: the five national pension funds (AP-funds number 1, 2, 3, 4 and 6) , the Swedish Pension Agency (PM) and other reclassified units belonging to social security funds (in practice their contribution to working balance is zero).

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

No units that are classified outside the social security funds subsector are reported in the working balance.

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

See section 3.5.2.1

### *3.5.3.4 Accounting basis of the working balance*

The accounting basis for the working balance is mixed as described in sections 3.5.1 and 3.5.3.4.2.

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

No accrual adjustments relating to interest are relevant for this subsector.

3.5.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2D

The following non-financial transactions are amended on an accrual basis via receivables/payables F.8: Actual social contributions (ESA transaction code D.61, named “Actual social contributions, except pensions” in EDP table 2D); General pension contributions paid by central government (D.73, named “Actual social contributions, pension” in EDP table 2D); Central government old-age pension contribution (D.73, named “Current transfers within GG, retirement pension from CG” in EDP table 2D).

In working balance, received pension fees are recorded pure cash while social contributions in non-financial accounts and net lending/net borrowing are recorded accrual. In working balance, pension fees are recorded when they are received by the five general pension funds (cash). However, the accrual pension fees include both received pension fees and an adjustment made based on the information about the final outcome from the annual Tax Assessment (adjustment referring to year T-2). The adjustment can be either positive or negative depending on if the pension funds received more or less cash fees compared to the final outcome. Received pension fees adjusted by information from the final outcome results in accrual social contributions in non-financial accounts.

3.5.3.4.3 Other accrual adjustments in EDP T2D

No other accrual adjustments have to be made and presented in EDP table 2D.

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

The adjustment line for non-financial flows not covered in the working balance in EDP table 2D consists of:

- Surplus related to administration costs within the premium pension scheme. PM is collecting fees for their administration costs regarding the premium pension scheme. Because the fee should cover (in addition to non-financial transactions) also financial flows such as repayments of loans to the National Debt Office, an adjustment is made.
- Property income related to the PM. The property income is not included in the working balance for PM, and hence adjusted in table 2D.
- Gross fixed capital formation (investments) is not a part of the income statement but a part of the net lending/net borrowing which is why table 2D is adjusted.

### *3.5.3.6 Financial transactions included in the working balance*

The adjustment line for financial transactions included in the working balance in EDP table 2D consists of super-dividends, if any. A super-dividend test is performed for public corporations in the social security funds subsector on a regular basis.

### 3.5.3.7 *Other adjustments reported in EDP T2D*

Four items are included under the line “Other adjustments...” in EDP table 2D in the October Notification and an additional one in the April Notification.

#### *Holding gains and losses:*

Financial item not recorded in non-financial accounts. Included in working balance but excluded in the compilation of net lending/net borrowing. As a result of large investments by the general pension funds, capital gains and losses can amount to substantial amounts, both positive and negative, depending on involvement on the financial market.

#### *Interest concerning derivatives:*

Financial item not recorded in non-financial accounts. Included in working balance but excluded in the compilation of net lending/net borrowing.

#### *Retained earnings attributable to collective investment fund shareholders:*

Non-financial item calculated in financial accounts and added to the non-financial accounts. The item is included in both working balance and net lending/net borrowing, and also with the opposite sign on the line “Holding gains and losses” above. Since this item is included in both working balance and net lending/net borrowing it should not necessarily be in table 2D, but is specified here and included in Holding gains and losses for clarity regarding the calculated value affecting net lending/net borrowing.

#### *Discrepancy:*

Small discrepancies are presented, mostly due to minor vintage and consolidation issues. In most cases these amount to only a few million SEK.

Late new data for administration costs in working balance, not revised in final consumption expenditure and net lending/net borrowing:

This item is only relevant in the April Notification. In the April Notification, working balance includes figures for administration costs for the five pension funds published in late March each year. Administration costs affect GDP which already has been published by SCB in late February or in the beginning of March. No information affecting GDP is revised in the April Notification. The updated figures are always included in the next compilation of GDP in May. Other items that only have an impact on net lending/net borrowing and not GDP can be revised in the April Notification, but not items within GDP. Therefore EDP table 2D always contains this item in the April Notification, but never in the October Notification.

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

Net lending/net borrowing is based on data from different sources compared to working balance. net lending/net borrowing is compiled by SCB and the data source contains two different parts.

The first is data for Swedish Pension Agency (PM) which consists of figures collected by ESV and delivered to SCB. ESV delivers the figures to SCB on a detailed level, items are divided into different types of revenues and expenses. SCB collects data for the premium pension scheme from PM. Based on the information from ESV and PM, SCB compiles net lending/net

borrowing for PM and merges it together with the result for the national pension funds. The figures are recorded based on ESA 2010 and are recorded on an accrual basis .

The second part relates to the five national pension funds (AP-funds). The data source for the AP-funds is diversified and consists of figures from a quarterly questionnaire, annual reports and data from ESV. Data from the Quarterly survey on social security funds, on an aggregated level, are compared with data from the annual reports. Comparisons between non-financial and financial accounts are carried out systematically. The following transactions are collected from the quarterly questionnaire: interest (both debit and credit), distributed income and compensation of employees. Data for the following transactions are collected from ESV: social contributions and other transfers from central government. Figures from the annual reports are used as a verification of the two other data sources and as supplementary information concerning cost of administration and intermediate consumption, and sales. In addition, small values for gross fixed capital formation, consumption of fixed capital and FISIM are compiled at SCB and included in non-financial accounts and indirectly in net lending/net borrowing.

The data sources for non-financial accounts are harmonized with the annual report for PM and the five national pension funds. The data sources are not audited, but the annual reports are (see 3.5.3.2). The data regarding PM, collected by ESV, is published on the website of ESV.

All units are covered and the accounting basis is accrual. Most flows are covered, except for retained earnings attributable to collective investment fund shareholders. PM's retained earnings attributable to collective fund shareholders, regarding its foreign investment funds holdings, are calculated in a national accounts centralized model used for several sectors. The model is based on information on dividends from the Balance of Payment statistics and holdings of foreign investment funds shares from financial accounts. The retained earnings attributable to collective fund shareholders for the AP-funds are calculated in financial accounts, please see 3.4.5.1 for information about the calculation. These retained earnings attributable to collective fund shareholders are added to the non-financial accounts. No adjustments are made except for some quarterly allocations in addition to the ordinary regular compilations to transform data into ESA transaction codes

Transactions in F.8 receivables, as reported in EDP table 3E, and receivables in table 2D are unfortunately not fully consistent. One explanation is vintage issues. Some differences can occur when non-financial accounts and financial accounts are calculated at two different points in time ( $t+60$  and  $t+85$ ). Other explanations are that non-financial accounts and financial accounts are, to some extent, based on different data sources.



**3.5.4 EDP table 3E****3.5.4.1**      *Transactions in financial assets and liabilities***Table 10. 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.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data ( integrated in public accounts)		X		X	NA	X		NA	NA		NA		X	
Other transaction data		X		X	NA		X	NA	NA		NA	X		X
Stock data	X	X	X		NA		X	NA	NA	X	NA	X		X
	Calculation of stocks													
Transaction data					NA			NA	NA		NA			
Stock data	X	X	X	X	NA	X	X	NA	NA	X	NA	X	X	X

The main data source for the five AP-funds is the Quarterly survey on social security funds. It is a total survey among the five AP-funds and covers all their financial assets and liabilities. The data used for compilation of the AP-funds in financial accounts, is the quarterly survey on social security funds, containing both income statements, balance sheets and financial transactions. It is partly an integrated data source since part of the data from the income statement is used by the non-financial accounts.

For the compilation of Swedish Pension Agency (PM) in the financial accounts, several data sources are used. The AP-funds annual reports are used for comparisons and controls of the quarterly source. For AF.3 debt securities, AF.5 equity and AF.7 derivatives direct data is available for all the AP-funds. Estimated retained earnings attributable to collective investment funds are added to the transactions in AF.5 reported by the AP-funds. The AP-funds report dividends received during each quarter in the Quarterly survey. In addition, retained earnings attributable to collective investment funds is added. These are calculated by SCB.

For AF.2 deposits, AF.4 Loans and AF.8 other accounts receivable transactions are estimated as the change in stocks. One part of PM's AF.2 stock has central government as counterpart. This entry in financial accounts is compiled using stock counterpart data from the ESV data source. PM also has asset AF.2 with banks as counterpart. This entry is almost exclusively related to repo transactions that are reported in asset AF.2 and liability AF.4. Stock information for this asset is obtained from the Legal, Financial and Administrative Services Agency (Kammarkollegiet) that manages these repos.

For PM's holdings in AF.3 debt liabilities stock data is used. Stock data from the Legal, Financial and Administrative Services Agency is used for the bonds held by PM. Furthermore, stock information from PM's annual report is used for some minor holdings in bonds that are administered by PM itself. The AF.3 transactions are estimated as the change in stocks.

The data source for PM's transactions in investment funds, AF.52, is obtained from the Legal, Financial and Administrative Services Agency every quarter. The transactions in AF.52 relating to PM's holdings in foreign investment funds are the estimated Retained earnings attributable to collective investment fund shareholders that are included in both financial and non-financial accounts. They are estimated by SCB in a model, used for different sectors in non-financial accounts, based on information on dividends from the Balance of Payment statistics.

Transactions in asset AF.8 other accounts receivable and liabilities in AF.4 loans and AF.8 payables are estimated as change in stocks. For asset and liability AF.8, the stock data source is the form that PM reports to SCB every quarter. The liability AF.8 is also complemented with a minor stock in trade credits, where PM's annual report is the data source. For the part of the liability AF.4 that is related to repo transactions, the stock information is from the Legal, Financial and Administrative Services Agency and the transactions are estimated as change in stocks. The data source for the rest of AF.4 is collected by ESV to SCB every quarter.

The pension debt relating to the premium pensions scheme is recorded as liability AF.6 insurance in financial accounts. Data is obtained by PM every quarter. The transactions are estimated as the change in stocks. Data from PM annual report is also added to the transaction, to get the capital flow to traditional insurance from fond insurance. The established pension right is also added when calculating the transaction for AF.6. Data source is PM annual report. Before the report is published, estimates are made for the established pension right for the current year.

Basic data sources are not compared to counterpart data and other information on a regular basis. However, for specific events analysis is made using annual accounts and published reports.

Counterpart information is partly used for AF.8 payables and receivables related to taxes and social contributions, where the related receivables and payables are added from the centralized *timing of taxes model*.

-Data is not amended due to consolidation, data is directly consolidated using counterpart information or direct information on counterparts.

-Financial transactions are recorded on an accrual basis, i.e on agreement, issue date, signing of contract, date of decision or change of ownership.

Transactions are valued at market value.

Transaction data is compared to changes in stocks on a regular basis, when calculating and compiling financial accounts. This is done for each subsector unit separately. If high differences between transaction data and change in stocks, the AP-fund in question is contacted in order to investigate the high difference and, if possible, correct potential errors. There are no recordings in AF.5 equity liabilities in this subsector.

The same coverage of units is ensured for all transactions.

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

Regarding issuance above/below nominal value, redemptions/repurchase of debt above/below nominal value and appreciation/depreciation of foreign currency debt, coding “M”, not applicable, is reported in EDP table 3E.

Regarding “Difference between interest accrued and paid”, coding “L”, not available, is reported.

There are no reported items under heading “changes in sector classification” for the notification period.

### **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.8 in EDP T2, but it should be ensured that the accrual recordings in non-financial accounts are linked to transactions in F.8 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 they 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**

For central government (S.1311), total units coverage is not an issue since the same units are included in the calculations of non-financial accounts and financial accounts (from year 2012 and onwards). And, as described in section 3.2.1.1, ESV is the responsible authority for collecting all the data regarding the central government.

For local government (S.1313) there is a total coverage of units for the financial accounts and EDP table 3D. For the main units, that is, primary municipalities and regions, municipal associations and the Swedish Association of Local Authorities and Regions (SALAR) there is a total and identical coverage in both non-financial and financial accounts. For local government corporations, there is a total and identical coverage in both non-financial and financial accounts. Assets and liabilities for non-profit institutions controlled and mainly financed by local authorities are assumed to be zero. (Data sources and coverage is also described under section 3.4.1.).

For the social security funds, the same register of units is used for both non-financial and financial accounts and for EDP table 2D and 3E. The institutions included in the subsector are the national pension funds (AP-funds) and the Swedish Pensions Agency (PM) and two

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

companies that were classified as belonging to government sector (other social security funds bodies).

### 3.6.2 Financial transactions

#### Table 2A and 3B

The main reasons for differences in financial transactions reported in table 2A and 3B are related to receivables, sector delimitation, differences in valuation, definitions and net/gross recording.

Substantial amounts are found in the SNDO, where holding of assets are recorded in the financial accounts but not viewed as assets in the working balance and table 2A. Also, effects of derivatives related to the debt management is recorded net in the working balance but are recorded as assets or liabilities in the financial accounts depending on if the market value is positive or negative.

In general, financial transactions related to portfolio investments (where a central government unit has the mandate to hold assets with a limited autonomous asset management) are not recorded in the central government working balance but are recorded in the table 3B. One example is holdings in the *Nuclear waste fund*, which is classified as management of assets belonging to nuclear plant owners (private sector). In year 2017 the fund received broader management opportunities and was allowed to also hold assets in foreign and private debt securities and stocks in addition to domestic government instruments.

The working balance is recorded cash and the payments are not always identified on a gross basis. Examples are taxes receivable/payable and receivables/payables related to financial transactions, i.e. difference due to contract settlements.

Other difference is due to differences in definitions, such as that capital transfers in form of debt write offs or super dividends are separately specified in table 2A but recorded in the transaction of the instrument in question in table 3B.

All data for financial transactions, as reported in the working balance, are not adapted for use in financial accounts. The data source for the national accounts is not the working balance, but data provided by ESV (see section 3.2.1 for more information). For some items, data from the working balance is used in table 3B, data on equities (including capital injections and super dividends), receivables and payables are collected from the working balance and used both in table 3B and in the financial accounts.

The following are the adjustments which should be done in order to reconcile financial transactions reported in EDP table 2 and table 3.

Million SEK (national currency)

	2019	2020	2021	2022
2A Financial transactions included in the working balance	<b>-55 410</b>	<b>36 934</b>	<b>-121 192</b>	<b>-107 407</b>
Difference related to Loans (AF.4)	-11 438	-3 723	-493	-5 449
of which Difference in valuation/booked value	-9 829	-5 876	961	-4 722
of which write-offs student loans	-725	-783	-665	-841

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

<i>of which not recorded in WB (OCGB)</i>	-267	1 109	-262	0
<i>of which remaining amount (including interest payable)</i>	-617	1 827	-527	114
<b>Difference related to equity (AF.5)</b>	<b>8 376</b>	<b>2 161</b>	<b>-7 764</b>	<b>-5 022</b>
<i>of which Super dividends</i>	-2 175	-3 015	-7 193	-6 572
<i>of which Sector delimitation (intragovernmental in 3B)</i>		-3 550		
<i>of which Sector delimitation, OCGB</i>	-382	3 563	891	740
<i>of which autonomous asset management/ "portfolio investment"</i>	10 919	4 986	-2 345	605
<i>of which remaining amount</i>	14	177	883	205
<b>Difference in Other financial transactions</b>	<b>-2 881</b>	<b>75 772</b>	<b>92 027</b>	<b>151 955</b>
<b>of which: diff transactions in debt liabilities</b>	<b>3 324</b>	<b>10 404</b>	<b>31 978</b>	<b>-10 701</b>
<b>of which: diff net settlements under swap contracts</b>	<b>-6 545</b>	<b>-9 936</b>	<b>-6 250</b>	<b>-7 640</b>
<b>Remaining differences in Other financial transactions</b>	<b>340</b>	<b>75 304</b>	<b>66 299</b>	<b>170 296</b>
AF2 Currency and deposits	-9 885	28 150	-22 819	6 286
<i>of which related to repos in debt management</i>	1 802	28 351	-22 706	8 934
AF3 Short term placements	-22 634	-14 833	-155	23 350
<i>of which related to debt management</i>	219	-3 282	429	7 968
Sector delimitation (consolidated in 3B)	-1 286	-2 470	8 571	-11 167
AF8 receivables	31 353	58 290	56 098	86 467
Deposits in SNDO (debt)	0	3 155	17 350	58 004
Super-dividends recorded under AF5 in 3B	2 175	3 015	7 193	6 572
Other	617	-3	61	784
<b>3B Net acquisition of financial assets</b>	<b>-61 353</b>	<b>111 144</b>	<b>-37 422</b>	<b>34 077</b>

#### Difference related to Transactions in FA.4 Loans

The main explanation is the difference in the valuation of the loan to the central bank and student loans. Write-offs of student loans are also separately recorded under *Other adjustments* in table 2A while they are included in the transaction recorded in table 3B. Loans given by other central government bodies are not included in the working balance of table 2A, but are included in financial accounts and table 3B.

#### Difference related to Transactions in FA.5 Equity

The main explanation is "portfolio investments" in funds such as the *Nuclear Waste fund*. The large difference in year 2019 is explained by reallocation between debt securities and stocks and fund shares of the fund. Other government units with a similar mandate are universities and other central government units who are mandated to manage funds. Also in this case other central government bodies are added to the financial transaction in equity in table 3B. In addition, super dividends are reported under transactions in equity in table 3B, but the national account adjustment is specified as an *Other financial transaction* in table 2A. In year 2020 an equity injection was made to a company classified as other central government bodies, but as a public corporation in the working balance, the amount is hence recorded in table 2A and as intragovernmental in table 3B.

#### Difference related to other financial transactions

*Of which debt liabilities*

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

Liabilities are recorded as liabilities in table 3B. The liabilities specified in 2A other financial transactions does relate to debt management and savings on the tax account. In addition, a public quasi corporation has started to make deposits to the SNDO, (fees related to high energy prices), and is separately specified in table 2A but is recorded as a liability in table 3B.

##### *Of which net settlements under swap contracts*

This is the difference between net swap transactions affecting working balance and total assets in derivatives recorded in table 3B.

##### **Remaining differences in other financial transactions**

The instruments FA.2 Deposits, FA.3 debt securities and FA.8 other account receivables are included in table 3B but not in table 2A. Deposits has mainly been related to repo transactions in debt management. Debt securities are of the same type of portfolio investments described under FA.5 Equity. Here the Nuclear Waste Fund is a major funds holding debt securities. The Debt office does also hold debt securities as a part of their debt management. Regarding FA.8 receivables, many components are recorded under other account receivable in table 2A, but are included as transactions in financial assets in table 3B, for further explanation please see section 3.6.4. *Business day/Payment day (F.32)* is specified under other financial transactions in table 2A, this is however a net recording, and the explanatory item in the table above is therefore corrected for this item.

Sector delimitation (consolidated in 3B) is holdings of central government debt securities or deposits that are included in the working balance, but consolidated in table 3B. These relates to the *Nuclear waste fund*, *Deposit insurance scheme* and Public service account.

Super dividends are an explanatory item for transactions in equity mentioned above, but the correction is specified as an *Other financial transaction* in table 2A. The above mentioned deposits from a quasi corporation (debt) is also listed here.

##### **Table 2C and 3D**

Financial transactions in table 2C refers to other changes in volume, profit/losses in foreign exchange, swapped interest that should not be included in D.41 interest and national account adjustments of super dividends.

Super dividends are aligned with the corresponding decrease in AF.5 equity in table 3D while the other items implicit are parts of the transaction in one of the instruments in table 3D.

##### **Table 2D and 3E**

The only financial transactions are national account adjustments of super dividends, which are included in table 3E as transactions in AF.5 equity.

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

There are no adjustments for interest revenues in EDP table 3B, but accrual adjustment for interest revenue is included in table 2A. This is due to the fact that revenue is separately reported under assets in the financial and non-financial accounts, but a net recording is used in the working balance.

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

Information regarding interest for local government subsector (S.1313) is available in the statement of accounts. The data is accrual. Thus, no adjustment is needed in table 2C.

No need for any adjustment for accrued interest for the social security subsector in table 2D as a result of the same definition of interest in working balance and net lending/net borrowing.

For central government, amounts for accrual adjustments on interest are not completely the same between table 2A and 3B on the line "Difference between interest paid (+) and accrued (EDP D.41)(-)". There is no adjustment for inflation compensation in table 3B since both the change in Maastricht debt and the financial transaction in the financial accounts include inflation. Accrual adjustment for inflation compensation is, however, present in table 2A. See table below.

In table 2C and 2D there are no adjustments made for accrued interest as the interest included in the working balance is already accrued. Adjustment for interest payable is, however, reported in table 3D, since it is included in the transactions in financial accounts, but not in the change of the nominal Maastricht debt. The quarterly survey financial assets and liabilities for municipalities and county councils provides a specification of interest payable and interest receivable under the individual instruments.

The adjustments (D.41) in table 2A refer to interest expenditure, discounts, premiums, inflation and interest revenue. See table below for the amounts of differences (D.41) between table 2A and 3B.

<b>Table 2A</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Difference between interest paid (+) and accrued (D.41)(-)	14 118	16 906	1 563	-7 640
<b>Table 3B</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Difference between interest (D.41) accrued(-) and paid(4)(+)	11 955	8 481	8 230	11 656
<b>Inflation</b> , included in Table 2A but not included in Table 3B, Inflation is a transaction in FA but also included in the change in Maastricht debt.	-1 994	-8 258	6 669	18 945
<b>Remaining difference:</b>	169	167	2	-351

### 3.6.4 Other accounts receivable/payable F.8

#### S.1311 Central government

Accrual adjustments are harmonized between EDP table 2A and 3B. All receivables and payables for the main units in table 2A are included as transactions in F.8 in financial accounts, thus present in table 3B. In the financial accounts additional transactions, not included in table 2A – i.e. not included in working balance, are listed in the table below, figures for year 2019-2022.

In addition, SCB is responsible for the gross recording of taxes (total, taxes and social contributions) in a centralized "*tax model*" that includes all government subsectors. SCB is also responsible for gross recording of adjustments relating to contract settlements and EU-flows.



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

The data source for these items are net figures from ESV. These gross figures are used as explanatory items in table 2A and included in other accounts receivables/payables in table 3B.

In the formation from net to gross recording of taxes and social contributions an adjustment compensating for negative stocks has to be made. The adjustment is of equal size for payables and receivables resulting in a zero net effect. This adjustment is reported in table 3B only, see item *Adjustment for negative stock (net = 0)* in the table below.

	2019	2020	2021	2022
<b>Other accounts receivable (+), 2A</b>	<b>37 391</b>	<b>77 568</b>	<b>34 780</b>	<b>85 811</b>
Adjustment for negative stocks (net = 0)	10000	5000	15500	0
OCCB	-178	384	360	371
Nuclear waste fund	-1316	-185	102	-13
Other unspecified items	0	-2	1	2
<b>Other accounts receivable (F.8), 3B</b>	<b>45 897</b>	<b>82 765</b>	<b>50 743</b>	<b>86 171</b>
<b>Other accounts payable (-), 2A</b>	<b>-37 929</b>	<b>-51 502</b>	<b>-19 012</b>	<b>-134 135</b>
Adjustment for negative stocks (net = 0)	-10000	-5000	-15500	0
OCCB	-2564	-2505	-1460	-1345
Nuclear waste fund	-942	-179	-830	1814
Other unspecified items	-1	2	1	-2
<b>Net incurrence (-) of other accounts payable (F.8), 3B</b>	<b>-51 436</b>	<b>-59 184</b>	<b>-36 801</b>	<b>-133 668</b>

#### S.1313

The working balance in table 2C is accrued, therefore no adjustments are being made for other accounts receivable/payable in table 2C. The necessary corrections are made under Other adjustments “Other source income taxes” in table 2C while in table 3D, this adjustments is performed in AF.89 other accounts receivables.

For S.1313, the centralized tax model in the financial accounts is not used for accrual adjustment of taxes in the calculations for B9f in financial accounts. But, the flows and stocks shown in the model between central and local government are included as an *of which taxes* in AF.8 in financial accounts. The reason for not letting the model affect local government in financial accounts is that the source (Annual accounts for municipalities and regions) for financial and non-financial accounts already is accrual. The tax correction is instead based on the difference between accrual taxes shown in the statements of accounts and the accrual taxes reported by ESV.

#### S.1314 Social security funds

For social security funds, the accrual adjustment from the tax-model is used in the calculations for B9f in financial accounts. It is a part of the transaction in AF.8 other accounts receivable/payable. This adjustment in financial accounts corresponds to Detail 2 “General pension contributions paid by central government” under other accounts receivable in table 2D. The other two parts of other accounts receivable in table 2D, Details 1 “Actual social contributions” and 3 “Central government old-age pension contribution” are at present not adjusted for in F.8.

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

The transaction in AF.8 in financial accounts and table 3E also includes other transactions that are not a part of the outcome of the tax-model and that are not adjusted for in other accounts receivable in table 2D. These are mainly transactions in claims on security settlement proceeds. Please see the table below for a declaration of the transaction in AF.8:

	2019	2020	2021	2022
Accrual adjustment, tax-model	-988	-1072	7264	-548
Other AF.8	-1881	-1175	-1268	19991
3E Other accounts receivable (AF.8)	-2 869	-2 247	5 996	19 443
Accrual adjustment, tax-model	0	12	11	4
Other AF.8	-337	-2251	446	20321
3E Other accounts payable (AF.8)	337	2 239	-457	-20 325

Accrual adjustment, tax-model, that can be seen in the table above corresponds to the adjustment for general pension contributions paid by central government, Detail 2 in Other accounts receivable in table 2D. Detail 2 in table 2D and its corresponding transaction within AF.8 in table 3E are not harmonized and are therefore not identical. They have different sources. Please see row “Discrepancy” in table below:

	EDP Table	2019	2020	2021	2022
General pension contributions paid by central government	2D	-1 169	-990	6 290	-994
Accrual adjustment, tax-model	3E	-988	-1072	7264	-548
Discrepancy		-181	82	-974	-446

#### 3.6.5 Other adjustments/imputations

Methodological adjustments reported under the heading “other adjustments” are reflected in financial accounts and EDP table 3B, identical amounts, when applicable. These are recorded under the financial instruments to which they relate.

Three of the methodological adjustments reported under “other adjustments” in table 2C are reflecting the transactions in table 3D.

The adjustments made for “other source grants” and “other source income taxes” (Details 2 and 3) have a corresponding transaction in AF.8. This adjustment is also declared as “Correction for differences in sources Taxes and government grants, annual source” in questionnaire table 4.1.1 (Annex 3, Questionnaire relating to EDP notification tables). The transaction in financial accounts AF.8 is identical to the sum of the two adjustments for “other source grants” and “other source income taxes”. These two adjustments are equivalent to the adjustment made for Actual social contributions under other accounts receivable in table 2D.

The adjustment made for “Changes in holiday pay liabilities” in table 2C is reflected by an identical transaction in F.8 on the liability side in table 3D.

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

The remaining adjustments under “other adjustments” in table 2C are not affecting the transactions in table 3D.

The adjustments made for “Retained earnings attributable to collective investment fund shareholders” under “other adjustments” in table 2D are reflected by a transaction in table 3E.

### 3.7. General comments on data sources

**The main data sources for each sub-sector in general government are:**

For central government, SCB receive a data set on a quarterly basis from the Swedish National Financial Management Authority (ESV). It contains information from all the central government agencies as well as information for other central government bodies. The same source is used for both quarterly and annual accounts together with some supplementary information from the annual accounts for these units. Figures used in the financial accounts are also based on information from SNDO and the Legal, Financial and Administrative Services Agency (Kammarkollegiet). More information about sources used in compilation of central government in national accounts can be found in section 3.2.

State government does not exist in Sweden.

The local government subsector for Sweden contains municipalities, regions, municipal associations and local government corporations classified within government. In the non-financial accounts a quarterly source is used on a quarterly basis. This is also used in the April Notification. The quarterly source is replaced by a much more detailed annual source, the Annual accounts for local government (municipalities and regions), in the annual compilation of net lending/net borrowing. The statement of account is also used in the October Notification. For the financial accounts the situation is similar. A quarterly data source adapted for financial accounts (not the same as the non-financial quarterly source), split by instrument and one annual data source (also the statement of accounts, as used for non-financial accounts) based on the balance sheet for local government. For more information about data sources used for local government, see section 3.4.

The sub-sector social security funds include the Swedish national pension funds (AP-funds) and the Swedish Pension Agency (PM) managing a major part of the pension system relating to administration, pension fees and paid pensions. Data for non-financial accounts, for the five national pension funds is received from several different data sources but are confirmed by verification on an aggregated level against the official annual reports. Figures for PM are based on figures from both ESV, figures from PM regarding the premium pension scheme and the annual report. For financial accounts, data sources adapted for financial accounts are used, both on a quarterly and on an annual basis. Also official annual reports are used, as in the non-financial accounts. Several data sources are used for parts of the premium pension scheme that is administered by PM. The main data sources are semi-annual data from PM and quarterly data from the Legal, Financial and Administrative Services Agency which manages most of the funds relating to the parts of the premium pension scheme classified within the social security funds subsector. As for the non-financial accounts the information is coherent with the annual reports of PM. More information can be found in section 3.5.

For central government there is no straight connection between working balance and net lending/net borrowing as these are based on two different data sources; working balance on the state budget and net lending/net borrowing on the statistical reporting codes reported by each central government authority. For local government, working balance and net lending/net borrowing are compiled from the same source but some items are included or excluded in net lending/net borrowing. For social security funds, working balance is based on the change in

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

fund assets and the data source is not the same as used in compilation of net lending/net borrowing.

For many years the ESV has supplied the unit Public finance at SCB with almost all data needed in order to produce non-financial accounts for central government.

ESV today produces both non-financial accounts data and financial accounts data for central government and delivers the data to SCB, on a quarterly basis.

### **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**

The data source for the stock of liabilities in trade credits and advances (AF.81) in central government against units outside general government, is ESV. The content relates to Military equipment and other trade credits and advances related to the provision of goods and services.

The data source for the stocks and transactions of liabilities in trade credits and advances (AF.81) in local government against units outside general government, is the annual statement of accounts for primary municipalities and regions. The transaction in AF.81 from financial accounts is included in "net incurrence of other liabilities" in EDP table 3D. The transactions and stocks in AF.81 in financial accounts are consistent. In addition 2.5 percent of trade credits payable are removed and recorded as AF.41 short term loans, due to factoring.

In the social security funds subsector there is an insignificant stock of AF.81.

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

Data for amounts outstanding in the government debt from financing of public undertakings are provided by the Annual accounts for municipalities.

Information regarding total amount of long-term liabilities is available from the balance sheet, as well as a specification of how much of these long-term liabilities that loans are provided to municipally owned corporations.

The information referring to year t-1 is not available until October Notification.

## **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

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

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

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

The revision policy is published, in Swedish, on SCB's website:

<https://www.scb.se/hitta-statistik/statistik-efter-amne/nationalrakenskaper/nationalrakenskaper/nationalrakenskaper-kvartals-och-arsberakningar/produktrelaterat/Fordjupad-information/revideringspolicy-pdf/>

**Quarterly revision policy for non-financial accounts is as follows:**

February year T	Quarter 4 year T-1	Quarter 1-3 year T-1 Quarter 1-4 year T-2*
March year T (EDP)**	A recalculation	Quarter 1-4 year T-4 to T-1
May year T	Quarter 1 year T	Quarter 1-4 year T-1 Quarter 1-4 year T-2 (final)
September year T	Quarter 2 year T	Quarter 1 year T Quarter 1-4 year T-1 Time series revisions***
November year T	Quarter 3 year T	Quarter 1-2 year T Quarter 1-4 year T-1

\* Revision relates to Tax Assessment which is published in December each year by the Tax Authority referring to data for previous year. This revision only affects a few transactions within net lending/net borrowing but never GDP.

\*\* A recalculation of B.9 for year T-1 and T-2 and a possibility to revise the Notification period with additional revision for year T-3 and T-4 if needed. With no impact on GDP.

\*\*\* A so-called limited benchmark revision with a possibility to revise B.9. With no impact on GDP.

Final annual accounts referring to year T is published in May year T+2 and included in the EDP October Notification year T+2. However, a first annual calculation concerning previous year is published in February and March (recalculation) referring to sum of four quarters. A so-called preliminary annual calculation, on a more detailed level is published in November each year (year T+1 referring to year T), because annual sources become available in late summer and autumn. This preliminary calculation (half-finalized) is also split by classification of the functions of the government (COFOG).

Major revisions within the framework of the overall benchmark revision for national accounts occur approximately around every fifth year.

#### 4.1.2 Relating to debt and financial accounts

The revision policy, in Swedish, is published on SCB:s website

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

[Microsoft Word - Revideringar av FM0103 2020-02-18.docx \(scb.se\)](#)

#### **Quarterly revision policy for financial accounts is as follows:**

	Current quarter	Revisions
March year T	Quarter 4 year T-1	Quarter 1-3 year T (preliminary)
June year T	Quarter 1 year T	Quarter 1-4 year T-1
September year T	Quarter 2 year T	Quarter 1-4 year T-1 (final)**
December year T	Quarter 3 year T	Quarter 1-2 year T

*\*\* There are no benchmark revisions in the financial accounts; revisions of the entire time-series are possible in case of extra ordinary need.*

Final annual accounts referring to year T is published in September year T+1 and included in EDP October notification year T+1. However, a preliminary annual calculation concerning previous year is published in March each year (year T+1 referring to year T), because some of the annual sources become available in the beginning of the year T+1.

In financial accounts there are no planned benchmark revisions that occur regularly. Major revisions are possible in September each year when the final accounts referring to previous year are published. At this occasion, revisions of the entire time series are possible, if deemed necessary, as a result of on-going developments and improvements concerning both new data sources and methodological issues.

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

Concerning revisions due to new figures from already existing data sources, completely new data sources, methodological changes or other improvements, the revision policy is the same. Please see section 4.1. A possibility to revise the complete time series for B.9, B.9f and debt for general government exist once a year.

#### **4.3. Timetable for finalising and revising the accounts**

The normal production cycle for annual non-financial accounts is collecting annual data on an overall level during the winter to be able to present a result referring to the sum of four quarters in late February with a recalculation including additional data during March in late March at the time of the EDP Notification. During the spring and summer, collection of data and calculations/compilations continues. A recalculation of sum of four quarters previous year is republished in May. An additional version is published in August with complete annual data sources (on an overall level) included for the first time. During the autumn a so-called preliminary annual calculation is carried out referring to previous year and is published by the end of November each year. The preliminary calculation for previous year including also COFOG data for the first time which then can be revised in the final annual calculation the year after. Final outcome for year T is published in May year T+2.

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

For local government, the quarterly data source is the main data source in the April Notification. But some early information in the first step of collecting annual data is used as a preliminary estimate of annual data. Figures from the annual data source is available in the summer and replace the quarterly data source in front of the calculation and dissemination in late August. Also included in the October Notification. The annual data source is much more detailed and correspond to the statement of accounts. This normally results in larger revisions between the first estimation based on the quarterly accounts in February and March year T+1 and the first actual annual compilation in August T+1, compared to revisions between the preliminary (half-finalized annual calculation) and the final calculation the year after. The final outcome for year T is published in May year T+2. Revisions after that refers to calculation errors or planned limited benchmark revisions annually or major/benchmark revisions approximately every fifth year.

For central government and social security funds the main data sources is the same irrespective of it being a quarterly or an annual calculation. Other issues are more relevant regarding revisions, e.g., outcome from Tax Assessment etc. More information about that can be found in section 6.1. Only a minor part consists of supplementary annual information, mainly used for splitting data into more detailed level as correct counterpart, COFOG etc. and not change the total.

The timetable and the revision policy are the same for all sub-sectors within the general government but can differ between transactions affecting B.9 and GDP. See also section 4.1.1.

Concerning the financial accounts, the publishing timetable and the revision policy is the same for all sub-sectors within the general government. See also section 4.1.2.

The annual financial accounts for central government are based on foremost quarterly data, sum of four quarters, in combination with some annual data sources. Preliminary accounts for the year before, based on preliminary sources, are published in March each year. Under ordinary circumstances data should be final in T+7 to 8 months. Annual accounts for the year before are based on more detailed annual sources and are published in September each year. The quarterly source is not revised on a regular basis. However, it might be revised on an ad-hoc basis if an error is discovered in the data source for a previously reported quarter.

The annual source for local government, Annual accounts for municipalities and county councils, is collected during the spring, processed during the summer and becoming input to financial accounts and published in September. Hence, annual financial accounts referring to year T is published in September year T+1 and included in October Notification year T+1. However, a preliminary annual calculation concerning previous year is compiled as the sum of four quarters and published in March each year (year T+1 referring to year T) when the fourth quarter is published. The quarterly data source is, together with the latest available annual source, used to calculate the quarterly accounts. Thus, the annual source referring to year T-1 is used when first compiling financial accounts for quarter 1 year T. When compiling the second quarter year T+1, the annual source referring to year T is available and the quarters 1-4 year T and the first quarter year T+1 are revised.

Financial accounts for social security funds are based on its quarterly data source. Annual accounts are compiled as the sum of four quarters. When calculating quarter 4, which is published in March, the main units' annual reports are available as a complementary source for the annual financial accounts. The quarterly source is not revised on a regular basis. However,



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

it might be revised on an ad-hoc basis if an error is discovered in a questionnaire for a previously reported quarter.

## B. Methodological issues

### 5. Sector delimitation – practical aspects

#### 5.1. Sector classification of units

General government is defined by ESA 2010 §2.111 as "... institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth". Moreover, §20.05 specifies that the general government sector "consists of all government units and all non-market non-profits institutions (NPIs) that are controlled by government units. It also comprises other non-market as identified in paragraphs 20.18 to 20.39".

It is necessary to determine:

- a. if it is an institutional unit (ESA 2010 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 (ESA 2010 §20.18 and MGDD 1.2.3 – define the notion of control by the government over an entity as "the ability to determine the general policy or programme of that entity"... According to the list of criteria listed in ESA 2010 §20.309)
- c. if it is a non-market public institutional unit - reference to "Market-non-market delineation" (ESA 2010 §20.19 to §20.28 and MGDD 1.2.4)"

The government decide upon the overall activity and targets for every central government authority as well as the appropriations for each authority. In a similar way the municipal assembly in every local government authority makes these decisions. However, the government is not allowed to influence an authority in certain questions.

The autonomy of central government units is regulated in Chapter 12, Article 2 of the Instrument of Government (1974:152). The bookkeeping is regulated in Chapter 10, section 2 of the Budget Act (2011:203), as well as, in the Bookkeeping Ordinance (2000:606) and in the Ordinance on Annual Reports and Budget Documentation (2000:605).

The municipal autonomy is regulated both in SFS 2011:109, Chapter 14 (Regeringsformen) and in SFS 2017:725 (Kommunallagen). The bookkeeping is regulated both in SFS 2017:725, Chapter 11 and 12 (Kommunallagen) and in SFS 2018:597 (Lag om kommunal bokföring och redovisning).

The subsectors include institutional units, which are treated as non-market producers according to ESA 2010 as well as institutional units mainly controlled and financed by government.

Government sector delimitation analysis, and resulting reclassification, if any, is established and performed on a regular basis according to the criteria stated in ESA 2010 and MGDD 2022 edition. Annual investigation of government owned corporations is performed where all large corporations, i.e. referring to total liabilities, number of employees and corporations that fail the market/non-market test, are analysed. Also government owned holding companies and head

## Sector delimitation – practical aspects - Existence and classification of specific units

offices/parent companies are analysed more thoroughly as well as corporations with zero employees and other investigations upon request by Eurostat.

The work with investigating public corporations is carried through on a regular basis, both annually in connection to the annual questionnaire about public owned and controlled units, as well as, continuous analysis of new units. Government sector delimitation analysis has been established as a regular activity in government finance statistics within national accounts. As a base for analysing public corporations a designed database at SCB containing all public corporations is used. The same database is the source for the annual Eurostat questionnaire on government controlled units classified outside government and also corresponding to information requested in the Council Directive 2011/85/EU. Based on information in the database it is possible to carry out the market/non-market test. In the beginning of December each year figures for previous year are available. The database contains annual information back to year 2009. The annual investigation is always based on at least a three year period.

The quantitative 50% test is conducted based on the information from the business statements included in the database mentioned above. Net sales/turnover and other operating income are used as a proxy for sales and operating expenses, other external costs, depreciations, interest revenue and interest cost as a proxy for the production costs.

For the calculation of the consumption of fixed capital, as a part of production costs in the 50% criteria, depreciations from the business statement multiplied by an ad-hoc coefficient split by NACE-categories are used. The net-interest charge, used as an approximation of the cost of capital, is calculated as interest costs less interest revenue. In some cases, the net interest charge may be negative, then it is set to zero and has no impact on the production costs. Otherwise (if positive) it increases production costs.

On the other hand, a test based only on the 50% criterion does not always provide a clear answer whether the entity should be classified within or outside general government. Further investigations are performed based on qualitative aspects according to ESA 2010 such as the degree of influence and mandate general government have on the entity, government financing, if it's a financial corporation etc.

Units within general government, and defined as government authorities and agencies, are not tested on a regular basis but frequently analysed in the calculation and compilation of non-financial accounts. General government units are always included based on the criteria mentioned above.

When new government authorities, municipalities and regions are established/terminated, information is provided to the SCB by official decisions by government. If it concerns other units, information is provided by the business register at SCB who is responsible for classification of units in the business register. Information about classification changes is distributed to all statistical surveys whose population is based on the business register and also to the department of Balance of Payments, Financial Markets and National Accounts. It is, however, the responsibility of the national accounts at SCB to ensure that all units are correctly classified in national accounts based on ESA 2010, which leads to a continuous dialogue with the Business Register unit.

### **5.1.1 Criteria used for sector classification of new units**

At Statistics Sweden (SCB), the following criteria are used for sector classification:

- Legal status
- Economically significant prices
- Ownership
- Industry (NACE)
- Public influence and control
- Economic information, number of employees etc.
- Quantitative 50% criteria

All of the above mentioned criteria, except for economically significant prices and government influence and control, are included in the above mentioned SCB database. The information is collected from different sources but the main sources are the Swedish Business Register together with economic information from the annual Structural Business Statistics at SCB. Some supplementary information from annual reports is also used to verify administrative data in the register. Information about government influence and control, ancillary services, market behaviour etc. is mostly collected from annual reports and information from official statements and corporation websites. The degree of government ownership is however included in the database.

### **5.1.2 Updating of the register**

The Swedish Business Register is updated on a regular basis. This register is based on information regarding legal status, ownership, industry etc.

Statistics Sweden (SCB) has, as mentioned above, created a database containing all public corporations. The database includes information on name, id-number, institutional sector, NACE-category, number of employees and ownership, and a variable which indicates if the corporation is included in the monetary financial institutions list (MFI) and other economic variables needed to conduct the quantitative 50% criteria according to ESA 2010. The database is updated once a year and is also used for the compilation of the annual “Questionnaire on government controlled units classified outside general government” and to correspond to the requirements in the Council Directive 2011/85/EU. The economic data needed for the 50% criteria (market/non-market test) comes from standardized accounting statements and is combined with data from Structural Business Statistics. Figures referring to year  $t$  are available in December year  $t+1$ . Information on name, id-number, institutional sector, NACE-category, number of employees and ownership comes from the business register, which is available and maintained at SCB. Information about ownership from the business register is supplemented with information from an annual questionnaire sent out to the municipalities and regions to provide information regarding which corporations they own as well as the share of ownership.

The Swedish National Financial Management Authority (ESV) is responsible for collecting data for central government authorities. If a new authority is created (by the Riksdag, the Swedish Parliament) ESV include the authority from the day the activity starts. The same procedure applies for the social security subsector. The final decision is however made by SCB

concerning all units within general government. The register at ESV is continuously updated and includes all relevant data to compile central government public accounts as well as working balance and also a base for net lending/net borrowing. This also refers to reclassified other central government bodies.

SCB is responsible for collecting data for local government authorities and when a new local government unit is established (split or emerge) the new unit/units are included immediately in national accounts. The decision of creating a new unit is taken by the parliament (the Riksdag). The register at SCB contains all units classified within sub-sector local government.

How detailed the data source is, depends on if it is a quarterly or annual data source.

A summary of data sources split by sub-sector for units within general government:

**Central government (S.1311):** Quarterly non-financial data source, compiled by ESV and delivered to SCB at approximately t+45 days for further processing and the compilation of net lending/net borrowing which is complete at around t+60 days. The final non-financial accounts referring to year t are published in May year t+2. The same data source is used in both quarterly and annual non-financial accounts. However, for some of the other central government bodies figures from annual reports are used and estimated on a quarterly basis. Forecasts are replaced by actual outcome when e.g. taxes and social contributions are finalized. For the financial accounts, the data source is the same as for the non-financial accounts. However, the data is delivered to SCB at approximately t+60 days. Additional data for the financial accounts is provided by the Swedish National Debt Office and the Legal, Financial and Administrative Services Agency.

**Local government (S.1313):** Quarterly non-financial data source is based on a survey containing 84 largest municipalities in terms of population on last December year t-1 and all regions. The time table is the same as for central government, i.e. publishing net lending/net borrowing at t+60 days. SCB is responsible, both for collecting data and for compiling non-financial accounts. The quarterly source for local government financial accounts is a quarterly survey on local governments' (municipalities and regions) balance sheet data, carried out by the division of public finance at SCB. The quarterly survey for the fourth quarter is a total survey for the population of 290 municipalities and 20 regions. For quarters 1-3 the survey is a sample-survey adjusted according to the four quarter results. Quarters 1-3 all the 20 regions and a sample of municipalities respond to the survey. The sample consists of 84 largest municipalities in terms of population on last December year t-1. The annual compilation is based on a census where all municipalities, regions and municipal associations are included, and the annual data source is much more detailed. The time table is the same as for central government. Figures for local government corporations classified within government are based on Municipal and regions owned corporations income statement and balance sheet and information from annual reports.

**Social security funds (S.1314):** Quarterly non-financial figures are based on data from both ESV, the Pension Agency and a quarterly questionnaire sent to the five national pension funds (AP-funds). The time table is the same as for central government, i.e. data is received by SCB around t+45 days and the compilation of net lending/net borrowing is complete at t+60 days. The annual compilation is based on the same data sources as quarterly accounts but supplementary figures are also collected from official annual reports. Early forecasts are replaced by actual outcome (for example from the tax assessment) and the time table is the same

as for central government. The main financial accounts data source for the five AP-funds is the Quarterly survey on social security funds. It is a total survey among the five AP-funds and covers all their financial assets and liabilities. The data used for compilation of the AP-funds in financial accounts, is the quarterly survey on social security funds, containing both income statements, balance sheets and financial transactions. It is partly an integrated data source since part of the data from the income statement is used by the non-financial accounts. For the compilation of the Swedish Pension Agency in financial accounts, several data sources are used. The AP-funds annual reports are used for comparisons and controls of the quarterly source.

Concerning public corporations in general, economic data referring to year  $t$  are available in December year  $t+1$ .

A major part of all relevant data for compiling net lending/net borrowing is included in different databases and registers at ESV and/or SCB. Please see each section in this Inventory, concerning EDP table 2A-D, for more detailed information.

More information regarding revision policies for non-financial and financial government accounts are found in chapter 4.

### **5.1.3 Consistency between different data sources concerning classification of units**

Statistical surveys are kept updated regarding the sector classification used in national accounts. In addition, also different kind of teams and working groups are discussing and dealing with classification issues on a regular basis. Controls are performed to ensure that same units have the same classification both in non-financial and financial accounts as well as in e.g. MFI statistics.

All sub sectors of government use integrated data sources, i.e. the population for non-financial and financial accounts is identical for the subsectors of government.

## **5.2. Existence and classification of specific units**

### ***Non-profit institutions***

Non-profit institutions serving households (NPISH) mainly controlled and financed by general government are classified within general government. Information used as a base is the business register and official financial statements as public annual reports or similar official statements. At present the classification is done on an ad-hoc basis, but monitored and discussed regular in the annual work with delimitation of government.

### ***Quasi-corporations***

Quasi-corporations:

- Svenska Kraftnät (Swedish National Grid)
- Luftfartsverket (Air navigation service of Sweden)
- Sjöfartsverket (The Swedish Maritime Administration)
- Sveriges Riksbank (the Swedish central bank)

The first three units are state-owned public units while the Riksbank (the Swedish central bank) is a central government authority classified as a financial corporation.

Concerning infrastructure and roads, the Swedish Transport Agency is the central government authority responsible for drawing up regulations for the transport market and ensuring that authorities, companies, organisations and citizens abide by them.

### ***Infrastructure corporations***

Concerning railways, the previous regulation SFS 2004:519 (in Swedish: “Järnvägslagen”) have been replaced by four new regulations; 2022:365, 2022:366, 2022:367 and 2022:368 which regulates different areas regarding railway activity in Sweden. In the regulation 2022:365 (“Järnvägsmarknadslagen”) regulates e.g. how grants from the government should be reported, how fees are allowed to be collected and how railway services should be provided. In the annual report on key figures for corporations active on the Swedish railway market, the following government

owned railway corporations are listed:

<b>Corporation:</b>	<b>Government owned:</b>	<b>Sector classification:</b>
Green Cargo AB	Owned by central government (100%)	Non-financial corporation
SJ AB Inclusive: SJ Norrlandståg AB SJ Öresund AB SJ Götalandståg AB	Owned by central government (100%)	Non-financial corporation
LKAB Malmtrafik AB	Owned by central government (100%)	Non-financial corporation
Inlandsbanan AB Inclusive: Inlandståget AB	Owned by municipals (100%)	Non-financial corporation
Tåg i Bergslagen AB	Owned by municipals (100%)	Non-financial corporation
Norrtåg AB	Owned by municipals (100%)	Non-financial corporation
Öresundståg AB	Owned by municipals (100%)	Non-financial corporation

Concerning the metro there have been some recent changes. From year 2013 there has been a change in the responsibility for public transport from municipalities to regions, according to the new law of public transport.

However, both municipalities and regions are recorded within the same subsector in national accounts; in local government.

### ***Schools***

The school system in Sweden is regulated in SFS 2010:809 (in Swedish: “Skollagen”), in SFS 1992:1434 ( “Högskolelagen”) amended and in SFS 1993:100 ( “Högskoleförordningen”).

## Time of recording - Military expenditure

Municipalities have the main responsibility for preschools, primary schools and secondary schools. This includes schools for intellectually disabled children and adults, municipal adult education and education in Swedish for immigrants. Also leisure activities for children after school belong to the responsibility of the municipalities.

Also regions are permitted to be responsible for upper secondary schools, municipal adult education and schools for intellectually disabled adults. Schools with regions as principals are mostly folk high-schools and only a few upper secondary schools.

The central government is responsible for the so-called special needs schools in Sweden; The Swedish Sami Schools; and the major part of the universities in Sweden. There are ten schools for children with special needs and with special disabilities as for example blind and/or deaf children, five Sami schools and 35 universities where the central government is the responsible authority. In addition, two universities with private principals are classified as central government units.

Private corporations are permitted to apply to be approved to run preschools, primary schools and secondary schools, except for municipal adult education, education in Swedish for immigrants, schools for intellectually disabled adults, special schools and Sami schools. There are also universities with private principals.

### ***Public service***

The authority responsible for public TV and radio in Sweden is the Swedish Press and Broadcasting Authority. This central government unit supervise the TV and radio broadcasts, permit licenses, government support within this subject area etc.

The Public service corporations (SVT, SR and UR) provide radio and TV in the service of the general public. A specific Broadcasting Charter from the government to each of the three programme corporations entitles them to broadcast television or radio programmes. Public radio and TV service is financed by a tax and the Public service corporations are classified as other central government bodies within the central government subsector.

The Public service corporations are owned by: official name in Swedish "*Förvaltningsstiftelsen för SVT, SR och UR*", a central government foundation for the three Public service corporations. The purpose of this foundation is to promote the autonomy of the Public service radio and TV. Also the foundation is classified within central government.

### ***Hospitals***

The responsibility for public medical service in Sweden is shared between central government, municipalities and regions. This is regulated in SFS 1982:763 (in Swedish: "Hälso- och sjukvårdslagen").

Regions in Sweden are responsible for the organisation of the public medical service. Public medical service can be divided into three levels: region medical care, county medical care and primary care. There are seven region hospitals in Sweden and about 70 county hospitals. Region hospitals are university hospitals and more specialised than county hospitals.

About 64 percent of the regional services is financed by taxes. In addition, the regions obtain income from patient fees and by selling services. The rest is covered by grants from the central



government. The central government also provides some target grants to increase access to care and to pharmaceutical benefits. About 86 percent of the regions budget go to health and medical care and dental care.

Regions are also entitled to buy health and care services from private corporations. There are hospitals classified as non-financial corporations, owned by other units outside general government. In this case, in the national accounts, patients are compensated through social benefits in kind.

### ***Other specific units***

No SPVs are included in general government sector.

Central government authorities involved in financial activities are mainly the Swedish National Debt Office (SNDO), the Legal, Financial and Administrative Service Agency (Kammarkollegiet) and ALMI enterprise group. All three institutions are classified within central government.

The Swedish Export Credit Guarantee Board (EKN) task is to promote Swedish exports and the internationalisation of the Swedish industry by insuring export corporations and banks against the risk of non-payment in export transactions. EKN is a central government authority classified within central government.

## **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 ESA 2010 §1.101. 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**

ESA 2010 states that taxes and social contributions are derived from two sources: amounts evidenced by assessments and declarations or cash receipts.

If assessments and declarations are used, amounts should be adjusted by a coefficient reflecting assessed and declared amounts never collected. An alternative treatment foresees recording tax/social contribution revenue on a gross basis and adjusting this amount by a capital transfer to the relevant sectors equal to the amounts unlikely to be collected.

If cash receipts are used, the amounts should be time adjusted so that the cash is attributed to the time when the underlying activities, transactions or other events took place to generate the tax/social contribution liability, or when the amount of tax was determined, in the case of some income taxes.

### 6.1.1 Taxes

This section describes the methods of recording of taxes on an accrual basis. The time of recording of taxes is defined in ESA 2010 §4.26 and §4.82 as the time "...when the activities, transactions or other events occur which create the liabilities to pay taxes".

#### General overview

The Tax Agency (and other authorities) continuously report settled taxes and payments on a monthly basis. The taxes can be grouped into two main categories

- 1) Taxes assigned to the correct month or quarter in close proximity to the tax payment or to the tax return, e.g. VAT, social contributions and most taxes on products and production.
- 2) Taxes settled in the annual tax assessment, corporate and individual income taxes.

For income taxes for households and corporations, that are settled in the annual assessment, the preliminary tax revenue is mainly based on financial income statements, deducted preliminary taxes, annual reports from corporations, the development of the economy, the stock market, the real estate market etc. until taxation is finalized and available in April the second year after the income year.

Tax revenue and tax income calculations/forecasts are produced by the ESV, and the same taxes (adjusted for delimitation and other differences) are used in the central government annual report, in the central government budget, the Spring Fiscal Policy bill and in the National Accounts for the income year and the year before the income year. The forecasts/calculations are based, as far as possible, on information referring to outcome connected to taxes or tax bases, as well as macro estimates and assumptions about the outcome.

#### Time of recording

In principle, no taxes are recorded either pure cash or time-adjusted cash (TAC). In Sweden, both individuals and corporations/organisations have their own unique tax account. When a tax obligation occurs, the taxpayer pays the tax into the tax account and make a corresponding tax declaration to the Swedish Tax Agency (*Skatteverket*). As a result of the structure of the tax system with a single tax account for all taxes, it is not possible to see each tax at the tax account (=cash or TAC). The paid tax must be confirmed by a corresponding tax declaration. In national accounts, taxes are recorded based on the tax declaration, which approximately is the same as paid tax. Depending on possible time lag the tax is recorded pure cash or TAC but based on reported amounts in the tax declaration to the Swedish Tax Agency. After the outcome from the annual Tax Assessment, total amounts for each type of tax can be observed in the overall tax system and be recorded in national accounts. Therefore, time of recording for all taxes and social contributions are based on Assessment and declarations.

In addition, small corporations/self-employed settles the tax only once a year in the final tax settlement. Therefore VAT, for example, is not finalized until final outcome from the Assessment and declarations is finalized.

On the taxpayer's tax account all taxes are recorded; income tax, social contributions, VAT, energy taxes etc. However, the payment for these taxes refers to all taxes recorded on the tax account. This implies that the payment cannot be referred to a specific tax but to all taxes that are recorded on the tax account. The system can be compared to a VISA-account. You can use the card for buying many articles, but the payment refers to them all.

## Time of recording - Military expenditure

The Swedish National Financial Management Authority (ESV) is responsible for estimations of taxes and social contributions. The estimates are based on statements on earnings and deductions (interest expenditures) and supplementary payments made by both individuals and corporations beyond the prepayments of tax. That implies that information exists on how salaries, pensions, benefits have developed the previous year. So instead of assumptions of the development, information of the outcome is used to get a more exact estimate of the tax bases and the taxes. The supplementary payments are used as an indicator to estimate taxes where no information about prepayments exist (e.g., capital gains for individuals) and where the prepayments are too low (e.g., for corporations).

Estimates for the second EDP Notification (October year T+1) are based on the latest forecasts made during August year T+1 which is included in the annual calculation of year T in national accounts. The forecast in August takes into account a preliminary outcome from the Tax Assessment, both for individuals and corporations and concerning both tax bases and taxes.

In the third EDP Notification in April the outcome from the Tax Assessment replaces estimates but are not yet final. Until publication of national accounts in May year T+2 the final outcome can change as a result of reassessments. In May year T+2 taxes are treated as final and included in the final calculation in national accounts as well as included in the fourth EDP notification in October year T+2. The revision between the third and the fourth EDP Notification should be relatively small. The third EDP Notification takes into account reassessments settled in December year T+1 and reassessments in January and February year T+2 while the fourth EDP Notification also takes into account reassessments settled in March year T+2. When these are included, the outcome is final.

As described above the main part of the revision will occur when estimates are replaced by outcome from the Tax Assessments between the October Notification year T+1 and the April Notification year T+2. However, there will always be a revision between the April Notification year T+2 and the October Notification year T+2 as well.

Assessed amounts are neither adjusted by a coefficient nor recorded as capital transfers corresponding to taxes unlikely to be collected. The tax calculations are based on taxes actually collected. Both individuals and corporations have their individual tax account. All assessed taxes and payments are recorded in this account. If there is a deficit and the deficit is not settled in time the claim is handed over to the Swedish Enforcement Authority (*Kronofogden*) for collection of the claim. A part of these amounts is, in fact, collected by the Enforcement Authority and transferred to the Tax Authority. This net amount (always a loss of course) is recorded as taxes not to be collected. This means that amounts of taxes not collected can be referring to several years.

It does not exist any time limit when the Enforcement Authority aborts the attempt to recover the claim. However, in national accounts the time limit for recording the repayment in year T is in April year T+2. After that the recovered claim is recorded in the existing/present year. And at the same time the difference between taxes not collected and recovered claims (always a loss of course) are recorded within each type of tax as a negative impact on B.9. Figures referring to taxes unlikely to be collected are based on actual outcome and not estimations and are recorded for each type of tax.

## Time of recording - Military expenditure

Since the tax account system does not allow specification of which taxes paid or not paid, but only the total, it is not possible to know exactly if the taxes concern the present year or a previous year. However, since the handing of deficits to the Enforcement Authority is made every month, the main part of amounts not paid should concern prepayments of income taxes, social contributions and VAT for the current year. Maybe there will be a minor underestimation of losses for the former year, due to the fact that the decision on final tax for corporations is made once a year and thus will be an extra claim apart from the monthly payments. Since the total loss does not differ very much from one year to another, this effect, however, will be levelled out over time. Randomly, technical effects can occur, depending on the exact time for handing over a claim to the Enforcement Authority. These effects can occasionally lead to misleading information for a separate year, which also will be levelled out over time.

It's always the amounts assessed by the Tax Agency that are recorded in the tax account. In most cases this amount is the same as the amount that the taxpayer has declared in the tax declaration. The difference in claims is the same amount as the taxes not collected, as reported in EDP.

The responsibility for compiling taxes for national accounts purposes, as well as making forecasts, is the ESV. However, the data source for tax declarations and outcome come from the Tax Assessment at the Swedish Tax Agency. SCB receives all tax related data from ESV on an ESA 2010 transaction code level. Forecasts are replaced by outcome from the annual Tax Assessment.

SCB has the overall responsibility for EDP in Sweden, but several other central government authorities are involved in the calculations. For central government sub-sector and EDP table 2A (except net lending/net borrowing) the responsible authority is ESV, but in close cooperation with SCB. In addition, SCB is responsibility for compilation of both national accounts and EDP for local government and social security funds.

Tax refunds, reimbursements, interest on late payments, penalties etc. are collected in the same way as taxes in general. Figures are based on actual collected figures (real indicators used). Both quarterly and annual figures are available. No deadline exists for this kind of transactions but in national accounts, taxes are "closed" (finalized) and published in May year T+2. Thereafter these items, if any, are recorded at present year.

All assessed taxes are recorded on a monthly basis in the tax account. For taxes that are assessed at the yearly assessment, the final settlement is recorded (final tax less prepayments). All payments that the individuals or the corporations pay are also recorded on the tax account. If there is a deficit on the account the taxpayer has to pay an interest and the other way around, i.e., the taxpayer will receive an interest if there is a surplus on the account (unless zero interest due to low market interest). So, for each taxpayer as well as for the budget recording the following can be split:

Assessed tax revenues (recorded by the tax authority)  
- Taxes not collected (recorded data by the tax authority)  
= Total tax revenues in accruals  
+ The sum of deficits and surpluses on the tax accounts  
= Total tax revenues on cash basis

## Time of recording - Military expenditure

*But it is not possible to separate assessed values from cash values for individual tax items (type of tax).*

The reassessments can be split between individuals and corporations but not according to type of tax. But in most cases the reassessment refers to income taxes (D.5).

Also fines, penalties and interest according to the Tax Procedure Law (*skatteförfarandelagen* 2011:1244) are recorded on the tax account and handled in the same way as taxes.

No change in principles or recording due to the Covid-19 pandemic. No payable tax credits or changes in the tax prepayments (legislative or administrative) or other government tax refunds. Treatment of tax deferral is included in the normal tax recording process explained above due to solely Tax Assessment method.

The following deadlines concerning (i) deadline for taxpayer to pay and present the tax declaration to the Tax Agency and (ii) when the final data becomes available or is settled and finalized, are presented below split by type of tax.

### **Value added tax (VAT)**

- (i) Large corporations and government: month  $t+1$ ; Small and medium corporations: month  $t+3$  up to  $t+7$ ; self-employed: October year  $t+1$
- (ii) Final data are finalized: October year  $t+1$

VAT is recorded based on information from the Tax Agency; monthly, quarterly or annual depending on size of the corporation or organisation. But VAT is not recorded pure cash or time adjusted cash as a result of the system for assessment (tax form for VAT, social contributions, income tax etc.) and collection of taxes. Depending on size of the corporation (the turnover), a taxpayer must assess the VAT every month, quarterly or on an annual basis.

### **Excise duties**

- (i) A major part of D.214 is recorded with a time lag of month  $T+1$  or  $T+2$ , but for some taxes such as profits of fiscal monopolies are based on Annual statements in April year  $T+1$
- (ii) Final data are finalized: A major part at month  $T+1$  but some based on Annual statements in April year  $T+1$

### **Taxes on individual or household income, excluding holding gains**

- (i) December year  $T+1$
- (ii) Final data are finalized: April year  $T+2$

### **Taxes on the income or profits of corporations, excluding holding gains**

- (i) December year  $T+1$
- (ii) Final data are finalized: April year  $T+2$

### **Actual social contributions**

- (i) December year  $T+1$
- (ii) Final data are finalized: April year  $T+2$

### **Total wage bill and payroll taxes**

(i) December year T+1

Final data are finalized: April year T+2

### 6.1.2 Social contributions

The time of recording of social contributions is defined in ESA 2010 §4.94 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.*
- 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.*
- 3. Please indicate which institution collects the information and which institution compiles 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.*

The following data sources are used: Time adjusted cash for compulsory employers' actual social contributions. Concerning voluntary employers' actual social contributions and both compulsory and voluntary employees' social contributions, as well as for self- and non-employed persons, data are based on assessment data.

Assessed amounts recorded entirely as revenue, which is the same method as for taxes. If the assessed amount is not paid within 90 days, the amount will be recorded as a loss by the tax authority. The revenue loss can later be regained by the Enforcement Authority.

The same data source and procedure at both ESV and SCB as for taxes. Social contributions for year T are settled in the yearly assessment and are finalized in April year T+2.

The treatment of reimbursements, refunds, interest on late payments, fines and penalties for non-payment and amnesties correspond to the method for taxes.

## 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.

ESA 2010 paragraphs 20.294-20.300 foresee that when non-government units are beneficiaries from EU grants, all the flows to and from government should be recorded as financial transactions, without any impact on government net lending/borrowing (B.9).

When final beneficiary is a government unit, the neutrality of EU flows is ensured by matching the time of recording of government revenue from the EU and the time of recording of the government expenditure covered by the EU grant.

The ESA 2010 Manual on government deficit and debt Chapter 2.6 “*Grants from and contributions to the EU budget*” provide further details concerning the recording of these flows.

### **6.2.1 General questions**

In Sweden, there is no central agency managing EU-flows. Instead, different authorities are responsible for different EU funds. Managing authorities are the following:

European Agricultural Guarantee Fund (EAGF) – Swedish Board of Agriculture

European Agricultural Fund for Rural Development (EAFRD) – Swedish Board of Agriculture

The European Fisheries fund (EEF) - Swedish Board of Agriculture

European Regional Development Fund (ERDF) – Swedish Agency for Economic and Regional Growth and also a few County Administrative Boards. European Social Fund (ESF) – Swedish ESF Council

All these agencies are classified in the central government subsector.

The main source of data for EU flows is the reporting of budget outcome (income recorded on budget revenue headings and use of budget appropriations) from the above mentioned agencies. When needed, balance sheets and profit and loss accounts are also used.

According to Swedish law (the Budget Act), funds received from EU are recorded on cash basis on revenue headings in the Swedish central government budget. The funds are substantially (more than 98 percent year 2011) used for transfers and grants, which are recorded on budget appropriations on cash basis (also according to the Budget Act). Thus, the cash flows can be eliminated directly from the outcome of budget appropriations and revenue headings. All this collection of data and elimination is made on the central government level.

For central government, reliable data is available on time of expenditure basis and the information is also divided by which sector receives subsidies from EU. The counterpart sector information also covers the national accounts needs.

More than half of the total EU funds consist of transfers to farmers, paid in November or December from the central government. In the absolute majority of cases, the equivalent

## Time of recording - EU flows

amount is received from the European commission about two months later. As a result, there is no risk that advances and repayments would be mixed up.

The amounts from the EU are entering the central government working balance on cash basis and that is the same for all funds (when applicable).

The accrual adjustments in EDP table 2A are recorded under the receivables and payables for all funds.

In order to neutralize the impact on net lending/net borrowing, cash flow information is used.

Advances are recorded as an asset of government in a Treasury account (not separate).

When an advance is received and recorded as an asset of government, a matching payable is recorded in EDP table 3.

### **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.

To our knowledge, Sweden has not received cash through transitional or Schengen facility.

### **6.2.3 EU financial instruments –**

The EU has been providing measures of financial support from EU structural and investment funds ‘financial instruments’ (FI). These instruments may be ‘equity or quasi equity investments, loans or guarantees’ and they are intended to support activities that will generate income, or result in saving on future expenditure. Unlike grants, they do not constitute a gift to the final recipient, which will typically be a small or medium-sized enterprise (SME) since, under normal circumstances, the funds are expected to be repaid to the creditor and produce a return on the investment (such as interest on the loan, or profit on subsequent sale of equity). EU legislation allows for a choice on how the financial instruments are implemented nationally: the Implementing Authorities can choose whether to assign the implementing task to a newly created entity or contract out the management to the EIF/EIB or to existing financial institutions.

- 1. Indicate if you have EU financial instruments programmes implemented in your country.*
- 2. Which units are implementing FI and thus are the beneficiaries from the point of view of the B.9 neutrality principle for recording EU flows? What is their sector classification?*
- 3. Are FI implemented directly or via a fund of funds (FF)?*



*4. How neutralisation of EU funds on the level of the beneficiary is ensured?*

*5. What are the units benefiting from these schemes (S.13/S.11 other)?*

Sweden has no programmes or funds implemented.

#### **6.2.4 EU Recovery and Resilience Facility (RRF)**

The RRF entered into force on 19 February 2021. It finances reforms and investments in Member States from the start of the pandemic in February 2020 until 31 December 2026. To receive RRF funds, member states must present plans for major investments and reforms that promote economic recovery and strengthen social resilience. The funds provided via the RRF consist of grants and loans, and their disbursement is linked to the fulfilment of a number of milestones and targets.

Statistically, the RRF grants are to be treated similarly to the conventional EU grants, i.e., without impact on the net lending (+) /net borrowing (-) (B.9) of general government (see MGDD section 2.6.1). An exception to the neutrality rule exists for the year 2020 (due to the retroactive application of the RRF. Expenditure incurred in 2020 is not neutralised in 2020, the corresponding revenue is to be recorded when the plan is endorsed by the Council. In addition, in the case of the RRF, by convention, government is to be seen as the final beneficiary of all funds. Advance payments by the EU on RRF grants are to be recorded either in F.8 payables or a reduction in F.8 receivables to the extent that receivables exist. The expenditure financed by the RRF loans should accrue following ESA 2010 rules, and no expenditure neutralisation should take place. The recording of the FIs financed from the RRF grants should follow the same rules as for the FIs financed from the regular EU flows (see MGDD section 2.6.3), that is, be B.9 neutral for general government (as the beneficiary).

Sweden has requested a total of €3.3 billion in grants under the EU Recovery and Resilience Facility (RRF). The amount was slightly revised after the final EU decision in the summer 2022, from 3.289 billion Euro to 3.182 billion Euro. The decrease corresponds to a lower share (quota) of 0.9676. The imputed EU contribution have been adjusted correspondingly from year 2021 onwards.

The main principle is to neutralize the costs with a corresponding imputed revenue from the EU. However, for Sweden, two issues have an impact on net lending/net borrowing. The first refers to the retroactivity for year 2020 with an opposite impact year 2022. Minor amounts. The second refers to the amended final amounts regarding the expected EU contribution mentioned above, with a negative impact on net lending/net borrowing. Also minor amounts.

The Swedish recovery plan contain five components:

- Green recovery
- Education and transition into work
- Expansion of broadband, digitalisation of public administration
- Better conditions to meet the demographic challenge and ensure the integrity of the financial system
- Investments for growth and housing

Projects in the plan cover the entire lifetime of the RRF until year 2026, with a strong concentration of projects in the first three years of implementation. Regular follow-ups during the years, in which the Commission reviews whether targets and milestones have been achieved. Sweden intends to submit one payment application per year. Payment decisions are then taken by the Commission. Only grants. No loans or prepayments.

The European Commission received an official recovery and resilience plan (RRP) from Sweden on May 28, 2021. However, the RRP was revised three times. Two in relation to the budget bill process the same year, as well as in relation to the following RRP application process in September and October 2021. And a third after amended a new budget in the end of the same year and decided on February 24, 2022. The Council approved the Swedish plan in the beginning of May 2022.

SCB, ESV and the Ministry of Finance have been involved with the initial work with the statistical recording of RRF in Sweden. ESV is responsible for collecting data from relevant authorities who have separate codes (appropriations) referring to RRF expenditures. RRF amounts are then included in the ordinary dataset sent from ESV to SCB on a regular basis. An electronic transmission quarterly. RRF amounts is recorded explicitly in the data source.

RRF affect working balance, and due to neutralisation in national accounts (except of above-mentioned issues) the difference is reported in EDP table 2A. Only central government record RRF flows. Non-financial RRF items refer to different expenditures as well as imputed contribution from the EU to neutralise the impact on net lending/net borrowing. No revenue reduction measures. Reimbursements from EU is recorded as cash received and corresponding other account receivables due to already recorded revenues from EU.

In EDP table 3B a corresponding recording is made as AF.8, receivables against EU. Data is reported from ESV and is aligned with table 2A.

### **6.2.5 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

## Time of recording - EU flows

value arising from changes in market value of these inventories not yet covered by subsidies is likely to be small and on average zero.

The Swedish Board of Agriculture (Jordbruksverket) has the role of market regulatory agency. The authority has a central and coordinating role and is the accredited paying agency for agricultural and rural support. The board handles the actual transactions concerning market regulations in Sweden, that is, buying and storing the surplus quantities. The following products can be subject to intervention: barley, wheat, rye, skimmed milk powder, beef, butter and sugar. Products must fulfil certain quality criteria in order to be eligible. The products purchased by the intervention agency will later be sold, either within the EU or to a non-member country.

The Board of Agriculture belongs to central government.

Changes in inventory, concerning market interventions, are recorded as changes in receivables.

No special units have been created for this task. Data about changes in inventory are reported and monitored by the Board of Agriculture.

### **6.3. Military expenditure**

The ESA 2010 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.

ESA 2010 paragraphs 20.190-20.192 define the rules for the statistical recording of military equipment. Chapter 2.5 in Part 2 of the ESA 2010 MGDD details the rules concerning the recording of military expenditure.

#### **6.3.1 Types of contracts**

The compilation of military equipment expenditure (weapons system) is based on data collected from the central government quarterly reporting on S-codes of Balance sheet and Profit and loss statement to the Swedish National Financial Management Authority (ESV), including counterpart information done by the Swedish Armed Forces (SAF) and the Swedish Defence Material Administration (SDMA).

Arrangements within the government sector do not exist.

For the procurement of military equipment the type of contract most commonly used by the military forces is sales agreed in advance with industrial suppliers, sometimes through foreign governments. This applies when purchasing equipment for large orders, covering about 97 percent of the total amount reported as military equipment.

Long-term rental contracts are rarely used in the procurement of military equipment. On average less than one percent of the total amount procured and on two occasions only. Suppliers on those two occasions have been foreign governments. Additional services are not known to be included in the contracts.

Trade credits are in frequent use for orders of standardised equipment and small amounts constituting about 2 percent of the total amount reported as military equipment.

No purchasing through an international special agency exists.

SDMA is responsible for the procurement of all military equipment. SDMA supplies accounting information to ESV when receiving deliveries. Received deliveries which are not yet invoiced by a supplier are reported as accrued deliveries. The classification into equipment and expenses is reported by SAF when receiving deliveries from SDMA. This information is compiled by ESV and the resulting data is reported to SCB.

#### **6.3.2 Borderline cases**

No particular borderline cases relating to classification of military goods or other equipment used by military forces has been identified presently. During the last ten years non-destructive military equipment has decreased substantially as a share of Military equipment expenditure.

#### **6.3.3 Recording in national accounts**

Military equipment procured through sales agreed in advance is recorded at the time of delivery in national accounts and EDP tables. Equipment procured through long-term rental contract are also recorded at the time of delivery, but has previously been reported as expenses for leasing rents, referring to equipment delivered in 1992 and 1994. Equipment procured through trade credits are recorded at the time of delivery.

## 6.4. Interest

This part aims at describing accrual adjustment for interest.

ESA 2010 paragraph 20.178 reads: *"In the system, interest is recorded on an accrual basis, i.e. interest is recorded as accruing continuously over time to the creditor on the amount of principal outstanding"*

ESA 2010 MGDD part 2, chapter 2.4 is dealing with some practical aspects of the recording of interest.

### 6.4.1 Interest expenditure

**Table 11 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
<b>Deposits (AF.2)</b>	<i>Cash/accru al</i>		<i>M</i>	<i>M</i>	<i>M</i>		<b>M</b>	<b>M</b>
<b>Debt Securities (AF.3)</b>	<i>Cash/accru al</i>		<i>M</i>	<i>M</i>	Accrual		<b>M</b>	<b>M</b>
<b>Loans (AF.4)</b>	<i>Cash/accru al</i>		<i>M</i>	<i>M</i>	Accrual		<b>L10</b>	<b>M</b>
<b>Other accounts receivable (AF.8)</b>			<i>M</i>	<i>M</i>				<b>M</b>

*Cash/accrual, M (not applicable) or L (not available)*

For central government (S.1311), a separate report on interest is collected both for financial and non-financial accounts, information is collected by ESV. For S.1311 information from S-codes and income headings is used (see 3.2.1.1 for details). For the interest of the national debt a special report developed together with the SNDO is used. For S.1311, data is available both cash and accrual. For S.1311, data by category of instrument is available to SCB in the financial accounts. Data is available on an aggregated level for the non-financial accounts. Accrued interest is recorded under the instrument in question. Reconciliation of accrual adjustments between table 2A and 3B is described in section 3.6.3.

Information about interest for local government (S.1313) is available in the statement of accounts. The data is accrual. Thus no adjustment is needed in EDP table 2C. The quarterly survey on financial assets and liabilities for municipalities and regions provides specification of interest payable and interest receivable under the individual instruments. Adjustment for interest payable is reported in EDP table 3D, since it is included in transactions, in financial accounts, but not in the change of nominal Maastricht debt. The quarterly survey on social security sector provides specification on interest receivable under the individual

## Time of recording - Military expenditure

instruments. Accrued interest is recorded under the instrument in question. Regarding the row “Difference between interest accrued and paid”, L is reported. The S.1314 units possess a very short term debt, cash collateral, connected to securities lending and repos. Furthermore, it is a relatively small debt. We have no information on the interest but assume the difference between interest accrued and paid to be small.

**Time of recording** -Military equipment procured through sales agreed in advance is recorded at the time of delivery in national accounts and EDP tables. Equipment procured through long-term rental contract are also recorded at the time of delivery, but has previously been reported as expenses for leasing rents, referring to equipment delivered in 1992 and 1994. Equipment procured through trade credits are recorded at the time of delivery.

Interest

#### **6.4.2 Interest Revenue**

Source data for interest for central government is collected from reporting of the main central government agencies by S-codes and income headings. For the other central government bodies, annual reports are used. Both referring to data from ESV.

Information regarding interest for local government is available in the statement of accounts. The data is accrual. Thus no adjustment is needed in EDP table 2C.

#### **6.4.3 Consolidation**

For consolidation inside central government information from the central government agencies and their reporting on S-codes is used, as described above.

The quarterly income statement for the social security sector also includes interest received from central and local government for consolidation purposes.

Consolidation is applied for central and local government. Consolidation does not impact B.9.

#### **6.4.4 Recording of discounts and premiums on government securities**

*Cash flows of premiums and discounts are included in the Working balance in table 2A. These cash flows are neutralised under “other financial transactions” and amounts are shown separately in row titled “Financial transactions concerning premiums and discounts”. Premiums and discounts are spread over the life of the instrument. Data source for cash and accrued discounts and premiums is the SNDO, which also is responsible for the accrual adjustment.*

Entities reported under “other government bodies” do not issue debt.

#### **6.4.5 Recording of interest accrued on intergovernmental loans in dispute and interest accrued on intergovernmental loans unlikely to be repaid**

No cases of intergovernmental loans in dispute have been detected at present.

#### **6.4.6 Recording of interest on on-lending's from supranational entities**

*Supranational entities may borrow on the markets at more favourable rates than many Member State governments can achieve and on-lend the amounts to national governments in the form of*

**Time of recording** -Military equipment procured through sales agreed in advance is recorded at the time of delivery in national accounts and EDP tables. Equipment procured through long-term rental contract are also recorded at the time of delivery, but has previously been reported as expenses for leasing rents, referring to equipment delivered in 1992 and 1994. Equipment procured through trade credits are recorded at the time of delivery.

#### Interest

*loans. An example is the SURE instrument, established by the European Commission in 2020. Under the SURE instrument, the European Commission uses the capital markets to raise funds and then on-lends them to national governments in the form of loans.*

At present Sweden has no on-lending from supernational entities.



## 6.5. Time of recording of other transactions

*Time of recording of other transactions for general government are based on ESA 2010 rules which, in general, is on an accrual basis, except when ESA 2010 requires another recording. However, some exceptions can be made but are communicated on a bilateral level with Eurostat.*

*If an accrual or cash data source is used depends on both the requirement in ESA 2010 and on the availability of data in the data source. For central government and social security funds some transactions are cash and adjusted to an accrual recording while other are on an accrual basis from the beginning. For local government, containing municipalities and regions, the annual data source is the Annual accounts for municipalities and regions where transactions are recorded on an accrual basis.*

*By using information directly from data sources, it is often possible to see if definitions are in line with ESA 2010 rules or if some adjustments are necessary. If possible, also validation and comparison is made with other official figures. For example, if an item is cash with one month lag the item in national accounts will be recorded as time adjusted cash with one month lag, which is straight forward. Another example is if an item should be recorded accrual and is recorded accrual already in the data source, no adjustment needed. But the confirmation that the item in fact is on an accrual basis is based on verification and comparison with other official figures as for example annual reports.*

The accrual non-financial flows are in general consistent with AF.8 other accounts receivable/payable recorded in financial accounts. However, there can be some vintage issues.

All transactions should be included. Public finance statistics, regarding both general government and each subsector is carefully reviewed by users and compared with other official statistics and also compared with official published figures from the data sources themselves. The central government accounts are also audited by the Swedish National Audit Office (NAO). In addition, the different accounts at individual central government authority level, municipalities, general pension funds etc. are audited on an annual basis.

The audits of general government authorities are annual and take place in connection to the annual accounts. Authorities within the central government are audited by the NAO. For municipalities and regions, the audit is stipulated by the law of accounting concerning external auditing for local governments. Within social security funds the Swedish Pension Agency is audited by the NAO in the same way as central government units. The different general pensions funds are audited by an auditor assigned by the Government Office of Sweden.

NAO have also made recurrent reviews of the calculation and compilation process for non-financial accounts at SCB concerning public finance statistics. NAO have during the years reviewed e.g., net lending/net borrowing including verification, documentation, control, quality management process etc. Another example is the recording of taxes and social contributions, and government reporting of financial assets within the general government sector.

The following accounting principle, time of recording, for each transaction is described below:

## Time of recording -Time of recording of other transactions

Subsidies payable: Accrual. In some cases cash or mixed in the data source but changed to accrual accounting in national accounts.

Current and capital transfer payable: Depending on type of transfer. Within other current transfers some items should be recorded cash, others when they are earned, and some at the time the regulations in force stipulate they are to be made etc. Generally, current transfers are recorded at the time the regulations stipulate the transfer is to be made if it relates to a compulsory transfer. And, at the time the transfer is made (cash) if it is a voluntary transfer, as written in ESA 2010. Some exceptions can be made after discussions with Eurostat. In practice, the definition that says "...at the time the regulations in force stipulate they are to be made" can be difficult to follow and when the difference compared to cash recording is small, an approximation is used, and the transfers are recorded cash.

Gross fixed capital formation: Accrual.

Dividends receivable: At the time they are due to be paid decided by the corporation which normally occur the year after the corresponding activity took place (a major part during the second quarter).

Social benefits payable: Accrual.

Other non-financial transactions: Either accrual or cash depending on kind of transaction; see answer for current and capital transfers payable.

Financial transactions: Not recorded in non-financial accounts. In the financial accounts the sale (privatisation) is recorded at the time when the ownership changes as a general rule. However, such transactions are uncommon and the timing of change in ownership is treated on a case-by-case basis. Mostly depending on the information available at the time of recording. Data may be revised (i.e., the instruments in question and F.8 receivables/payables) when more information is available.

For central government, the figures delivered from ESV are mostly already transformed to ESA transaction codes, for example cash, accrual, stipulated etc. The recording at ESV is mainly based on ESA 2010 rules and, in turn, based on central government authorities' directly reported figures into so called statistical reporting codes. The statistical reporting codes are adapted to correspond to ESA 2010. No additional corrections concerning accrual adjustments are made by SCB, except specific or ad-hoc cases. However, adjustments between quarters can occur if a figure is available only on an annual basis from the basic data source. A new, more relevant, quarterly allocation can then be made by SCB. The adjustment between quarters will not affect the annual figure and the EDP Notification.

All units within local government subsector practise accounting on an accrual basis, so the figures in the statements of accounts are all accrued. Therefore, figures reported directly from the main source are used with no adjustments. However, exceptions can occur, e.g., for income taxes and government grants. See descriptions in relevant sections above.

The recording and treatment for the Swedish Pension Agency and the National Pension Funds in the social security funds subsector, is the same as for central government.

## 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 ESA 2010), 2022 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 7.4 on Government guarantees of the ESA 2010 Manual on government deficit and debt. This chapter describes also specific cases and related treatment in national accounts.

#### 7.1.1 Guarantees on borrowing

##### 7.1.1.1 *New guarantees provided*

##### *Recording in public accounts*

##### **Central government:**

Guarantees are provided to both government-owned and private corporations following approval by the Swedish parliament (Riksdag) and the Government (Regeringen). There are four authorities that can provide guarantees: the Swedish National Board of Housing, Building and Planning (Boverket), the Swedish Export Credits Guarantee Board (EKN), the Swedish International Development Cooperation Agency (SIDA) and the Swedish National Debt Office (SNDO, Riksgälden). The Ministry of Finance and the Ministry for Foreign Affairs also provide guarantees. These relate to international financial institutions of which Sweden is a member, for instance the World Bank and the European Investment Bank.

The most common type of guarantees is credit guarantees. A guarantee undertaking means that the guarantor stands surety for another party's payments, for example a bank.

For each guarantee the state charges a fee that at least should correspond to the expected cost in form of expected loss and administration cost. Fees for administration costs shall cover the administration costs for the authority. If the guarantee affects conditions in competitive markets, the fee should reflect the market value of the guarantee to avoid hidden state aid. The fees charged, to cover for expected losses, are accumulated in a notional guarantee reserve account. Costs following a call on a guarantee will charge the guarantee reserve. In the long run the guarantee operations are expected to be self-financed.

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<sup>6</sup> <https://ec.europa.eu/eurostat/web/government-finance-statistics/methodology/manuals>

## Specific government transactions - Guarantees, debt assumptions

The related accounting records on central government guarantees are kept in government accounts.

Information on central government guarantees is made public at the following level of detail

- Outstanding guarantees, offers and statutory limits by government authority
- Provisions for expected loss by government authority
- Assets, claims by government authority
- Cash flows such as fees, repayments, calls by government authority

The credit guarantees issued are guarantees on borrowing.

The outstanding granted guarantees are recorded off balance sheet in public accounts. The authorities make provisions for the expected costs on the liability side of their balance sheets. When a guarantee is called, the guarantor immediately repays the original creditor the full value of (e.g.) the loan including interest/other costs and registers an equivalent claim on the original debtor.

The profit and loss statement of government is adjusted for fees and revaluation.

The Swedish recording of guarantees called, renders debt assumption at inception unapplicable.

There are no cases when, since inception, government pays regular interest.

### **Local government:**

Guarantees are provided mainly to government-owned but also to private corporations. All municipalities and regions provide guarantees. For regions the amounts for outstanding guarantees are negligible but they are significant for the municipalities. However, cash calls are very small. Local government only provide credit guarantees. For most guarantees the provider charges a fee.

The related accounting records on local government guarantees are kept in government accounts.

Information on local government guarantees is made public at the following level of detail:

- Total stock of outstanding guarantees
- ...of which to public corporations
- Guarantee fees
- Cash calls
- Repayments
- Guaranteed debt assumed

The local government guarantees are collected through the standard annual data source for the national accounts.

The outstanding granted guarantees are recorded off balance sheet in public accounts. The authorities make provisions for the expected costs on the liability side of their balance sheets. When a guarantee is called, the guarantor immediately repays the original creditor the full value of the loan including interest/other costs and registers an equivalent claim on the original debtor.

The profit and loss statement of government is adjusted for fees and revaluation.

## Specific government transactions - Guarantees, debt assumptions

There are no cases when, since inception, government pays regular interest.

### Social security funds:

No guarantees exist for social security funds (it is not part of their operations).

### *Recording in national accounts*

### Central government:

For central government the following information regarding details on guarantees is available for statisticians:  
Total stock of debt guaranteed by government  
...of which public corporations  
...of which financial corporations

Stock of new guarantees provisions  
Amounts of new guarantees provided  
Cash calls  
Repayments  
Fees collected  
...of which public corporations

In Sweden, four central government authorities have permission to offer guarantees:  
Swedish National Debt Office (Riksgälden)  
Export Credit Board (EKN)  
Swedish Board of Housing, Building and Planning (Boverket)  
Swedish International Development Cooperation Agency (SIDA)

The SNDO is responsible for central government guarantees and also responsible for stock figures in EDP questionnaire table 9.1. The rest of the guarantee related information in the EDP context is compiled by SCB, but the figures are based on information from SNDO and ESV. Debt assumption is not applicable as a result of an instant cash call when the guarantee is activated.

No debt assumptions occur in Sweden concerning central government guarantees.

### Local government:

For local government the following information regarding details on guarantees is available for statisticians:  
Total stock of outstanding guarantees  
...of which to public corporations

## Specific government transactions - Guarantees, debt assumptions

Guarantee	fees
Cash	calls
Repayments	
Guaranteed debt assumed	

In Sweden all municipalities and regions have permission to offer guarantees.

### **Social security funds:**

No guarantees exist for social security funds (it is not part of their operations).

#### *7.1.1.2 Treatment of guarantees called*

##### ***Recording in public accounts***

When a guarantee is called, the guarantor immediately repays the original creditor the full value of the loan including interest and other costs and registers an equivalent claim on the original debtor. The claim is reduced through interest payments and amortisation.

The outstanding claims are revalued twice a year in the financial statements. EKN revaluates their major claims debts quarterly. The value of the claims reflects the anticipated recovery possibilities. The profit and loss statement of the authority is adjusted for revaluation and realized losses.

According to the Ordinance concerning management of state claims “*Förordning (SFS 1993:1138) om hantering av statliga fordringar*” an authority may waive all or part of a claim because of the debtor’s illness or if it for any other reason is obviously unreasonable to demand payment. In the Guarantee Ordinance (SFS 2011:211) it states that only the authority that manages a guarantee may halt recovery, file for bankruptcy, accept composition or waive the state's claim in respect of the guarantee. A decision to write off a debt can be made when the authority deems all possibilities for debt recovery to be exhausted. A claim can also be waived if the debtor is granted debt relief according to negotiations in the Paris Club.

##### ***Recording in national accounts***

A guarantee call is recorded as expenditure in national accounts, i.e. recorded as capital transfer payable.

No guarantees called are recorded as claims against the guaranteed unit or against a third party.

No guarantees called are recorded as assumption of the whole outstanding debt.

No other forms of recording are applicable to guarantees called.

## Specific government transactions - Guarantees, debt assumptions

Decision how to record central government guarantees is based on a bilateral agreement between national statistical authorities involved and Eurostat and elaborated e.g. in MGDD and ESA 2010.

In case of repeated guarantee calls, each call is treated separately.

### 7.1.1.3 *Treatment of repayments related to guarantees called*

#### ***Recording in public accounts***

The claims are reduced by repayments.

#### ***Recording in national accounts***

Repayments by the original debtor/third party are recorded as revenues and as capital transfers at the time the payment is due to be made (equal to cash).

### 7.1.1.4 *Treatment of write-offs by government in public accounts of government assets that arose from calls, if any*

Cash calls are recorded immediately when the guarantee is called, and recorded as an expenditure. It means that no claim or asset can be written down or written-off. One example is Paris Club.

### 7.1.1.5 *Data sources*

For central government, both stocks and flows are available for each authority and to whom (guaranteed corporation).

Related flows are included in the working balance.

For local government, stocks of guarantees are available for every local unit (municipality or region).

Related flows are included in the working balance.

## **7.1.2 Guarantees on assets**

### 7.1.2.1 *New guarantees provided*

#### ***Recording in public accounts***

No guarantees assets exist to our knowledge. All guarantees collected refer to guarantees on borrowing (as described in section 7.1.1).

#### ***Recording in national accounts***

No guarantees assets exist to our knowledge.

Specific government transactions - Guarantees, debt assumptions

7.1.2.2 *Treatment of guarantees called*

***Recording in public accounts***

No guarantees assets exist to our knowledge.

***Recording in national accounts***

No guarantees assets exist to our knowledge.

7.1.2.3 *Treatment of repayments related to guarantees called*

***Recording in public accounts***

No guarantees assets exist to our knowledge.

***Recording in national accounts***

No guarantees assets exist to our knowledge.

7.1.2.4 *Treatment of write-offs*

No guarantees assets exist to our knowledge.

7.1.2.5 *Data sources*

No guarantees assets exist to our knowledge.

**7.1.3. Standardized Guarantees**

At present, no standardized guarantees exist for neither central government nor local government.

Previously, there have been guarantee programmes in the areas of agriculture, horticulture, reindeer husbandry, companies in rural areas and guarantees for Ministry of Foreign Affairs and SIDA personnel stationed abroad. These programmes are now closed.

**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 ESA 2010 and further clarified in the Chapter 3.2 on Capital injections and Chapter 7.2 on Debt assumption and cancellation of the ESA 2010 Manual on government deficit and debt.*



### **1.2.1 New lending**

For the central government, the two largest loans granted are the loans to the central bank and student loans to the household sector. The claim holder in this case is the SNDO for the central bank loan and The Swedish Board of Student Finance (CSN) for student loans. However, the loan to the central bank was repaid in year 2023.

The SNDO is the largest lender and have loans granted to both private and public corporations in the non-financial corporation sector. The interest rate depends on what type of loan it is. It can be at spot rate (variable interest rate), fixed interest rate, but also other types of agreements. For example, loans with more risks have larger interest rates.

Direct data is available on stocks and transactions on new lending and on the related repayments regarding the loans granted by the SNDO, from the SNDO. The same information is also provided to the ESV. The student loans and loans granted by other central governments units are provided by ESV, also covering information on stocks and transactions on new lending and on the related repayments.

Currently, SCB is able to separate the interest accrued (which is part of the transaction) only regarding the loan to the central bank. Data on debt cancellation is provided by ESV, which refers almost entirely to the student loans granted by CSN but also debt cancellations connected to loans granted by other central government units.

Granted loans can be recorded as transfers (expenditure), this would be possible if loans are individually identified and hence concerns larger amounts. The approach is of a qualitative nature, where the purpose of the lending, type of borrower is taken into account. A recent case concerns support to the aviation industry, where a loan was recorded as expenditure to the full amount, also see section 7.2.7.

Local government mainly lend money to companies that they own. Beneficiaries are housing companies, energy companies, manufacturing companies, water producing companies, parking companies, different type of real estate companies etc. Local governments often loan and then lend to the municipal owned companies because the local governments get better market terms than the companies. SCB has investigated the matter of local governments lending to local government-owned companies. The companies pay market interests and the local governments are convinced that the loans will be repaid. In both the annual and the quarterly main data source for local government are claims as well as claims on local government-owned companies reported. Information on annual gross transactions are reported each 4<sup>th</sup> quarter in the quarterly survey for municipalities and regions.

In the social security funds subsector, the AP-funds lend to companies that they own larger shares of. The AP-funds' investments are regulated and the large four AP-funds are only allowed to own larger parts of companies if they are housing/real estate companies. The AP-funds report stocks in claims in the quarterly main data source. In some cases they also report transactions in claims. If not reported by the AP-funds, the transactions are estimated as change in stocks.

### 1.2.2 Debt cancellations

*A debt cancellation can be based on legislation. One example is student loans. It depends on what kind of student loan it is. For example, for old student loans, at the age of 65 the loan is cancelled. Also when the debtor dies the loan is cancelled, as well as any possible reclaims. Also some additional conditions can be a reason to cancel the student loans, for example, heavy functional disability (unable to work due to accident or grave sickness). Information is reported by central government units and is included in the main data source. For example, for student loans the authority responsible – The Swedish Board of Student Finance CSN (“Centrala studiestödsnämnden”) – which are in charge of financial aid for studies and home equipment loans, report figures on a regular basis as any other central government authority. Debt cancellations concerning student loans refer to cancellation of the loan, the expected interest during the rest of the year and, if the person has died, also possible reclaims referring to incorrect funds.*

Debt cancellation is recorded as capital transfers at the time of cancellation.

For local government, the Quarterly survey on financial assets and liabilities for municipalities and regions includes questions on debt cancellations/assumptions, capital injections, non-performing loans, and questions for gross reporting of loans and equity. Information from the survey arrives very late in the financial accounts production process for the quarter 4 calculations of each year (April Notification data). I.e. the non-financial accounts cannot use this data for the same period, at this stage, it is too late. And, since information about swaps, debt cancellations, debt assumptions etc. is not available on a quarterly basis the data has to be estimated in the April Notification (and in the national accounts fourth quarter calculations). That is, for the April Notification, debt cancellations and debt assumption is estimated by taking the last known annual value referring to year t-1, divide it by four and apply these values for year t. In effect, there will be a discrepancy referring to financial derivatives/swap related flows in the April Notification, since the figures in EDP table 2C are estimated (as described above) and figures in table 3D are preliminary, but still based on the questionnaire. The figures from the developed questionnaire can only be used in a fully consistent way in table 2C and 3D in the October Notification. However, the swap related flows in the non-financial accounts will be verified using the questionnaire, as soon as data is available.

No transactions in loans are recorded as AF.8 other accounts receivable. Debt cancellation, if present, is recorded under the instrument in question.

Loans are mainly treated as recoverable loans until an official decision on debt cancellation is made. If the loan is not paid, the Enforcement Authority (“Kronofogden”), claim the non-paid

instalment and/or interest until the official decision on debt cancellation in the same way as non-paid taxes.

No debt cancellation is recorded for Paris Club as a result of an already recorded capital transfer from general government to rest of the world at the time of activating/participating in the agreement in Paris Club, for each undertaking.

Provision of claims is not recorded in national accounts.

Monitoring of claims is performed through the monitoring of non-performing loans for central and local government. In case the non-performing loans amount to or above SEK 100 million, the unit is contacted and a decision to record debt cancellation is taken on a case by case analysis. The AP-funds, in the social security funds subsector, operate under special circumstances why claims are not considered to be an issue.

### **1.2.3 Repayments of claims**

Recording of repayments in national accounts depend on kind of claim. For example, claims for uncollected taxes and social contributions are recorded as revenues if the Enforcement Authority manages to recover the claim; otherwise it is recorded as an expense. Repayments of claims relating to guarantees are recorded as capital transfers. Other repayments relating to fines and penalties are recorded as revenues and as current transfers.

Repayments of claims which were previously cancelled are recorded as capital transfers.

No repayment in kind is observed.

Repayments concerning central government authorities are collected in the same way as other revenues directly from the authorities through statistical reporting codes. Authorities are reporting figures to ESV on a detailed level. ESV then transmits data to SCB transformed into items based on ESA 2010 definition (major part of the data set). SCB compiles the non-financial accounts by ESA transaction codes, by sub-sectors and by counterpart.

### **1.2.4 Debt write-offs**

Debt write-offs are very rare. In the event of a debt write-off it would come to our knowledge in the basic data sources. If needed the circumstances of the write-off would be investigated.

### **1.2.5 Sale of claims**

To our knowledge neither bad loans nor well performing loans have been sold by government in Sweden. To our knowledge, there have been no sales of claims.

### **1.2.6 Income contingent loans**

There have been cases of income contingent loans in Sweden, no sales of such loans have taken place.

The majority of income contingent loans are student loans where government grants loans to households relating to education purposes. Other types of income contingent loans has historically been related to investments and R&D in the private sector where the amortisation has been regulated to profits/sales.

No data for partitioning is collected for national accounts purposes at present and no portioning has been made. These loans have been classified as either financial or non-financial transactions to the full amount.

### **1.2.7 Recording of loans not expected to be fully repaid**

*This section refers to loans that are not expected to be repaid in full at the outset. When a “loan” is at inception not expected to be fully repaid, a capital transfer is to be recorded at inception for the part expected to be lost. For such loans significant net losses are expected at inception, i.e. for amounts far in excess of the usual losses on loans and with no compensatory interest.*

There exist loans that, on inception, had a large risk of not being fully repaid. The loans were recorded as capital transfers in the non-financial accounts to the full amount, on a case-by-case approach.

The source to identify such loans has been government decisions, in this case for loans to specific companies in the context of emergency loans. No data on partitioning or estimates were collected, the loans were classified to their full amounts. No sales of such loans have been made.

## **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 ESA 2010 paragraphs 20.197-20.203 and clarified in the Chapter 3.2 on Capital injections of the ESA 2010 Manual on government deficit and debt. These chapters 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, and to be classified in certain cases as a non-financial transaction (predominantly capital transfer D.9); cf. MGDD 3.2.3.2.3.*

Information about transfers between provider and receiver, both on a sector level, as well as, subsector level within general government, is available in the data sources. For central government, payments from central government authorities are recorded in the main data source. Based on information provided, a capital injection can be recorded in the national accounts. Information exists regarding both capital injections into public units and public

Specific government transactions - No reinvested earnings on foreign direct investment has been recorded at present.

Dividends - Privatization-

corporations and can also be split by central government owned corporations and local government owned corporations. Recording capital injections into quasi corporations follows the same procedure.

Capital injection test for central government is performed, in a first step, by ESV, who is responsible for collecting data from central government authorities. When SCB receive figures from ESV and begin the compilation of national accounts some specific transactions, as capital injections for example, are analysed once again for a second opinion. Especially large amounts are prioritized. Also

verification between recording in non-financial accounts and financial accounts is carried out.

For local government, the Quarterly survey on financial assets and liabilities for municipalities and regions includes the question about capital injections, amounts and to which corporation. Also, capital injections with no shares in exchange are asked for, to identify proper capital transfers. This information is then further analyzed, and capital injections test performed. The large amounts are verified when annual reports are available. The information is used in EDP October Notification.

If large capital transfers are recorded in our quarterly survey, the responding local government units are contacted to verify the amounts and if capital transfers are confirmed the new values will be reported already in EDP April Notification.

### **7.3.1. Capital increases in multilateral development banks**

*When Multilateral Development Banks (MDB) extend concessional loans and grants to low-income countries, the resources for such activities become systematically depleted. In this context, the donor countries meet periodically to replenish those resources. The donor countries contributions to such MDBs are therefore to be recorded in the non-financial accounts.*

Information on capital increases in multilateral development banks (MDBs) comes from expenditures in the working balance. It is classified as a non-financial transaction if it is likely that the capital will be depleted, by the nature of the MDBs purpose.

### **7.3.2. Government capital injections in non-resident corporations**

*Sometimes government carries out capital injections in corporations that are resident in foreign countries. If government holds at least 10% of the equity capital/ voting power of the non-resident corporation reinvested earnings on foreign direct investment are recorded, i.e., retained earnings of the non-resident corporation are deemed to be distributed to the government and then reinvested through the financial accounts. In cases where the reinvested earnings recording is applied, government capital injections are usually recorded in the financial accounts, unless the capital injections are used to cover holding losses or write-offs not included in the reinvested earnings. The latter requires the recording of a non-financial transaction (see MGDD 3.5).*

No reinvested earnings on foreign direct investment has been recorded at present.

Specific government transactions - No reinvested earnings on foreign direct investment has been recorded at present.

Dividends - Privatization-

## 7.4. Dividends

*The accounting rules are set out in ESA 2010 paragraphs 20.205-20.207. It is recalled, that the ESA 2010 Manual on Government Deficit and Debt chapter 3.5 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). It also sets out that the resource available for distribution by a unit (a corporation) is the distributable income of the unit, as defined in the ESA 2010, paragraph 4.55.*

*Total distributions could therefore comprise one part recorded as distributed income of corporations, D.42, and another recorded as transactions in equity, F.5. The former data is reported to Eurostat in ESA 2010 table 2 and table 8 within “other property income” category, and 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.*

For central government, information about dividends split by corporation is available from the main data source (ESV). Together with information about the profit for each corporation the super-dividend test is applicable and performed. The super-dividend test is performed on a regular basis annually. But information on dividends is also available on a quarterly basis which provides the possibility to perform the interim test as well, if relevant. Large dividends are analysed during the year for all four quarters. However, interim dividends are uncommon. The data source is the ordinary data source for non-financial accounts, which is figures collected directly from central government authorities at the level of, so called, statistical reporting codes. In addition, also official information for all central government owned corporations is collected on an annual basis. For super-dividend regarding the central bank, see section 7.13.

The super-dividends test is performed for all central government received dividends. The test is applied for all cases based on information about total dividends, profit from the official profit and loss account, extra ordinary events like sold real estates and also compared to the normal official dividends policy at the corporation.

In addition, when calculating distributable income for each central government corporation an adjustment is made for differences between consumption of fixed capital in national accounts and depreciation in the corporation accounting/bookkeeping.

For local government, the total amount of received dividends is recorded in the annual data source, but not split by dividend and corporation. In the EDP April Notification, the data available and needed to perform super-dividends test for the local government is preliminary. There is no data available for the last month of the year, and in addition, annual reports are not available and unable us to verify and analyse data further.

For the social security funds subsector, the data source is both the quarterly questionnaire and the official annual reports for the national pension funds. Total amount is recorded but not each

Specific government transactions - No reinvested earnings on foreign direct investment has been recorded at present.

#### Dividends - Privatization-

dividend split by corporation. Information about the dividends paid and profit for each public corporation is available in the annual report for each corporation, which enables performance of a super-dividend test for social security funds sector. Information is available annually. The profit and loss for the year before revaluations and taxes ("Årets resultat före värdeförändring och skatt" in Swedish) is used to calculate the distributable income, adjusted for sales of fixed property.

### 7.5. Privatization

*The accounting rules are set out in ESA 2010 paragraphs 20.210-20.213. 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 5.2 indicates that such indirect privatization proceeds are not government revenue. MGDD chapters 5.3 and chapters 5.4, respectively, provide the guidance on the treatment of privatisation proceeds from public corporations and restitution and use of vouchers for privatisation.*

*Specifically, chapter 5.3.1 of the ESA 2010 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 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?*

The unit involved in central government privatizations is the Government Offices of Sweden who is the owners of public corporations, i.e. government sector. Privatizations are neutralized in Equities sales in EDP table 2A.

For local government, SCB's quarterly survey on financial assets and liabilities for municipalities and regions includes questions on transactions in F.5 regarding privatization are provided. Both the amount and which company are asked for. See more information referring to local government in section 7.2.2.

In general, transactions in AF.5 equity due to privatisation is recorded on an accrual basis, future cash flows is recorded in AF.8 other accounts receivable/payable. Due to circumstances this would however be a case-by-case decision. From a theoretical point of view a mother company is split and the parts is sold at different times. If units are identifiable, this would probably be seen as different sales, even if it is known at the first sale that all parts are to be privatized.

## 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. The accounting rules are set out in ESA 2010 paragraphs 20.276-20.282 and clarified in the Chapter 6.4 of the ESA 2010 Manual on government deficit and debt.*

*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 Chapter 15 of ESA 2010.*

*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” (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 contracts.*

“Public-Private Partnerships” (PPPs) projects are not common in Sweden. There is no specific unit established in Sweden to deal with PPPs.

For central government, PPPs would be acknowledged and approved by the Government and the Government Offices including the Ministry of Finance. Therefore, a frequent item at the agenda for each Notification is discussed between the statistical authorities and the Ministry of Finance to receive and inform each other about new PPPs or possible PPPs or large similar projects.

For local government a question about PPPs is included in the annual survey. Municipalities and regions are asked to reply to a simple question if they have any income or expenditure related to the PPPs. In the event of a positive response, the responding unit will be contacted for further investigation.

In case a potential PPP project is identified in the future, the methodology will be the same. SCB would perform all analysis and risk assessment.



## 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 (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union does not distinguish between the ESA and EDP definition of interest. The Regulation No 549/2013 paragraph 4.47 reads: Payment resulting from any kind of swap arrangement is recorded as a transaction in financial derivatives in the financial account, and not as interest recorded as property income. Transactions under forward rate agreements are recorded as transactions in financial derivatives in the financial account, and not recorded as property income.*

*ESA 2010 paragraph 20.133 specifies the treatment of so called of market swaps: “Lump sums exchanged at inception on off-market swaps are classified as loans (AF.4) when the lump sum is received by government. Off-market swaps are partitioned in the balance sheet into a loan component and a regular, ‘at-the-money’ swap component.”*

### 7.7.1 Types of derivatives used

Since year 2000 the following derivatives have been used: forward contracts, currency swaps, interest rate swaps, futures, options.

A few municipalities in local government use derivatives. Mainly interest rate swaps. But to a much lesser extent compared to central government.

In the social security funds subsector, both national pension funds and the Pension agency use derivatives. Social security funds use primarily currency derivatives (currency swaps and forward contracts).

### 7.7.2 Data sources

For central government, a special report concerning debt management derivatives was created to meet national account standards. Flows are recorded both on the asset and liability side. For EDP and Maastricht debt purposes a more detailed liability report is used together with a debt interest report, where information on net interest flows and currency revaluation is reported. Data is recorded on accrual basis.

For local government, annual figures for transactions and stocks in financial derivatives are reported in the Quarterly survey on financial assets and liabilities for municipalities and regions. Information regarding transactions referring to interest swaps are asked for in the data source. Used by both the financial and non-financial accounts.

For social security funds, transactions and stocks in financial derivatives of the AP-funds are reported in the Quarterly survey. The financial derivatives relating to the Pension Agency and

the premium pension scheme are administered by the Legal, Financial and Administrative Services Agency and figures for them are reported by them.

### 7.7.3 Recording

For central government, two occurrences of swap cancellations have been recorded. The Lehman Brothers bankruptcy resulted in a swap cancellation. The amounts involved and the remaining maturity of the swap was so small that it was recorded as financial transaction. There have been no occurrences of off-market swaps. There was also a cancellation of the payment in relation to swaps in year 2021 of SEK -4 304 million. This was related to the cancellation of all contracts with LIBOR-interest rate. Derivatives containing LIBOR was exogenously cancelled and the SNDO signed new derivative contracts using the new business standard reference rate.

Swap arrangement or forward rate agreements enter working balance in EDP table 2A. These flows are neutralized in the adjustment line *of which: net settlements under swap contracts (+/-)*.

Concerning interest swap flows related to debt management derivatives, amounts are reported net depending on asset or liability side, as financial transactions, in financial account. Other flows of derivatives are treated as financial transactions and are currently recorded both on the liability and asset side in the financial account.

During the period 2000-2022 a threshold of SEK 150 million (aggregated level) was used considering negligible amounts (transactions in derivatives were introduced in the financial accounts in year 2011). However, the SNDO normally do not use off-market swaps.

For local government, annual figures for transactions and stocks in financial derivatives are reported in the Quarterly survey on financial assets and liabilities for municipalities and regions. Information regarding transactions referring to interest swaps are included in the data source. The working balance in table 2C includes derivatives and they are neutralized under the line of which net settlements under swap contracts.

## 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.*

The following payments for using roads exist in Sweden:

a) Fee for lorries/trucks (ESA transaction code D.29)

## Specific government transactions

- b) Road tax paid by corporations, with the objective to reduce the number of vehicles in large cities (D.29), called “congestion tax”
- c) Road tax paid by households, with the objective to reduce the number of vehicles in large cities (D.59), called “congestion tax”
- d) Ekerö ferry, the only ferry in Sweden financed by fees (P.131)
- e) Three bridges; Motala, Sundsvall and Skuru, infrastructure fee (P.131)

The first three are recorded as tax collected by central government and the last two are recorded as sales of service, non-market output, for central government. No cases of vignettes are observed in Sweden.

## 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.*

*The ESA 2010 MGDD part 6, chapter 6.5 is dealing with the statistical recording of the emission trading allowances.*

Revenue from emission permit auctions is received by the Swedish National Debt Office (SNDO) from November 2012 and onwards. Before that, corporations received them for free. The Swedish system is connected to EU ETS and the Swedish trading system is called (in Swedish: “*Svenskt utsläppsrättssystem SUS*”). In addition, also an administrative register/data base has been constructed to record different kind of information about both the pollution and the permits. This data base is called “*Unionsregistret*”. The authority responsible is the Swedish Energy Agency.

The time schedule for emission permits relating to pollution year T is as follows:

Pollution period	January year T – December year T
Auction	Until April year T+1
Verification of pollution	March year T+1
Surrender of the permits	April year T+1
Official publication	May year T+1

Up until May 2024 emission permits is recorded at the time of surrender of the permits in the non-financial accounts, i.e., the year after the pollution takes place. In financial accounts, the received amounts from the sales (cash) are recorded as other accounts payable, for government, from the time of auction of permits to the time of recording the tax revenue. The

tax amount for a certain year is equal to the number of permits surrendered multiplied by the average auction price of the stock of permits. Where average auction price is auction revenues between May and April divided with number of sold emission trading rights. A kind of first-in-first-out method (FIFO).

However, the method will change in the next benchmark revision in May 2024 to a time adjusted cash method with a 12-month lag. To be in line with the updated MGDD 2022 version, as well as harmonised with other European countries. The old FIFO-method results in lower tax revenues compared to auction revenues over time for Sweden. The change of method will therefore increase tax revenues.

## **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.*

Information regarding sale and leaseback operations is not available from any of the main sources for central government. The knowledge of (potential) sale lease back operations is based on public information in different media, discussion in different reference groups.

For the local government, information is collected in our annual survey. The municipalities and regions receive a qualitative question if they had income or expenditure related to sale and leaseback. In case of positive response further information is asked for.

## **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. In addition, 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.*

*ESA 2010 paragraphs 20.260-20.271 establish securitisation operations accounting rules. The MGDD part 5, chapter 5.5 is dealing with securitisation operations.*

To our knowledge, there have been no occurrences of securitisation operations over the period from year 2000 onwards.

Information regarding securitisation operations is not available from any of the main sources for central or local government.

The knowledge of (potential) securitisation operations is based on public information in different media, discussion in different reference groups e.g. between SCB, The Swedish Association of Local Authorities and Regions, individual municipalities and the Ministry of Finance. The information/discussion regarding securitisation operations is not co-ordinated but on an ad-hoc basis.

#### **H.11.1 Securitisation of NPLs with government guarantees**

*Government might help financial institutions to dispose of their impaired assets via securitisation. In such cases, government support takes the form of a guarantee on the senior debt issued by an entity (a special purpose vehicle (SPV)) specifically created to purchase the NPLs.*

To our knowledge no such operations has been made, neither that such help has been needed, at present.

### **7.12. Mobile phone licenses**

*The receipts of government following the allocation of mobile phone licenses to operators are to be recorded as rent (D.45) over the whole time of the licence.*

*In cases when licenses are sold in advance of their actual availability, any prepayment collected by government should be recorded as other accounts payable (F.8).*

*The ESA 2010 MGDD part 6, chapter 6.1 is dealing with the sale of mobile phone licenses.*

Mobile phone licenses are recorded as rent revenues (D.45) for central government. Spread over the lifetime of the license. Impact government net lending/net borrowing over the duration of the license.

Mobile phone licenses in form of 3G/4G/5G spectrum frequencies have been sold to mobile system corporations from year 2008 onwards. The lifetime of licenses differs, from only 10 years up until 25 years at the most. Auctions took place in year 2008, 2011, 2016, 2018 and 2021. In some cases, the licence was sold and awarded ahead of the start date of the licence. In that case the recording of rent started at the time of start date (frequency becomes available for use to the licensee).

A corresponding recording in the financial accounts is made in AF.89 other account payables referring to the difference between cash received at the sale and time of recording as rent.

### **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*

## Specific government transactions

*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 cannot 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.*

The Riksbank (Swedish central bank) pays dividends to the owner (central government) on an annual basis. In national accounts, these dividends are tested for “super-dividends” on an annual basis using the “super-dividend test” described in ESA 2010 and clarified in MGDD. Since Sweden compile full accounts (both non-financial accounts and financial accounts) for sector S.121 Central bank, the “super-dividend test” is performed based on non-financial accounts data registered in the account of the central bank. The amount exceeding the distributable income of the central bank is recorded as withdrawal of equity (F.5), only the part of the payment equivalent to the distributable income is recorded as property income (D.422) in central government. The dividends from the central bank have been tested for the period from year 1994 onwards. The partitioned dividend has impact on both net lending/net borrowing B.9 and B.9f for the central government.

In year 2009, the central bank made a decision to increase its foreign exchange reserve. This increase was financed by a loan from the Swedish National Debt Office (SNDO). The SNDO financed the loan to the central bank through issuance of bonds, thus increasing Maastricht debt. In the accounts, the issuance of bonds is recorded as AF.3 with a counterpart asset AF.4 in central government. The financing costs for this loan are born by the central bank so that transactions in F.4 and F.3 in central government cancel each other out, leaving no impact on B.9f for the central government. By the end of year 2014, the loan amounted to about SEK 227 billion.

Statistics Sweden closely monitored the loan. The agreement, from April 24, 2009, between SNDO and the Central bank was analysed. According to the Swedish law (1§ 5 law (1988:1387)), SNDO is allowed to borrow money to supply the Central bank with foreign currency, when the purpose is to increase the foreign currency reserve. The central bank should reimburse the SNDO for all costs connected to the borrowing (including e.g. interest). The agreement can be terminated (by either part) with one months’ notice.

Termination/discontinuance of the agreement does not affect previously agreed existent lending according to the agreement.

A new law (Swedish law, or Riksbank Act(1§ 5 law (2022:1568)) for the Riksbank came about on first of January 2023, which lead to some new stipulations comparing to the previous law (mentioned above):

[The Sveriges Riksbank Act \(SFS 2022:1568\)](#)

[The Sveriges Riksbank Act | Sveriges Riksbank](#)

In April year 2023 the last repayment of the previous loan (for the foreign exchange reserve mentioned above, see Chapter 10 in the Riksbank Act, link above) was paid back by the Riksbank to the SNDO. The Riksbank now are allowed to finance the foreign exchange reserve by themselves. But on “exceptional grounds” they can borrow again from the SNDO to reinforce the foreign reserves (Section 2).

From year 2023 new loans in SDR:s (Special drawing rights) from the Riksbank to IMF are financed by the SNDO and not by the Riksbank (according to the new law, see Chapter 6, Section 4, page 10 in the Riksbank Act, link above). Therefore, the Maastricht debt is increased with the loan (and coming new loan requirements). The total loan (asset side) is denominated in SDR, converted (exchanged) every month to SEK (revaluations in the financial accounts). The first two IMF-loans, given in March 2023 for about a total of SDR 52 million and SEK 725 million, are at the end of March (2023Q1) revalued to SEK 725 million. In the financial accounts, the total of the loans are classified in F.42 on the asset side (as the previous Riksbank loan), and on the liability side it is included in normal borrowing, F.32. However, the change in currency revaluations is not affecting the B.9/B.9f, only the value of the asset/liability is affected.

### 7.14. Lump sum pension payments

*ESA 2010 paragraphs 20.273-20.275 define the accounting rules for recording of the lump sum pension payments. The related accounting rules are further described in the ESA 2010 MGDD and debt Part 3.6 Impact on government accounts of transfer of pension obligations.*

There have been a few occurrences of lump sum pension payments.

The reason for the transfer is in general economics of scale, where government is asked to fully administer the unit's pension scheme. A condition is that the pension scheme is the same or very similar to that used for government employees. Further, the unit from which the transfer is done continue to use the central government as administrator and hence "belongs" to the government pension scheme, i.e., pays premiums to the pension scheme. The government receives a lump-sum (premium) determined at the time of transfer of obligations. The lumpsum is an actuarial estimate of the present value of the future payments. The lump-sum payment is recorded as a transfer of pension entitlements between schemes in financial accounts and increases the liability of pension entitlements in the receiving sector. If the unit continues to pay premiums to government this is recorded as government revenue, while benefits paid are recorded as expenditure, affecting the change in pension entitlements due to social contributions and pension benefits (D.8). If the unit from which the transfer was made continues to pay premiums to government, possible errors in the actuarial estimate are then handled in these premium payments.

### 7.15. Pension schemes

The list of pension schemes in Sweden consists of:

- 1) The national pension system. The system is compulsory and includes all individuals and can be subdivided into the following parts:
  - i. Income pension. Earnings-related, a notional defined contribution scheme.
  - ii. Supplemental pension. Earnings-related defined benefit scheme. This scheme has the characteristics of a pension point scheme.
  - iii. Premium pension. The main part is invested in mutual funds according to individual choices. This is a unit-linked (defined contribution) plan. The other parts of contributions are

## Specific government transactions – Lump sum pension payments

either in transition controlled by government or invested in an annuity plan with the investment risk taken by the Swedish Pensions Agency.

Guarantee pension for individuals with low or no earnings-related pension is not part of the definition of pensions but is included in social assistance.

2) Employment related retirement schemes. The employer pension schemes are agreements between the labour market parties, employer organisations and unions, and cover about 90 percent of the employees in the private sector and all government sector employees. The schemes are funded or book reserves with some kind of guarantee. For the private sector the units with book reserves have to insure their pension obligations against default. If they are defaulting the insurance corporation Pensionsgaranti (FPG) will step in and pay pension benefits. Book reserves in the government sector are guaranteed by the right of the units to receive income taxes. Pensions from employment related schemes are added to the pensions from the national pension system for all employees. The same rules apply in principle for employees in the government sector as in the corporate sector.

3) Private pension schemes. Voluntary, savings in life insurance corporations. Private pension schemes are not part of income related pension schemes. They are not further described in this inventory.

### **Overview of the main income related pension schemes**

The premium pension is a part of the public pension system but is classified partly in the financial corporation sector and partly in the social security funds sector. The premium pension plan could be divided into different stages, where one of them is a part of the social security funds subsector. That is the traditional insurance plan which is an option after the transitional period or at retirement. The other two stages, the temporary management in the transitional period and when the pension entitlements are funded on individual accounts after the transitional period, is a part of sector S.129, Pension funds.

Employer retirement schemes (additional to the public pensions) are classified in the financial corporation sector or in the case of book reserve systems in the same sector as the employer (with the exception of some parts of the government employee pensions). To distinguish between employer schemes and social security schemes in the statistics seems not to be a complicated matter in Sweden.

The major part of the public pension system is the income pension. This is generally regarded as a notional defined contribution scheme. Only current contributions and benefits are recorded as in a defined benefit PAYG-system. Buffer funds in the income pension scheme are recorded as an asset in the social security sub-sector.

The premium pension assets belongs to the financial corporations sector or the social security funds subsector as above, but contribute to household saving.

Coverage of risks in the pension schemes:

- 1) disability pensions (disability)
- 2) early retirement benefits due to reduced capacity to work (disability)
- 3) old age pensions (old age)
- 4) anticipated old age pensions (old age)



## Specific government transactions – Lump sum pension payments

- 5) partial pensions (old age)
  - 6) survivors' pensions (survivors)
  - 7) early retirement benefits for labour market reasons (unemployment)
- 1) – 7) are fully included in the Swedish definition of pension system.

The following table lists pension schemes in Sweden. The key for “Policy” can be found below the table.

Table: The main income related pension systems in Sweden

Pension system (agreement)	Scheme	Policy	Manager
National pension system	Income pension, IP	A	Swedish Pensions Agency (SPA)
	Supplemental pension, ATP	G	Swedish Pensions Agency
	Premium pension, PP	B	Swedish Pensions Agency
	Premium pension, PP	C	Individual, list of funds approved by SPA
ITP, private white collar workers	ITP part 1	B, C	Individual, restricted number of funds
	ITP part 2	D	Alecta (mutual insurance corporation)
	ITPK	E, F	supervised by FPG/PRI
SAF-LO, private blue collar workers	ITPK	B, C	Individual, restricted number of funds
	Pension agreement SAF-LO	C	Individual, restricted number of funds
PA 03, central government employees	STP	D	AMF (mutual insurance corporation)
		B	Kåpan (insurance association)
		C	Individual, restricted number of funds
		F	Swedish Government Pensions Board
PFA98, local government employees	KAP-KL	C	Individual, restricted number of funds
		F	Local governments
	PA-KL	H	Local governments

The key codes for “Policy” above are as follows:

- A. Notional defined contribution policy
- B. Traditional pension policy (annuity)
- C. Unit-linked policy
- D. Defined benefit policy operated by insurance corporations or pension funds
- E. Defined benefit policy with autonomous funds operated by employers
- F. Defined benefit policy with book reserve operated by employers (without dedicated reserves)
- G. Defined benefit policy operated by social security funds
- H. Contingent pension policy

Pensions classified as social insurance pension schemes are the national pension system and the employer retirement schemes. The national pension system also includes persons on parental or sick leave. For these groups central government pays the contributions to the income pension system.

Partially funded schemes as well as private unfunded schemes operated by employers do not exist in Sweden. All private employment related pension schemes have to be fully funded or in the case of book reserves insured against non-payment of pension obligations. Government employment related pension schemes are guaranteed by the right of the employer to finance expenditures by taxes. In the local government sector there still remain an important policy where pensions are not funded.

Social security schemes are contractual insurance schemes where the participants of a social insurance scheme are obliged by general government to insure against old age and other age-related risks, and provided by general government. In Sweden, the national pension system (excluding premium pension) is defined as a social security scheme. Below follows a detailed description of the national pension system and the pension systems of government employees.

### **Central government pension system**

#### **Introduction**

The pension agreement for central government employees includes three pension plans: a defined benefit pension plan, a traditional defined contribution pension plan. (where contributions amount to 2.0 percent of income) and an individual defined contribution plan (2.5 percent of income).

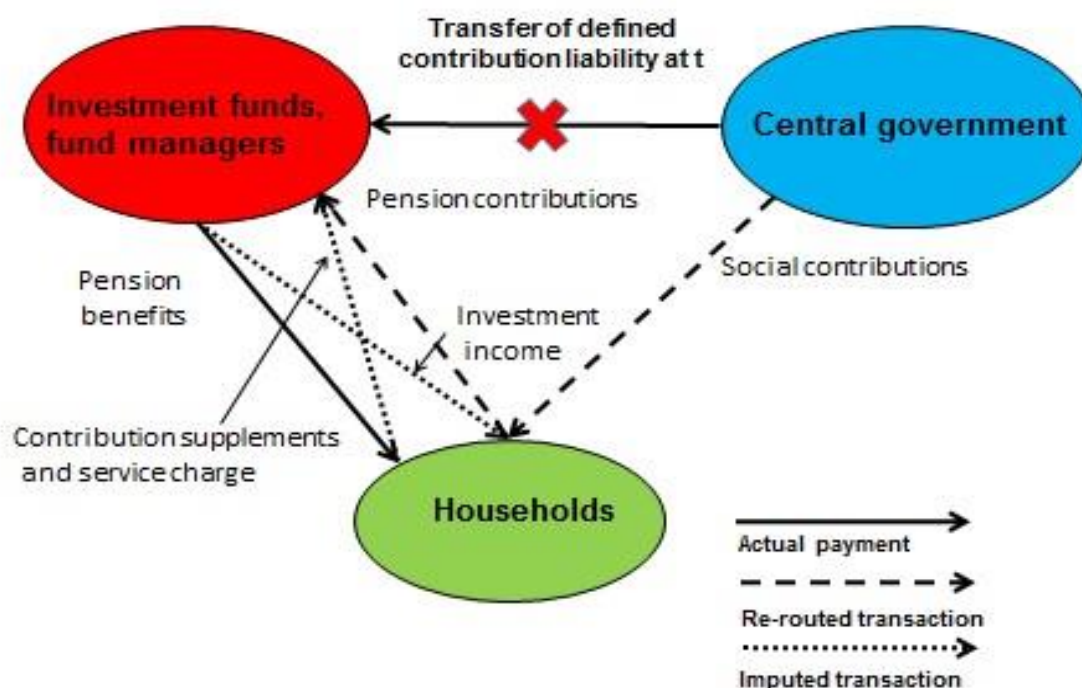
#### **The defined contribution individual pension plan**

The contributions of the individual plan are transferred to the chosen funds the month after they have been earned. This short time lag has made temporary funding small and in the national accounts (NA) no adjustment is done for this. The pension plan is administrated by Kåpan insurance association. Kåpan insurance association is classified as part of insurance corporations and pension funds (S.128/S.129) and entitlements and debts are recorded outside the central government sector.

For those who do not make a choice of manager for the individual part is invested in a traditional insurance policy and Kåpan will, by default, be the manager. So, in both these cases the premiums earned are re-routed as social contributions to households and paid by households as pension contributions to the insurance managers respectively in the financial corporate sector.

In figure 1 below the actual as well as re-routed and imputed transactions are shown. During the management of pensions investment income is earned by the policy holders and this transaction is imputed as property income and paid back as contribution supplements. The service charge which normally is deducted from the total of pension entitlements is also imputed as a transaction in NA. Pension benefits paid are recorded as part of income and regular income tax is paid on the amount (not shown in figure 1). Benefits are normally paid during the entire retirement period.

Figure: The recording of the defined contribution plan for central government employees



### The defined contribution traditional insurance plan

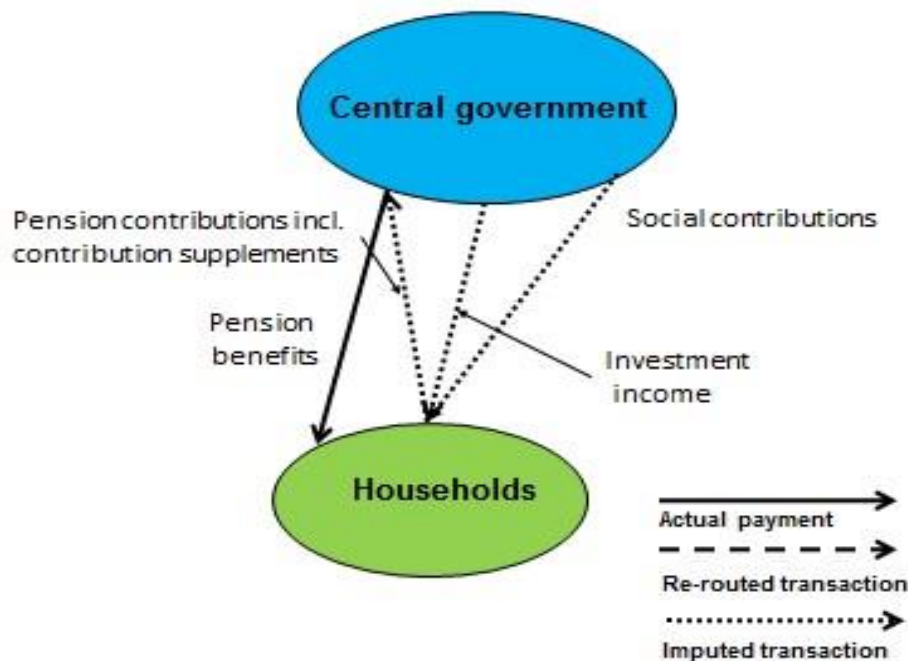
The defined benefit plan mainly covers the income of employees above the threshold of 7.5 income base amounts which does not qualify for receiving pension benefits from the general pension system. The plan is managed by the National Government Employee Pensions Board (SPV). On income above this threshold the benefit is estimated to be 65 percent and paid for the entire retirement period. The premiums paid by central government units to SPV are calculated according to the increase in the discounted value of the estimated accrued to date benefits.

### The defined benefit plan

The defined benefit plan mainly covers the income of employees above the threshold of 7.5 income base amounts which does not qualify for receiving pension benefits from the general pension system. The plan is managed by the National Government Employee Pensions Board (SPV). On income above this threshold the benefit is estimated to be 65 percent and paid for the entire retirement period. The premiums paid by central government units to SPV are calculated according to the estimated benefit and discounted to the actual contributions.

In national accounts the same debt as recorded by the SPV is included and investment income is calculated according to the recommendations made by Eurostat, with a constant real discount rate of 2.15 percent. In addition to the debt recorded in the balance sheet of SPV, NA is supplemented with other central government units pension liability where each unit has the pension liability in its own balance sheet.

Figure: The recording of the defined benefit plan for central government employees, book reserve system



## Local government pension system

### Introduction

The feature of the current pension system for local government employees consists of three parts; (1) the defined contribution individual pension plan, (2) the defined benefit pension plan for earnings from 1998 and on and (3) the defined benefit pension plan for earnings until 1997. The defined benefit plan from 1998 only covers monthly income above the level of 7.5 basis amounts whereas the plan before 1998 covered all income.

The defined contribution pension plan has become the main part of local government pension obligations. The contributions into the individual part corresponds to 4.5 percent of the income.

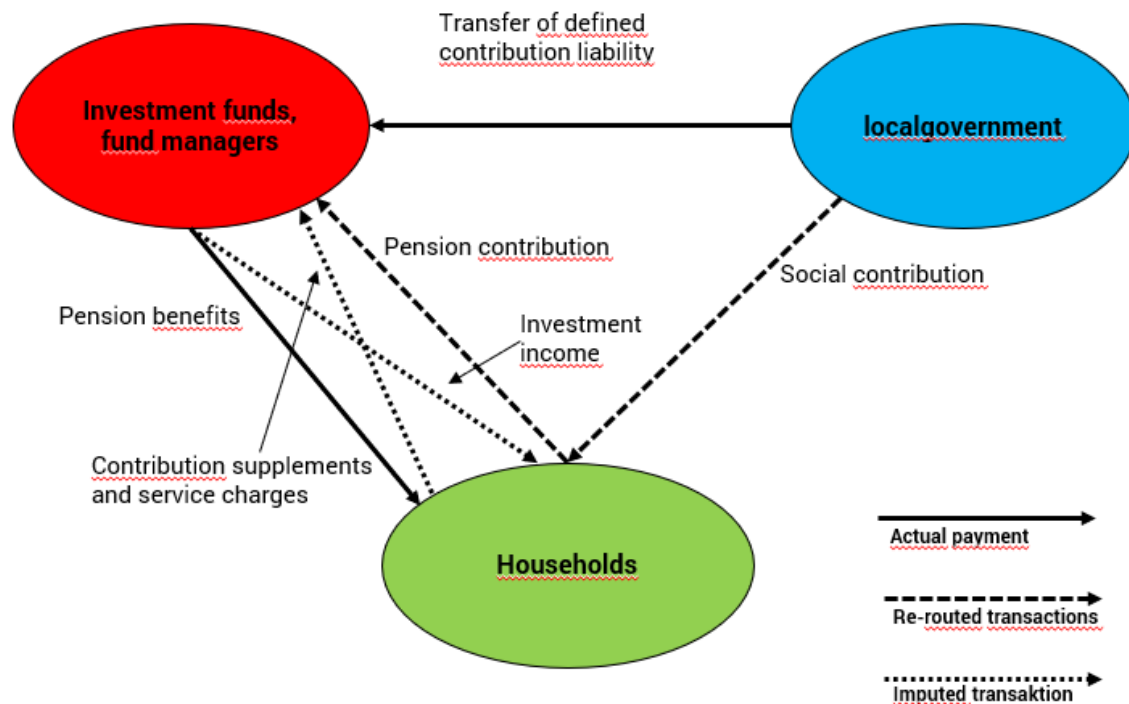
### The defined contribution individual pension plan

The individual pension plan consists of two phases, the first is the period between the contribution has been earned and the date when the accumulated contributions are transferred to the individually chosen managers.

In this phase a loan is recorded in the government accounts, which consists of accumulated contributions during the temporary funding. There is also a re-routed transaction of social contributions from government via households to the pension managers. There is no investment income earned on the entitlements during the temporary funding.

Figure: The recording of the defined contribution plan for local government employees

## Specific government transactions – Lump sum pension payments



The second phase is the management of contributions by pension funds until the time benefits are paid to the beneficiaries. In this phase the policy holders receive investment income and pays contribution supplements, taxes (to central government) and service charges. Since the taxes are paid directly from the funds (by the managers) this item has to be re-routed via households (not shown in the figure above). Service charges are also paid directly from funds to the managers and is re-routed via households as part of investment income not brought back to the funds as contributions supplements.

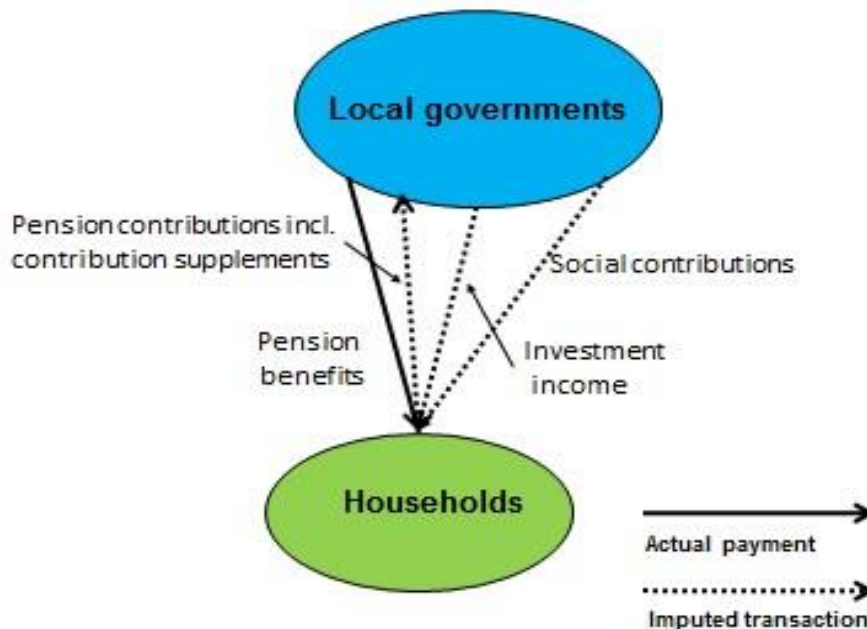
### The defined benefit plan 1998–

The impact on net lending of the defined benefit plan is also zero because all contributions net of benefits are offset by D.8. This plan is in most cases a book reserve system though local government can decide to create

a pension foundation for the purpose of separating the liability from the government balance sheet. In both cases the local government can borrow the contributions/entitlements at an interest rate decided by a central government law in the case of book reserve system or close to the market interest rate in case of the foundation alternative.

As in the case of the individual defined contribution pension plan social contributions as part of compensation of employees and investment income as well as pension contributions are imputed transactions in the Swedish NA (see figure below). The investment income in the defined benefit plan is due to the unwinding of the discount factor as the individual comes closer to retirement. The calculation of this item is somewhat complicated since in the Swedish NA we account for the actual debt as it is recorded in the government accounts (RS) but calculates the investment income according to a debt at constant discount rate. In order not to confuse the users the liability in the NA is the same as reported by local governments. The difference between the two is reconciled as part of revaluations.

Figure: The recording of the defined benefit plan, book reserve system



Pension liabilities are long lasting agreements and the actuarial estimation should use a long term discount rate and this was also the previous recommendation. The Swedish NA holds to this recommendation and takes in this sense the same approach as recommended by Eurostat and uses a constant discount rate for the estimation of investment income. Investment income is calculated as a percentage of the average constant discount rate liability over the year. Using a constant discount rate gives a rather stable and slowly increasing investment income giving an impact to the local government accounts which is more in line with the increase in the wage bill.

## The general pension system

### Introduction

When the Swedish Pensions Agency (SPA) was created in 2010 it was given the responsibility for the Income Pension Plan and the Supplemental Pension Plan of the general pension system. SPA also became responsible for the management of the Premium Pension Plan which until then had been the responsibility of the Premium Pension Agency (PPM). The SPA is classified inside general government whereas the PPM until it was wound up in late 2009 was part of the financial corporate sector. This change in management implied a need to change the recording of the premium pension plan in the national accounts (NA). But the change had for different reasons to wait until September 2014 as part of the benchmark revision of NA.

## Specific government transactions – Lump sum pension payments

The Income Pension Plan was introduced in 1995. It is a notional defined contribution plan for individuals earning income and born after 1953. The premium paid is 16 percent of income and salaries. The plan succeeded the Supplemental Pension Plan which is the only plan for individuals born before 1938. The individuals in between will receive benefits from both plans gradually increasing the part from the Supplemental Pension Plan by the age. The Supplemental plan is a defined benefit plan where the benefit depends on the average of the 15 best income years out of a minimum of 30 years of contribution in order to receive maximum benefits. Both plans cover income up to the limit of 7.5 income base amounts. Premiums paid on income above the limit are recorded as taxes in the Swedish NA. In the central framework of NA only contributions and benefits are recorded for these two plans whereas the liability as part of the social security funds appears in table 29 of ESA TP.

The Premium Pension Plan was introduced in 1995 and constitutes the individual part of the new general pension system. It is a defined contribution plan, where the cost is limited to premiums paid which currently corresponds to 2.5 percent of wages and salaries up to a limit of 7.5 income base amounts. The central government also makes additional contributions to the Income and Premium Pension Plans respectively on behalf of certain categories of employees which have temporarily reduced incomes. Among those we find unemployed, persons on sick lists and persons on maternity leave. The Premium Pension Plan is part of the general pension system but holds a unique position since it is the policy holder that individually decides how the own part of the contributions should be invested and the result of the investment determine the level of pension benefit.

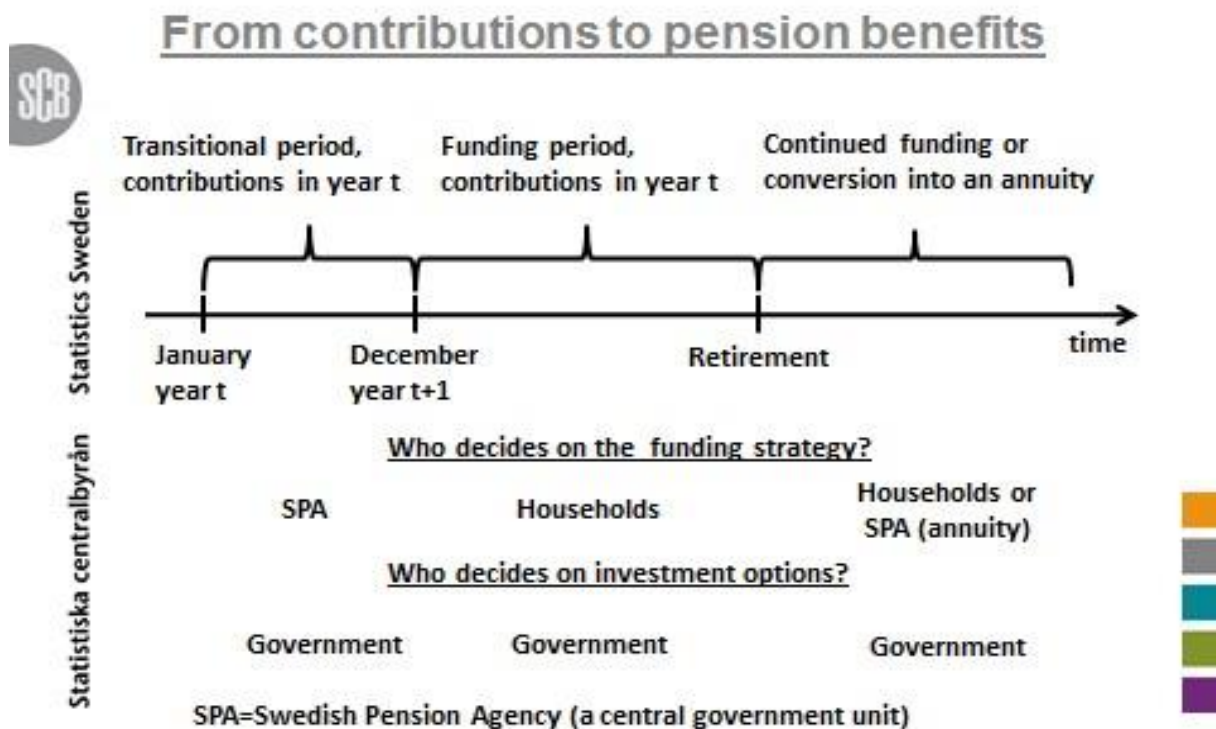
In 2004 Eurostat decided that the defined contribution plans where policy holders take the investment risk shall be recorded outside the government sector. In 2007 the recording was changed accordingly and the PPM was reclassified into a public pension institute within the financial corporate sector. In the NA the pension debt assumed by government does not cover the Premium Pension Plan except for minor parts for which the SPA take responsibility for the investment risk.

### **Different parts of the Premium Pension Plan**

During the time from earning the premium pension entitlement until pension benefits are paid out the entitlement is passing through two or three important stages; temporary management in the transitional period, investment fund saving and eventually a traditional insurance plan (annuity) if this option is chosen instead of investment funds after the transitional period or as an option at retirement.



Figure: The three main stages of the Premium Pension Plan



Source: Presentation made at Eurostat workshop on pensions 13-14 November 2014, Luxembourg

### Temporary management

The first stage in premium pension savings is the temporary management administrated by the SPA. This stage covers the period from the initial earning of the preliminary contributions which are paid as part of social contributions in the first (earning) year and until the contribution is finally settled at the tax assessment in the fall of the second year. In November to December the second year the SPA establishes the individual pension entitlements for the previous earning year. This amount also includes the government contributions supplement for individuals with temporary reduced wages and salaries. In December the entitlements are finally invested according to the choices of investment funds made by the individuals.

During the temporary management no split of contributions into individual accounts is made. Instead all contributions are managed collectively and later split according to the established entitlements. This means that individuals for whom the difference between preliminary and established entitlements is large are not treated unfairly. The responsibility for the investment strategy is decided by central government and is pursued by the SPA. During this stage there is no possibility for the individual to influence the outcome of the investment.

The pension entitlements are invested according to the directive of the central government in the following financial instruments; nominal government bonds, real interest bonds and asset backed securities. Besides that the SPA holds part of the entitlements as a liquidity reserve on



## Specific government transactions – Lump sum pension payments

a bank account in the Swedish National Debt Office (Treasury). But there exists no individual correspondence between the entitlements and the instruments they are invested in.

Furthermore, there is no direct link between contributions and the investment income. The total of investment income is split according to the shares of total contributions and not in relation to the amount earned on the individual part of contributions.

Accordingly it is not possible to account for the household pension entitlements individually in relation to the central government and the mortgage institutes as is the case in individual fund savings, so called unit-linked insurance policies.

### **Funding according to the choices of the policyholders**

When entitlements are transferred from the temporary management they are invested according to the choices of the policy holders. At this stage the SPA administrates the individual accounts which depending on the investment strategy give rise to differences in the outcome. For the moment there are approximately 800 investment alternatives to choose among. The individual accounts are also reduced by the service charges paid to the fund corporations and the SPA for their management and administrative costs. The service charges are distributed according to the individual fund value.

### **Retirement**

At retirement the monthly pension benefit is calculated by dividing the fund value with a divisor. The divisor is among other things calculated regarding the remaining life expectancy. During the retirement period there is always a possibility to convert the fund value into an annuity. The pension benefit is in that case guaranteed by the SPA which assumes the risk in the continued investment. At or after retirement it is also possible to include a survivor's pension to the annuity but in such a case the benefit will be slightly lower because it will no longer be possible to receive inheritance bonus which arises when individuals of the same age dies in advance and leaves part of their entitlement unused.

### **The Premium Pension Plan in the NA**

When the PPM had responsibility for the Premium Pension Plan it was recorded in the NA entirely outside the government sector. This follows the Eurostat decision that the PPM should be classified as a public pension institute in the financial corporate sector. In the NA the Premium Pension Plan has also got the characteristics of an employment related pension plan, adjustments for the change in pension entitlements (D.8) due to contributions and benefits is for instance recorded which is normally not the case for other parts of the general pension scheme (Income- and Supplementary Pension Plans). Besides that the national tax ratio is calculated excluding the contributions to the Premium Pension Plan because it has the characteristics of an individual savings scheme.

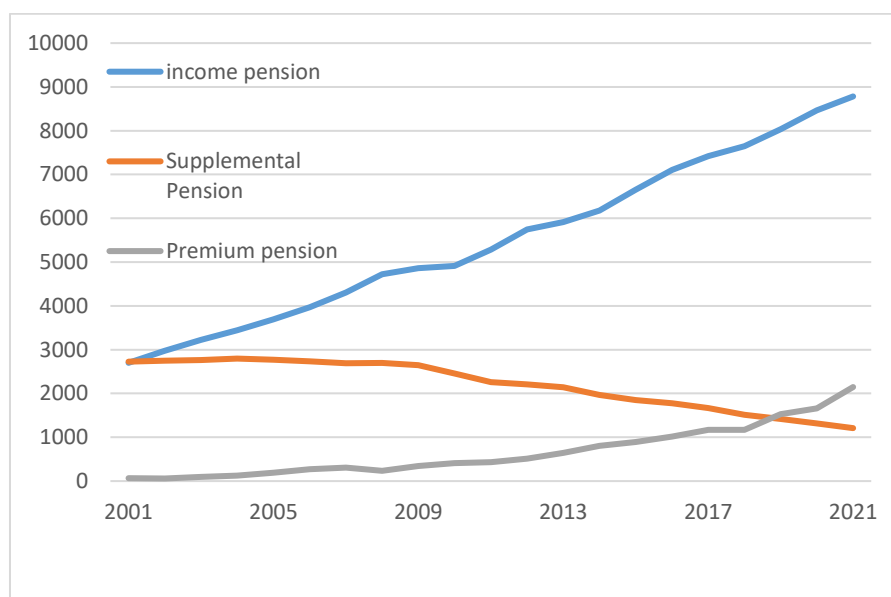
The recording includes the entire period from 1995 when the saving started and until 2009 when the PPM was merged into the substantially larger SPA. The main responsibility of the SPA is the management of pension in the Income- and Supplementary Pension Plans. In diagram 1 below the relation between total entitlements is shown for the three different pension plans covered by the general pension scheme.

## Specific government transactions – Lump sum pension payments

Contrary to the PPM the SPA is included in the government sector and particularly in the social security fund subsector which is the part of government managing funded social security schemes. This implies that the relations the PPM had with central government, and the SPA now is in charge of, has changed in character from being a relation between government and a public quasi-corporation to being an internal relation within the government sector.

The Premium Pension Plan only makes up a smaller part of the total household pension claims. The Supplementary Pension Plan is a remainder of the previous general pension scheme and is currently being phased out and 2018 is the last year with new contributions being earned. But the pension benefits are already larger than the sum of new contributions and revaluations making the total claim slowly diminishing.

Diagram: Household claims on the general pension scheme, billions of Swedish Krona



Source: Orange report, The Swedish Pensions Agency

The relation between the different parts in the Premium Pension Plan is summed up in the table below. The table describes, out of the household perspective, how the entitlements changes from the beginning to the end of 2021. The main part of entitlements constitutes investment fund assets (92%) in which the individuals take the investment risk. It is this part together with the temporary management which are recorded outside of general government in the notional PPM unit belonging to the pension institute subsector (S.129). The remaining part is the annuity plan included in the social security fund subsector (S.1314).

When new contributions are made this is recorded within the temporary management and consists of: employer contributions, contributions made by sole proprietors, household contributions supplements and government contributions supplement. The household contributions supplement consists of the interest earned on the assets in the temporary management. These items sum up to the changes in entitlements due to contributions because no benefits are paid from entitlements in the temporary management. In the NA system the item 'changes in entitlements...' neutralises the impact on net lending which otherwise would occur from the net of contributions and benefits.

## Specific government transactions – Lump sum pension payments

The accumulated pension contributions of year  $t$  including accrued interest are transferred in December year  $t+1$  according to the chosen fund alternatives which almost entirely (99%) consists of investment funds. The two flows, contributions in year  $t+1$  and transfer to investment funds and annuity plan are almost of the same magnitude. This makes the entitlements in the

temporary management only increase by a few percentage points each year.

The increase in entitlements in the investment fund plan, except for transfers of entitlements, consists of property income in the form of interest and dividends distributed in relation to fund shares. Property income is recorded as supplementary contributions of households. The other item which has an impact on the entitlement is revaluations of the fund shares due to holding gains and losses.

Table: The Premium Pension Scheme

Premium pension 2021	Invest.fund.incl temporary management	Annuity plan	Premium pension total
millions of Swedish Kronor			
	S.129	S.1314	prem.pen.to t
AF63LS Pension entitlements	1 603 469	39 139	1 642 608
D61p Increase in entitlements due to contributions	78578	486	79064
D6111 Employer actual social contributions	42295		42295
D6131 Household actual social contributions	4980		4980
D614 Household social contributions supplements	33957	515	34472
D61SC Pension scheme service charges	-2654	-29	-2683
D62 Pension benefits	14585	3141	17726
D8 Changes in entitlements due to contributions and benefits	63902	-2655	61247
D81 Transfer of entitlements	-10698	10698	0
D82 Changes in scheme structure			
K7 Revaluations	429863	-4190	425673
K5 Other changes in volume	6601	10776	17377
AF63LE Pension entitlements	2 103 835	43 070	2 146 905

## Specific government transactions – Lump sum pension payments

Source: The Swedish Pensions Agency and national accounts, Statistics Sweden

The transfers from temporary management to the traditional insurance plan (the annuity policy) are relatively modest. But there are also transfers from the investment funds to the traditional insurance plan and in these cases the entire fund savings of an individual is converted into an annuity policy which gives a guaranteed monthly pension benefit. In connection to the financial crisis of 2008 the individual transfers increased remarkably which also has implied that the payment of pension benefits has increased and is larger than contributions. Currently the household entitlements (SPA debt) are calculated as the value of all assets held by the SPA against outstanding risks in the annuity policy. This recording is currently discussed at Statistics Sweden and will probably be changed to only record assets which more or less correspond to the discounted value of the guaranteed future pension benefits.

The household entitlements (SPA debt) are recorded as an assets which correspond to the discounted value of the guaranteed future pension benefits as loan

### Sources

The liability at the beginning and the end of the year can be found in the Orange Report 2021 but the value differs slightly from what is being reported to Statistics Sweden from the SPA and included in the financial accounts. In order to have consistent quarterly and annual data on the level of financial instruments the compilation is made from the assets side in the financial accounts balance sheet.

In note 23 (p. 90) information on the owner equity (bonus reserve) is found. This equity is recorded as part of 'A. Capital and reserves' according to the council directive on the annual accounts of insurance undertakings (91/674/EEC). This means that it is not included in the pension liability of the SPA. This gives rise to a small difference for the traditional insurance plan between the financial accounts and the recording at SPA. National accounts has been discussing whether the recording of the owner equity should be included in household assets or not and decided to change the recording to exclude owner equity from household entitlements. From year 2010 and onwards the owner equity has already been excluded from household entitlements in the financial accounts. But since this recording has nothing to do with the manager the same principle should apply for the entire time series.

Annex: Employment related pension scheme in central government (S.1311)

Employment related pension scheme in central government (s.1311)					
		2018	2019	2020	2021
pensions entitlements	AF63LS	263 308	281 222	299 268	338 920
Social contributions	D.61	15 213	17 131	18 611	20 319
Employer actual contribution	D.6111	9 630	11 338	12 966	14 293
Contribution supplement	D.6141	5 583	5 793	5 645	6 026
	D.61SC	0	0	0	0

Specific government transactions – Lump sum pension payments

Pension benefits	D.6221	10 414	10 700	10 873	10 994
Adjustment for the change in pension entitlements	D.8	4 799	6 431	7 738	9 325
Impact on net lending	B.9	0	0	0	0
Total changes in entitlements	F.63	4 797	6 431	7 739	9 325
Transfers of entitlements	F.63(XD.81)	-2	0	1	0
Changes in entitlements	F.63(D8, XD.82)	4 799	6 431	7 738	9 325
Revaluations	K.7	12 617	11 615	31 913	-9 372
Other changes in Volume	K.5	498	0	1	0
Pension entitlements	AF.63LE	281 222	299 268	338 920	338 873

Annex: Employment related pension scheme in local government (S.1313)

Employment related pension scheme in local government (s.1313)					
		Total pension scheme (1)			
		2018	2019	2020	2021
Pensions entitlements	AF63LS	116 207	128 364	140 036	148 498
Social contributions	D.61	16 007	16 063	14 410	18 661
Employer actual contribution	D.6111	13 710	13 509	11 641	15 608
Contribution supplement	D.6141	2 297	2 554	2 769	3 053
	D.61SC				
Pension benefits	D.6221	18 339	18 995	19 483	20 100
Adjustment for the change in pension entitlements	D.8	11 658	11 387	9 627	13 060
Impact on net lending	B.9	-13 990	-14 319	-14 700	-14 499
Total changes in entitlements	F.63	11 424	11 547	9 400	13 145
Transfers of entitlements	F.63(XD.81)	-234	160	-227	85
Changes in entitlements	F.63(D8, XD.82)	11 658	11 387	9 627	13 060
Revaluations	K.7	733	125	-938	5 202
Other changes in Volume	K.5	0	0	0	0

## Specific government transactions – Lump sum pension payments

Pension entitlements	AF.63LE	128 364	140 036	148 498	166 845
	(1)excluding entitlements and other changes not recorded in the balance sheet of NA				

### 7.16. Rearranged transactions

At present two rerouting schemes exist in Sweden. The first refers to the renewable energy scheme rerouted through central government. Central government have established the scheme and constructed the rules, despite not being involved in any transactions in reality. The rerouting contains Taxes on products (D.21r), subsidies on products (D.31p) and current international cooperation (D.74r). It was a Swedish scheme from year 2003 until year 2011, and became a Swedish-Norwegian scheme as of year 2012 onwards, until year 2045. The overall impact on net lending/net borrowing should be equal, or close, to zero over time. However, for single years, or during a limited period of time, the impact can be either positive or negative. In the financial accounts, these transactions are found in F.89 liabilities. The recording in the non-financial accounts and the financial accounts is consistent.

The second scheme refers to support to households for high energy prices. It refers to extra ordinary capacity fees (congestion income) at the central government quasi corporation *Svenska kraftnät* used for compensating households, corporations, organisations etc. The recording of these extra ordinary fees was bilaterally discussed between SCB and Eurostat with a recording decision concerning time of recording. The different support schemes based on extra ordinary capacity fees are rerouted thru central government as a tax on production (D.29B) with a corresponding transfer to energy consumers as a miscellaneous current transfer (D.759) referring to households, and as subsidies (D.39) referring to corporations. Time of recording is at the time the scheme is activated, i.e., time of government decision and not at the time of compensation to energy consumers. Revenue and expenditure are recorded at the same time with no impact on net lending/ net borrowing.

Corresponding receivables and payables are recorded in the financial accounts, with the same counterparts.

The main data source for the renewable energy scheme is a database at the Swedish Energy Agency. But the collection and calculation are performed by SCB quarterly. No data on single certificate exist.

D.21r Tax	Cancelled certificate
D.31p Subsidy	Issued certificate
D.74r Transfer	Transfer of certificates to Norway (=deficit in Norway)

The tax is calculated as: Cancelled certificate T \* Average price

...where Average price = [Revenue T + Revenue for remaining certificate T-x] / Total active certificate (T-x until T)

...where Total active certificate = New certificate + Remaining, not cancelled, certificate

The subsidy is calculated as: Issued certificate T \* Average price T

The data source for high energy prices is the ordinary source for the non-financial accounts for central government. But reconciled between involved authorities. The time of recording is decided by SCB based on bilateral discussions with Eurostat. No further adjustments made by SCB.

### **7.17. Decommissioning costs –**

In Sweden, dismantling the Barsebäck Nuclear Power Plant has begun. The costs are to be covered by contributions from the Nuclear Waste Fund. This is how the Nuclear Waste Fund describes itself on its website:

*The Nuclear Waste Fund is a government authority whose mission is to receive and manage the fees paid in by the nuclear power companies and owners of other nuclear facilities in Sweden. The fees are intended to finance future expenditures for managing and disposing of spent nuclear fuel and other waste products.*

*The authority is overseen by a Board of Governors appointed by the Government. Two of the members are appointed at the suggestion of the fee-labile licensees.*

*The authority has no staff of its own. Its administration is handled by another authority: the Legal, Financial and Administrative Services Agency.*

<http://www.karnavfallsfonden.se/>

The fund does not belong to public administration and general government, but belongs to the business sector where the nuclear power companies are classified to belong. The administrative costs of the central government are financed from the fund's return and do not affect net lending/net borrowing.

### **7.18. Concessions**

A limited number of concession contracts exists in Sweden at present. For central government, concessions or PPPs would be acknowledged and approved by the Government and the Government Offices including the Ministry of Finance. Therefore, a frequent item at the agenda for each Notification is discussed between the statistical authorities and the Ministry of Finance to receive and inform each other about new possible concession contracts, PPPs or large similar projects.

For local government a question about concessions and PPPs is included in the annual survey. Municipalities and regions are asked to reply to a simple question if they have any income or expenditure related to the concessions and PPPs. In the event of a positive response, the responding unit will be contacted for further investigation. At present no large concession contracts exist for local government.

At central government two large concession contracts exist. *Arlandabanan*, which is the railway between Stockholm Central Station and Arlanda Airport. The other one is

*Öresundsbrosortiet* which is the bridge between Malmö in Sweden and Copenhagen in Denmark.

The trains on Arlandabanan are operated by a market producer classified in the non-financial corporation sector (S.11). The activity at the corporation is financed by revenues from ticket fees. The main part of the railway as well as infrastructure at the airport was built by the private corporation, or in fact the previous owner of the corporation. At the same time central government improved and built new necessary infrastructure in relation to the new investment made by the private corporation. All government supplementary investments are recorded as central government investments and assets. The central government corporation, responsible for contracts, negotiation etc. with the private corporation is classified in central government. The unit do not have any significant operational activity and are similar to the already reclassified corporation Svensk-Danska Broförbindelsen AB managing the Swedish part of the bridge between Sweden and Denmark. Also, the initial investment in year 1999 is reallocated to government. The private corporation have contract with government until year 2040 with an opportunity to extend the monopoly 10 years further.

The second central government concession contract is a collaboration between the Swedish and the Danish government for the bridge between Malmö and Copenhagen. The operational activity including building, construction, investments, tickets, maintenance etc. is performed by a jointly Swedish-Danish owned corporation *Öresundsbrosortiet*. The control of the corporation from the Swedish side is by a central government unit Svensk-Danska Broförbindelsen AB. The corresponding unit in Denmark is also classified within government while the *Öresundsbrosortiet* is classified outside government in the non-financial corporation sector (S.11). Their activity is financed by ticket fees and the bridge was financed by loans on the open market.

The data source for these concession contracts is the ordinary data source on central government data from the ESV. The contracts are followed over time within a normal procedure of working with different important issues within EDP together with involved authorities as well as together with Eurostat at EDP dialogue visits. Analyses of the risks and rewards associated with the use of the concession asset, lump sum payments, minimum government revenue guarantee to the concessionaire etc. was analysed at the time of the reclassification of the two concession contracts. Neither of them was correctly classified at the time of the construction. It has been corrected afterwards, based on bilateral discussions with Eurostat and further guidance on concession contracts in government finance statistics.

## **7.19. Energy Performance Contracts**

*In an Energy Performance Contracts an EPC-contractor finances and carries out an initial capital investment in order to improve the energy efficiency of an existing facility. The EPC-contractor is remunerated via the energy savings achieved through the upgraded equipment and structures. The equipment and structures provided by the EPC-contractor are treated collectively as EPC assets and are recorded on the balance sheet of the EPC-contractor if it ultimately bears the majority of the risks and rewards associated with the use of the EPC assets. A detailed approach to the risks and rewards to be analysed is provided in the Eurostat/ EIB “Guide to the statistical treatment of Energy Performance Contracts” published on 8 May 2018.*

At present there is no energy performance contracts (EPCs) in Sweden.



For central government, EPCs would be acknowledged and approved by the Government and the Government Offices including the Ministry of Finance. Therefore, a frequent item at the agenda for each EDP Notification is discussed between the statistical authorities and the Ministry of Finance to receive and inform each other about new possible EPCs.

For local government a qualitative question about EPCs is included in the annual survey. Municipalities and regions are asked to reply to a simple question if they had income or expenditure referring to partnership in order to improve energy efficiency. In the event of a positive response, the responding unit will be contacted for further investigation.

#### **7.20. Government interventions to support financial institutions: financial bailouts and defeasance**

No interventions to support financial institutions are recorded at present. There is no information on this type of occurrence, neither is there any indication of such occurrences.