



Technical note

Adjustments to the FS Model as of August 29, 2014

1 Introduction

Given that its GFS Model is based on the financial statistics standards of the International Monetary Fund (IMF), the Financial Statistics Section of the Federal Finance Administration (FFA) is in the process of changing it over from the GFSM 2001¹ to the new GFSM 2014. At the same time, the GFS Model of the Financial Statistics Section is being reconciled with the system of national accounts of the Federal Statistical Office (FSO), which will be published in accordance with the current European System of National and Regional Accounts (ESA 2010) for the first time on September 30, 2014. This will also lead to adjustments to the basic statistics of the international GFS Model of financial statistics, i.e. the national FS Model².

The changes as of August 29, 2014 concern only the national FS Model of financial statistics. It is planned to change the international GFS Model from the GFSM 2001 to the GFSM 2014 at the end of August 2015. Consequently, the GFS Model is not yet affected by the changes presented here.

2 Changes in the national FS Model

The adjustments to the FS Model can be divided into three categories – Table 1 gives an overview.

Category 1 adjustments were based on the ESA sectoring criteria. A review of the delimitation of the general government sector revealed that three further concordats also belong to the survey scope. These are the Swiss Center of Accreditation and Quality Assurance in Higher Education (OAQ), the Zurich University of Teacher Education (PH Zurich) and the penitentiary concordat of North West and Central Switzerland. Moreover, the unemployment funds that exist in certain cantons' accounts were eliminated from their financial statements, as these are to be included in the *social security funds* sub-sector – the cantons' removed contributions were rectified under unemployment insurance. In addition, churches belong to *non-profit institutions serving households* (NPISH) rather than to the general government sector. Consequently, the cantonal and municipal data from 1990 onward has been adjusted where necessary. In the process, in function 350 – *churches*, the balances of the statement of financial performance and statement of investments were calculated and then recognized as contributions or investment contributions to NPISHs.

Category 2 adjustments were made because of the due implementation of an accounting principle. Taxes were recognized net in the past. Recognition is now in accordance with the principle of gross presentation. Consequently, the income and wealth taxes of natural persons as well as legal entities' profit taxes and taxes on capital were increased for tax write-offs on a pro rata basis. Tax write-offs are reported under the new category 3188 – *losses on taxes and social security contributions assessed but unlikely to be collected* in the FS chart of accounts. These adjustments were made from 1990 onward for the cantons and from 2008 onward for the municipalities. The gross presentation of taxes thus increases the revenue and expenses of the cantons, the municipalities and the general government sector³, but there is no impact on the balance.

In the case of category 3 adjustments, existing data inconsistencies were eliminated. For the most part, this involved corrections of function/category combinations at cantonal and municipal level. The

¹ IMF's Government Finance Statistics Manual 2001 or 2014.

² The national FS Model of financial statistics is based on the current harmonized accounting model for the cantons and municipalities (HAM2) of 2008.

³ From 2008 onward, the revenue and expenses of the general government sector rise by approximately 0.5% of tax revenue.

adjustments were made from 1990 onward. Only the reconciliation of National Bank profits can lead to slight changes in receipts and balances for the cantons sub-sector and the general government sector.

Table 1: Adjustments in the national FS Model

Circumstances	Function /. category	Years	Gov. units	Comment
Category 1				
New concordats	Completely captured	2008 - 2012	Concordats	The Swiss Center of Accreditation and Quality Assurance in Higher Education (OAQ), the Zurich University of Teacher Education (PH Zurich) and the penitentiary concordat of North West and Central Switzerland meet the sectoring criteria and thus belong to the general government sector.
Unemployment funds	Eliminated	2008 - 2012	Cantons	Unemployment funds belong to the social security funds sub-sector. Consequently, the cantonal unemployment funds have been removed from the cantonal accounts.
Unemployment funds	551.3637	2008 - 2012	Unemployment insurance	Unemployment funds belong to the social security funds sub-sector. The contributions removed from the cantons were rectified under unemployment insurance.
Churches	350.3636	1990 - 2012	Cantons; municipalities	Churches do not belong to the general government sector. Consequently, the surplus or deficit for the statement of financial performance is shown as a contribution. Reason: recipients = private non-profit organizations.
Churches	350,576	1990 - 2012	Cantons; municipalities	Churches do not belong to the general government sector. Consequently, the balance of the statement of investments is shown as a contribution. Reason: recipients = private non-profit organizations.
Category 2				
Taxes	910.3188; 910.4000; 910.4001; 910.4010; 910.4011	1990 - 2012	Cantons	Pro rata increase in income and wealth taxes as well as profit taxes and taxes on capital in the amount of the added tax write-offs. Reason: application of the gross presentation principle. Taxes were previously recognized net.
Taxes	910.3188 910.4000; 910.4001; 910.4010; 910.4011	2008 - 2012	Municipalities	Pro rata increase in income and wealth taxes as well as profit taxes and taxes on capital in the amount of the added tax write-offs. Reason: application of the gross presentation principle. Taxes were previously recognized net.
Category 3				
Banks and insurance companies	860.4110	2008 - 2012	Cantons	The Swiss National Bank profits disclosed in the cantonal accounts were adjusted in line with the amounts reported by the SNB.
Supplementary benefits IV	522.3637	1990 - 2012	Cantons; municipalities	Data inconsistencies eliminated. The amounts under function 522 combined with category 3634 were reclassified. Reason: recipients = households.
Subsidized housing	560.3637	1990 - 2012	Cantons; municipalities	Data inconsistencies eliminated. The amounts under function 560 combined with category 3638 were reclassified. Reason: recipients = households.
Economic aid	572.3637	1990 - 2012	Cantons; municipalities	Data inconsistencies eliminated. The amounts under function 572 combined with categories 3634/3635/3636/3638 were reclassified. Reason: recipients = households.
Foreign aid	593.3638	1990 - 2012	Cantons; municipalities	Data inconsistencies eliminated. The amounts under function 593 combined with categories 3635/3636/3637 were reclassified. Reason: recipients = foreign.
Direct payments	816.3635	1990 - 2012	Cantons; municipalities	Data inconsistencies eliminated. The amounts under function 816 combined with categories 3634/3637 were reclassified. Reason: recipients = private corporations.