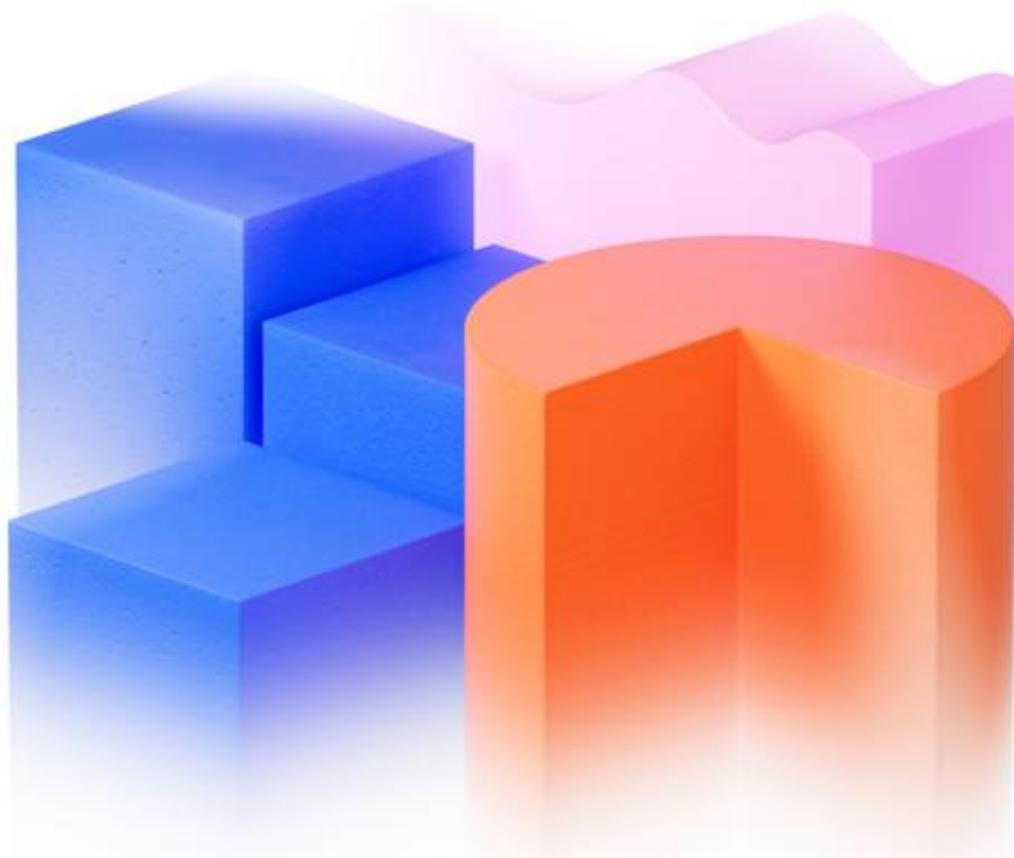


Public finance

Public finance according to EU Directive 2011/85



Public finance according to EU Directive 2011/85

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Preface

The Council Directive 2011/85, amended by Council Directive 2024/1265, contain requirements about public finance statistics and supplement on contingent liabilities and potential obligations for general government.

This document is a description of public finance according to the relevant EU Directive and are split by sub-sector central government, local government and social security funds. State government do not exist in Sweden.

The Council Directive 2011/85 was established after the financial crises 2008-2009, to increase the knowledge about public finance and monitor and capture transactions which could affect public finances in the future.

In the amended Directive (2024/1264) previous monthly cash budget data for central government and social security funds are allowed to be replaced by quarterly national accounts data. Local government quarterly data remains but are allowed to be replaced by national accounts data.

SCB in January 2026

Johan Norberg
National Accounts, Public Finance

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Introduction

This document is a description of public finance according to the relevant EU Directive and are split by sub-sector central government, local government and social security funds.

The difference compared to national accounts is the sub-sector breakdown. In the Directive, central government is split on main units (central government authorities) and other central government bodies. Local government is split on main units (municipalities and regions) and other local government units. While social security funds correspond to the presentation in national accounts, without any further split.

Public finance, according to the Directive, contain figures about total revenues and expenditures as well as net lending/net borrowing (corresponding to revenues minus expenditures) based on the national account's regulation. The recording follows the *European system of national and regional accounts* (ESA 2010) and the additional *Manual on Government Deficit and Debt*. The general principle is accrual recording, simplified explained as the point in time when the economic activity occurs, or the ownership is transferred.

Figures are presented in tables in the Statistical Database at Statistics Sweden's website.

Figures are published before the end of the following quarter and are published from year 2014 onwards. Due to regular benchmark revisions all years can be revised. Data should be in line with official annual accounts but can sometimes differ due to vintage issues.

The recording and presentation are agreed with EU's statistical office Eurostat, who also follow up on this on a regular basis.

Description by sub-sector

Central government (sub-sector 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 sector. Concerning education, the central government is responsible for the so-called special needs schools in Sweden and a major part of the universities.

Elementary, secondary and high school, medical care and hospitals, child and elderly care are not included in central government. Instead, they are included in local government. In the beginning of year 2026, there were 206 main units (central government authorities) included in the central government sub-sector. In addition, units mainly financed or non-profit institutions controlled by central government are added and are called other central government bodies (21 units).

The responsible authority in Sweden regarding collecting information from central government units is the Swedish Agency for Public Management (SAPM). The authority is responsible for collecting data from central government units and compile the so-called *Base for net lending/net borrowing for central government* ("Underlag till statens finansiella sparande", UFS) which are used as the main data source in national accounts for the non-financial accounts for central government.

From January 2026, the previous responsible authority, the Swedish National Financial Management Authority, merged with the SAPM. However, the part responsible for UFS continue unchanged within the new authority.

The primary source used

The primary source for compiling total revenues, total expenditures and net lending/net borrowing for central government is the so-called *Base for net lending/net borrowing for central government* ("Underlag till statens finansiella sparande", UFS).

It is a quarterly data source, compiled by the Swedish Agency for Public Management (SAPM). Includes detailed information about all central government units based on the requirements from Statistics Sweden (SCB). 40-45 days after the quarter, the SAPM sent data to SCB. Quarterly figures sum up to annual figures. I.e., no additional annual data.

Differences compared to the budget balance and the primary source

The budget balance is an important government measure. Both domestic and for international comparisons as for example in *Excessive Deficit Procedure* (EDP) required by the European Commission. The budget balance in form of working balance in EDP is compiled based on primary balance containing all central government current revenues and payments, net lending (authorities and government owned corporations borrowing at the Swedish National Debt Office), primary borrowing requirement and interest payments on the central government debt. The budget balance/working balance is cash based.

National accounts are on an accrual basis. Therefore, the requirements on the main data source UFS mentioned above is to follow the accrual principles as much as possible.

Another difference is additional adjustments performed by SCB to adapt to the national account's regulation. This results in differences compared to both the budget balance and the primary source UFS.

Repeated adjustments are e.g., financial intermediate service indirectly measured, self-developed software, leasing, consumption of fixed capital and parts of other investment income. The annual compilation performed by SCB is made on a detailed level, split by classification of the function of the government, industries, products, counterpart etc. which sometimes implies additional adjustments. But in general, total amounts on a more aggregated level should correspond to figures in the primary source.

Information about differences between net lending/net borrowing in national accounts and the budget balance could be found within the EDP statistics at Statistics Sweden's website.

Adjustments, estimations or imputations by Statistics Sweden

In addition to above mentioned recurrent adjustments, SCB make the following adjustments after receiving the primary data source UFS from SAPM. Also, manual late corrections or reclassifications can be made by SCB or in collaboration with SAPM.

Income (referring to ESA 2010 transaction codes) Taxes on production and imports (D.2)

Renewable energy scheme is rerouted thru central government in national accounts. Compiled by SCB but sent to SAPM which include them into UFS. It is a so-called tax-subsidy-scheme.

Furthermore, congestion income related to energy support to energy consumers is also rerouted thru central government. SAPM is responsible for the compilation on request by SCB. This is also a so-called tax-subsidy-scheme.

Property income (D.4)

Supplementary information concerning UMTS licenses, local radio fees recorded as rent and investment income attributable to collective investment fund shareholders. Extra ordinary dividends are already excluded in the data source and are reported separately. Adjustment related to financial lease for some military equipment are added.

The main part is compiled by SCB but sent to SAPM to include them into the data source UFS. This also impact the data source for the financial accounts.

Current taxes on income, wealth etc. (D.5)

No adjustments except a split on counterpart.

Net social contributions (D.61)

No adjustments.

Other current transfers (D.7)

A few items are recorded as current transfers in the data source UFS but are instead capital transfers based on the regulation for national accounts definitions and are reclassified as capital transfer (D.9).

Capital transfers (D.9)

Items reclassified from other current transfers (D.7) are recorded as capital transfers (D.9).

Expenditure (referring to ESA 2010 transaction codes)

Subsidies (D.3)

A few items are recorded as transfers (either D.7 or D.9) in the data source but should be subsidies (D.3) in national accounts and therefore reclassified.

Rerouted tax-subsidy-schemes are included, see section about taxes on production and imports (D.2) above.

Property income (D.4)

Counterpart information from general pension funds within the sub-sector social security funds is used to record interest paid from central government to social security funds, to be able to consolidate property income regarding general government.

Insignificant amounts imputed as paid rent.

Social benefits other than social transfers in kind (D.62)

A few items are recorded as social benefits in the data source but are instead other current transfers (D.7) and are reclassified.

Other current transfers (D.7)

Adjustments corresponding to other mentioned adjustments as reclassification from subsidies (D.3), social benefits (D.62) and from/to capital transfers (D.9).

Medical benefit from central government to regions in UFS is replaced by the reported figure from regions.

Compensating VAT for municipalities, regions and social security funds are calculated on a more detailed level by SCB.

Capital transfers (D.9)

Reclassified items from/to subsidies (D.3) or other current transfers (D.7).

Final consumption expenditure (P.3)

Supplementary data from SCB mentioned above in the section describing differences compared to the budget balance and the primary source. VAT is included in the data source but are calculated on a more detailed level by SCB.

Consumption of fixed capital (P.51c)

Primary source is SCB, not SAPM. Do not exist in UFS.

Gross fixed capital formation (P.51g)

No adjustments, but supplementary information from other sources for own self-developed software, leasing and some redistribution between quarters. VAT is included in the data source but are calculated on a more detailed level by SCB.

Changes in inventories (P.52)

No adjustments.

Acquisitions less disposals of non-produced assets (NP)

No adjustments.

Compilation of national accounts

Based on the primary data source UFS (base for net lending/net borrowing for central government) from SAPM and supplementary information and adjustments made by SCB, transaction within revenues and expenditures are compiled on a

detailed level and aggregated to a more overall level. Data in UFS are at large already adjusted to the accrual principle. But some exceptions occur where SCB can reclassify figures. In general, the calculations and the compilation for central government non-financial accounts are in line with the regulation for national accounts and amendments regarding public finance statistics.

Central government authorities (main units) report economic data to SAPM on a regular basis via reporting codes (so-called S-codes). SAPM then transform the information into data points requested by SCB. Data are on a detailed level split by unit, type of revenue or expenditure, appropriation, purpose etc.

Before final outcome for taxes, SAPM make forecasts. Similarly, if a unit do not report an important and necessary figure.

After compiling a complete set of data including all relevant reference periods, SAPM make an electronic transmission to SCB who continues to process the data. It also contains information about other central government bodies. For example, non-profit institutions controlled by central government, central government corporation failing the market/non-market test, funds, foundations etc. These are included in the central government sub-sector in national accounts but is often not seen as a government unit outside the statistical system.

From 2017 onwards, quarterly data collection directly from other central government bodies is carried out by the SAPM. Still, for a limited number of small units, information is collected annually from official annual reports (profit and loss account) and not through ordinary S-codes. Until information from annual reports is available some parts are estimated with forecasts.

Local government (sub-sector S.1313)

The local government sector comprises municipalities, regions, municipal associations as well as some local government corporations and non-profit institutions classified within the local government sector that are controlled and predominantly financed by municipalities. At present, the sector includes 290 municipalities, 168 municipal associations, 20 regions, 204 local government corporations, and a number of additional units.

The primary sources used

Several primary data sources are used in the calculation of net lending/net borrowing for the local government sector. For the current year, the survey *Quarterly Results for Municipalities and Regions* is consistently the main source. This also applies to the initial publication of net lending/net borrowing for the previous full year, which takes place in February. Subsequently, Statistics Sweden (SCB) switches to using the annual source *Annual Accounts for Municipalities and Regions* as the primary source for years prior to the current year, in combination with quarterly sources. Another key source in the calculations is the survey *Municipal and regions owned corporations' income statement and balance sheet*.

Quarterly Results for Municipalities and Regions

The survey Quarterly Results for Municipalities and Regions (Quarterly Results) is a quarterly data collection compiled and produced by SCB. The survey is differentiated between municipalities and regions to meet specific data collection requirements. The questionnaires contain information on revenues and expenditures at a more aggregated level and follow the version of the chart of accounts applicable for the reference fiscal year, namely "Kommun-Bas" and "Region-Bas". These charts of accounts are published on the website of the Swedish Association of Local Authorities and Regions (SALAR).

The Quarterly Results survey is a full-coverage survey with a cut-off approach. Data are collected only from the largest municipalities by population, while data for the remaining municipalities are estimated using a model-based approach. Municipalities not included in the survey are extrapolated based on the development observed in the surveyed municipalities and on data from the most recently published version of Annual Accounts for Municipalities. Data from the metropolitan municipalities of Stockholm, Gothenburg, and Malmö are included but excluded from the extrapolation process, as their development is not considered representative of other municipalities. Non-response is rare; when it occurs, missing municipalities are treated in the same way as extrapolated ones. For further details, see the dedicated documentation for the Quarterly Results survey, available on SCB's website.

For regions, the data are based on information collected from all regions, meaning that no extrapolation is applied. Estimations are used only in cases of

partial variable non-response, and the method applied is a calculated extrapolation factor based on previously submitted quarterly data.

Annual Accounts for Municipalities and Regions

The survey Annual Accounts for Municipalities and Regions (RS) is compiled and produced by SCB. The survey collects data from all municipalities, regions, and municipal associations that were registered during the reference period, which generally corresponds to the previous calendar year. The survey is differentiated between municipalities, regions, and municipal associations with respect to sections and target variables; in other words, each group responds to different questionnaires.

RS is more comprehensive than the Quarterly Results survey and contains data at a significantly more detailed level. Most non-financial items are reported by functional area and counterparty. Unlike the Quarterly Results survey, RS also includes data from the entities' balance sheets. The data in RS are considered more reliable than those in the Quarterly Results because RS is collected closer to the completion of the final accounts and the official annual reports. As with the quarterly survey, RS is linked to the "Kommun-Bas" and "Region-Bas" charts of accounts.

Due to its scope and level of detail, RS constitutes the most important building block in the calculation of net lending/net borrowing for years preceding the current year. RS data are also used to estimate a number of transactions for the current year in the national accounts.

Municipal and regions owned corporations' income statement and balance sheet

The survey Municipal and regions owned corporations' income statement and balance sheet (KOREBA) is conducted annually and quarterly to collect financial data for the corporations included in the local government sector. Income statement data are collected on an annual basis, while balance sheet data are collected both annually and quarterly. These data constitute the primary source for calculating net lending/net borrowing for the corporations included in the local government sector.

Miscellaneous sources

Certain specific investment grants between regions and municipalities are obtained from annual reports. Other region-controlled corporations are estimated using values from the previous year or, to a lesser extent, directly collected data. Annual data are based on values from the Structural Business Statistics survey and KOREBA, supplemented with information from the corporations' annual reports.

Differences compared to the primary sources

The transactions calculated in the national accounts, which form the basis for determining net lending/net borrowing for the local government sector, are derived from the national aggregate levels in the primary sources. Differences compared to the primary sources arise from adjustments and supplementary data introduced by SCB, as well as methodological adaptations made in accordance with the national account's framework. One example is that the data from the primary sources are supplemented with estimated values for FISIM (Financial Intermediation Services Indirectly Measured). Another example is the consolidation of transactions within the local government sector.

Adjustments, estimations or imputations by Statistics Sweden

In the calculations of the local government sector's net lending/net borrowing, recurring adjustments are made by SCB. The transactions affected by these adjustments are presented below. In addition to the adjustments listed, temporary adjustments and reclassifications are applied as decided by SCB.

Income (referring to ESA 2010 transaction codes)

Property income (D.4)

Retained earnings attributable to collective investment fund shareholders, i.e., earnings from funds that are not distributed to the municipality or region but reinvested in the fund, are treated in the national accounts as non-financial transactions and added to net lending/net borrowing.

Super-dividends distributed from local government corporations are estimated by SCB and deducted from the dividends reported in the primary sources, as they are instead recorded as financial transactions in the national accounts. Another financial transaction is income from interest rate swaps, which is deducted from the interest income reported in the primary sources.

Current taxes on income, wealth etc. (D.5)

Amounts relating to final data on current taxes on income are available two years after the reference year. This means that income tax data in the primary sources are considered preliminary. In addition to the primary sources, forecasts from the Swedish Agency for Public Management (SAPM) are used as a supplementary source for preliminary income taxes. These forecasts are continuously updated until actual outcomes are available. The primary sources are reconciled with SAPM data, and any discrepancies lead to adjustments in net lending/net borrowing compared to the primary sources.

Other current transfers (D.7)

The primary sources report accrued transfers from the general government. These are reconciled against government grants recorded on a cash basis, as reported by SAPM and used in the national accounts. Differences between the sources result in adjustments to net lending/net borrowing compared to the primary sources.

Capital transfers (D.9)

Investment grants from the general government to municipalities, regions, and municipal associations are collected in the primary sources. These are then reconciled against investment grants reported by SAPM and used in the national accounts. Certain specific investment grants between regions and municipalities are obtained from annual reports or through direct contact with municipalities. Remaining investment grants and capital transfers are estimated when quarterly data are missing, by dividing the previous year's annual amount by four.

Expenditure (referring to ESA 2010 transaction codes)

Property income (D.4)

Interest costs from interest rate swaps are deducted from the interest payment reported in the primary sources, as they are recorded as financial transactions in the national accounts.

In the national accounts, investment income payable on defined-benefit pension entitlements are recorded as the increase in their present value as the payment date approaches. This increase reflects the actuarial revaluation of future obligations and is treated as investment income attributed to pension holders. In contrast, municipal accounting reports returns including indexation of pension liabilities, where indexation is not considered a non-financial transaction under the national account's framework. Consequently, investment income on pension entitlements is calculated separately in the national accounts, resulting in differences compared to the main data sources.

Capital transfers (D.9)

Contributions to public transport infrastructure can be recorded in two different ways in municipal accounting: either directly in the income statement (i.e., the full amount is expensed immediately) or capitalized in the balance sheet with partial amortization over time. In the national accounts, the contribution/payment recorded by the Swedish Transport Administration is used. These data are provided by SAPM and lead to adjustments in net lending/net borrowing compared to the primary sources.

Final consumption expenditure (P.3)

Payroll costs reported in the quarterly survey are adjusted for changes in holiday pay liabilities, as these relate to wages earned in another period. This leads to a reclassification of net lending/net borrowing via final consumption expenditure.

Consumption of fixed capital (P.51c)

Consumption of fixed capital, which refers to the depreciation of fixed assets due to normal wear and obsolescence, differs from how depreciation is defined in municipal accounting as reported in RS. For this reason, SCB uses calculated values for consumption of fixed capital in the national accounts.

Gross fixed capital formation (P.51g)

SCB estimates investment expenditures for newly produced or existing fixed assets acquired through financial leasing. In the national accounts, the full leasing amount is recorded in the year the lease agreement begins. At the same time, adjustments are made to interest costs and rental payments in the national accounts.

Compilation of national accounts

Based on the primary and supplementary sources, together with adjustments and calculations made by SCB, transaction codes for income and expenditure are compiled from a detailed level to an aggregated level. The compilation and reporting follow the national accounts framework and the additional requirements for the presentation of government finance statistics. For further information, see the documentation on the international reporting under the *Excessive Deficit Procedure (EDP)*, available as a separate statistical product on SCB's website under National Accounts.

Social security funds (sub-sector S.1314)

The sub-sector social security funds include all public sector institutional units whose main activity consists of administrating funded social insurance systems. The institutions included in the sub-sector are the three Swedish National Pension Funds (so-called AP-funds), as well as holding companies own and controlled by the funds, and the Swedish Pension Agency. The Swedish Pension Agency is the unit managing the social pension system. The AP-funds are responsible of managing funded assets and creating a return of these funded means, i.e., are buffer funds in the Swedish pension system. The Premium Pension scheme is, due to an EU decision, classified in the financial corporation sector, except the part regarding traditional premium pension which are included in social security funds.

In January 2026 five AP-funds become three. The first AP-fond was split and the assets was transferred to the third and fourth AP-fund. And the sixth AP-fund merged with the second AP-fund.

The primary sources used

For this sub-sector four sources are the primary sources. The first one is a quarterly survey where figures are collected from the AP-funds. SCB is responsible for collecting data through the survey. It corresponds to a more aggregated version of an income statement and balance sheet. Figures from the survey are used for both non-financial and the financial accounts.

The second is the same quarterly data source as for central government, the so-called *Base for net lending/net borrowing for central government* ("Underlag till statens finansiella sparande", UFS). Received from the Swedish Agency for Public Management (SAPM), previously the Swedish National Financial Management Authority. Information collected is payments between central government and social security funds units as well as data for the Swedish Pension Agency. From a legal point of view, the Swedish Pension Agency is a central government unit but in the economic statistical system and in national accounts the authority is included in the social security funds sub-sector.

The third data source is the Swedish Pension Agency. SCB collect a minor amount of economic data directly from the authority. It mainly refers to received interest and pension payments related to traditional insurance within the premium pension scheme.

The last data source is official annual reports for all units. Beside the use for verification of annual amounts, the data source is mainly used for information on compensation to other authorities regarding the premium pension scheme.

Differences compared to the primary source

In the calculation for social security funds, no specific adjustments are made to the collected data other than an estimation of retained earnings and super dividends.

Adjustments, estimations or imputations by Statistics Sweden

All units within the sub-sector are included in the compilation of revenues, expenditures and net lending/net borrowing. In general, the same recurrent adjustments as for central government are made, as for example financial intermediate service indirectly measured, consumption of fixed capital and parts of other investment income.

In addition, verification and reasonableness checks are performed and manual adjustments can be made. Either by SCB themselves or together with the data supplier.

Compilation of national accounts

Total revenues, total expenditures and net lending/net borrowing are based on data from different data sources and are compiled by SCB quarterly.

The compilation follows the regulation for national accounts and amendments for public finance statistics. E.g., accrual accounting, split on transaction codes, counterpart etc. Some supplementary information is added together with possible corrections before the final presentation of the result for the sub-sector.

The presentation and dissemination of social security funds is the same according to the Directive as in the ordinary national accounts. No differences in definitions or further breakdowns.

Revision policy for national accounts

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

https://www.scb.se/contentassets/66e9dae3a5d94bf8b4c299ce25294348/02_revideringspolicy_engelsk-oversattning_nr0103_1.pdf

Revision policy for the non-financial sector accounts within national accounts

Periods that are allowed to be revised at what time of publication

Time of publication	Current quarter	Allowed revision period
February year t	Quarter 4 year t-1	Quarter 1-3-year t-1 Quarter 1-4-year t-2*
May år t	Quarter 1 year t	Quarter 1-4-year t-1 Quarter 1-4-year t-2 (final)
August år t	Quarter 2 year t	Quarter 1 year t Quarter 1-4-year t-1 Possible benchmark revision
November år t	Quarter 3 year t	Quarter 1-2-year t Quarter 1-4-year t-1

* Revision relates to the Tax Assessment, which is published in December each year by the Tax Agency referring to data for previous year.

Final annual accounts referring to year t is published in May year t+2. However, a preliminary annual calculation concerning previous year 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, i.e. half-finalized, is also split by classification of the function of the government (COFOG).

In non-financial accounts major revisions occur approximately around every fifth year. In case of an extra ordinary need of revisions back in time, for example as result of developments outside or within Excessive Deficit Procedure, the non-financial sector accounts for general government can be revised regarding transactions that do not affect GDP in August every year. Hence, net lending/net borrowing in Sweden can be revised more frequently compared to GDP.