

## GENERAL GOVERNMENT ACCOUNTS

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## Metadata

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2. Metadata update	
2.3 Metadata last update	9.1.2024

### 3. Statistical presentation

#### 3.1 Data description

The general government accounts are used for various purposes, for both short and long term economic analysis. They illustrate the government performances during the year and over longer periods, as well as showing its financial impacts. The government finances are meant to give a good overview of the general government sector and show the scope of the government in the economy in the form of total revenue, total taxes, total expenditure, etc. General government revenues and expenditures are classified by economic type to show their economic impacts. The expenditure is as well classified by functions to give an overview of where money is spent. The accounts also provide information on the governments' financial assets and liabilities and its part in the financial market.

The government sector comprises those activities in the economy that are mainly financed by tax revenue. One of the main purposes of keeping accounts of the general government is to give an overview of its revenue, expenditure, assets and liabilities and of its main balances, i.e. the operating balance and net lending / borrowing balance. The accounts are produced in line with the IMF's GFSM 2014 standard on the government finances (The Government Finance Statistics Manual, 2014), the European System of Accounts form 2010 (ESA 2010) and the Classification of the Functions of Government (COFOG) issued by the United Nations.

The most recent revision of the general government accounts is from 2020 and covers a period back to 1998. Prior to that revision comparable data on a more aggregated level exists back to 1980 while some official statistics on general government's finances date back to 1945. From 2004, quarterly revenue and expenditure accounts are produced and published for the general government and its subsectors.

The revenue and expenditure are presented in nominal values at current prices as well as in various real terms to give a better indication of their developments. In that respect, they have been deflated by the price index of government final consumption and the consumer price index. Thus the share of government expenditure of Gross Domestic Product (GDP) is calculated and its growth rate. Although most of the government statistics are based on administrative data, some data need to be estimated. Such estimates are mostly based on methodology or treatments developed in line with the international standards, like the GFSM 2014 and ESA 2010. For example, an estimate of write-offs of the government tax claims and of the central and local governments' pension liabilities.



## Metadata

### 3.2 Classification system

[ESA 2010](#) provides a methodology and defines classifications that Statistics Iceland uses for compiling general government accounts on comparable bases. Other classification systems used during the compilation of general government accounts are:

The Government Finance Statistics Manual 2014 ([GFSM 2014](#)).

The Classification of the Functions of Government – 2019 edition ([COFOG](#)).

Manual on Government Deficit and Debt - Implementation of ESA 2010 - 2022 edition ([MGDD](#))

### 3.3 Sector coverage

The statistics covers the general government sector which consists of the central government, local governments and social security funds and social protection.

### 3.4 Statistical concepts and definition

The concepts used in the general government accounts are first and foremost in line with the [IMF's GFSM 2014 framework](#), which is based on the System of National Accounts from 2008 (SNA 2008) and the ESA 2010. The GFS framework emphasises the general government revenue and expenditure accounts, which in a way resembles the accounting structure of business accounting, and it also emphasises the accumulation accounts. The main characteristics of these accounts can be described as follows:

#### **The revenue account:**

The government revenue is classified into four main sources, i.e. tax revenue, social contributions, grants and other revenue. A more detailed description of the different types of revenue can be found in the [IMF's GFSM 2014 manual](#).

- Tax revenue is defined as those compulsory transfers from other sectors of the economy where taxpayers receive nothing directly in return. The tax revenue is further broken down into six subcategories, i.e. income tax, payroll tax, property tax, taxes on goods and services, taxes on international transactions and other taxes.
- Social contributions, like tax revenue, are compulsory levies but in return the payer receives certain protection (benefits and services) against certain social risks. When measuring tax burden, social contributions are included.
- Grants comprise current and capital transfers from one government unit to another and as well similar transfers from foreign governments and international organizations. The receiver pays nothing direct in return.
- Other revenue is classified into five subcategories, i.e. property revenue, sale of goods and services, fines and penalties, voluntary transfers and miscellaneous revenue and unidentified revenues.

#### **The expense account:**

The general government expense is divided into eight main categories by economic type, but the net acquisition of nonfinancial assets is classified into capital account. The expense categories are compensation of employees, use of goods and services, consumption of fixed capital, interest, subsidies, grants, social benefits and other expense. Each category has its particular economic impacts. A further description of the different types of expense can be found in the [IMF's GFSM 2014 manual](#).

- Compensation of employees: Compensation of employees is the total remuneration, in cash or in kind, payable by the government as an employer to an employee in return for work done by the latter. Also included is the value of the social contributions payable by employers: these may be actual social contributions payable by employers to Social Security schemes or to private funded social insurance schemes to secure social benefits for their employees; or imputed social contributions by employers providing unfunded social benefits.
- Use of goods and services: The government purchase of goods and services for own production or transfers is recorded under this category.
- Consumption of fixed capital is the decline during the course of an accounting period in the value of fixed assets owned and used by a general government as a result of physical deterioration, normal obsolescence, or normal accidental damage.
- Interests needs no further explanations.
- Subsidies are current unrequited payments that a government makes to enterprises on the basis of the levels of their production activities and the quantities or values of the goods or services they produce, sell, export or import.
- Grants are non-compulsory current or capital transfers from one government unit (domestic or foreign) to another government unit or an international organisation.
- Social benefits are defined as transfers in cash or in kind to protect the entire population or specific segments of it against certain social risks. They are classified further into social security benefits, social assistance benefits and employer social benefits.
- Other expense: The expense that does not fit into the above categories is classified here. This includes current transfers of other than social nature and capital transfers other than grants, as well as fines and penalties and tax payments by governments.

**The capital account:**

The government net acquisition of non-financial assets is classified into capital account and is divided into four subcategories, i.e. fixed assets, inventories, valuables and non-produced assets.

**The financial account:**

The financial account comprises transactions in both financial assets and liabilities, which are further classified into seven different instruments. The stock figures on assets and liabilities are in the balance sheet.

### **Main balances:**

Various indicators are used to measure the government performance and its financial impacts. The most common ones are the net operating balance, the net saving and the net lending / net borrowing balance. The operating balance is the difference between total revenue and total expense and is a summary measure of the ongoing sustainability of government operations. It measures the surplus the government has from operations to invest in nonfinancial and financial assets. The government net saving equals operating balance less net capital transfers. The net lending / net borrowing measures the difference between total revenue and total expenditure and indicates whether the government is putting financial resources at disposal of other sectors in the economy or is utilising the financial resources generated by other sectors. It also measures the financial impact of government activity on the rest of the economy.



## Metadata

<b>3.5 Statistical unit</b>	The general government, consisting of the central government, local governments, social security funds and social protection.
<b>3.6 Statistical population</b>	The general government, consisting of the central government, local governments, social security funds and social protection.
<b>3.7 Reference area</b>	The reference area for the Icelandic general government accounts is the total economy of Iceland.
<b>3.8 Time coverage</b>	The most recent revision of the general government accounts is from 2020 and covers a period back to 1998. Prior to that revision comparable data on a more aggregated level exists back to 1980 while some official statistics on general government's finances date back to 1945. From 2004, quarterly revenue and expenditure accounts are produced and published for the general government and its subsectors.
<b>3.9 Base period</b>	Not applicable.
<b>4. Unit of measure</b>	
<b>4. Unit of measure</b>	Unit of measure for general government is million Icelandic Krona (million ISK) and percentage, for percentage of GDP and percentage breakdown. Unit of measure for per capita statistics are in thousand Icelandic Krona (thousand ISK).
<b>5. Reference period</b>	
<b>5. Reference period</b>	The reference period of the figures in the annual general government accounts is the calendar year and the quarter in which the economic activity occurs for the quarterly government accounts.



## 6. Institutional mandate

### 6.1 Legal acts and other agreements

See Act no. [163/2007](#) regarding Statistics Iceland legal basis for official statistics.

In Iceland, the preparation of government finance statistics is based on the European System of National Accounts 2010 (ESA 2010). The legal basis of the standard is Regulation of the European Parliament and of the Council (EU) [no. 549/2013](#) of 21 May 2013 on the European system of national and regional accounts in the European Union.

The Regulation was incorporated into the EEA Agreement by Decision of the EEA Joint Committee No. 58/2014 of 8 April 2014. On the basis of the Regulation, Eurostat, has issued guidance and opinions on individual subjects intended to facilitate the interpretation of the standard and further guidance on its use. Eurostat also monitors compliance with existing regulations.

Implementation of European Parliament and Council Regulation (EU) No. 549/2013 is in the hands of Statistics Iceland, which is an independent institution and centre for official statistics in Iceland.

## 7. Confidentiality

### 7.1 Confidentiality - policy

See Statistics Iceland's [rules of procedure for treating confidential data](#).

### 7.2 Confidentiality – data treatment

Source data is stored at Statistics Iceland. Access to more detailed data than has already been published is granted on an individual basis. In these cases the main principle is to uphold the confidentiality of the data in guidance with Statistics Iceland Rules of Procedure for Treating Confidential Data – see 7.1.

## 8. Release policy

### 8.1 Release calendar

The General Government Accounts are published according to Statistics Iceland advance release calendar. The release calendar lists in advance all the statistical data and publications to be released over the year. See [rules on statistical releases](#).



## Metadata

<b>8.2 Release calendar access</b>	The <a href="#">Advance release calendar</a> with scheduled releases for the forthcoming calendar year (1 January to 31 December) is published in November each year.
<b>8.3 User access</b>	All users are granted equal access to national accounts data, dissemination dates of official statistics are announced in advance and no user category is provided access to official statistics before other users. Official statistics are first published in the statistical database. All results from the general government accounts are accessible through Statistics Iceland's website under the heading " <a href="#">general government</a> ".
<b>9. Frequency of dissemination</b>	
<b>9. Frequency of dissemination</b>	<p>Yearly general government accounts are published twice a year, in the middle of March the following year, i.e. 75 days after the end of the reference year and again in mid-September, i.e. 240 days after the end of the reference year. The data are revised occasionally if necessary.</p> <p>Quarterly general government accounts statistics are published four times a year, 75 days after the end of the quarter.</p>
<b>10. Accessibility and clarity</b>	
<b>10.1 News release</b>	Disseminations of statistical information, preliminary as well as revisions, are issued in news releases according to Statistics Iceland advanced release calendar (see. 8.2). See Statistic Iceland's <a href="#">news archive</a> .
<b>10.2 Publication</b>	In addition to news releases, data may be disseminated in other publications, such as statistical papers, yearbooks, internal and external articles. Publications are available <a href="#">here</a> .



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<b>10.3 On-line database</b>	<p>In order to enable easy access to national accounts data, all validated national accounts data should be made available to users by publishing them in an online database.</p> <p>Statistics Iceland uses PC-Axis for dissemination of statistical information. PC-Axis is a family of software used by statistical institutes all over the world. The programs are developed by statistical institutions with dissemination of statistical information in mind.</p> <p>Exports/downloads of statistical information are proposed in various formats such as Excel, CSV, PC-Axis.</p> <p>All results from the general government accounts are accessible through Statistics Iceland's website under the heading "<a href="#">general government</a>".</p>
<b>10.4 Micro-data access</b>	<p>It is possible to apply for micro-data access through <a href="#">Statistics Iceland research service</a>.</p>
<b>10.5 Other</b>	
<b>10.6 Documentation on methodology</b>	<p><a href="#">ESA 2010</a> both provides a methodology used for compiling national accounts and public finance on comparable bases. Other documents on methodology used during the compilation of general government accounts are:</p> <p>Government Finance Statistics Manual 2014 (<a href="#">GFSM 2014</a>).</p> <p>Classification of the Functions of Government – 2019 edition (<a href="#">COFOG</a>).</p> <p>Manual on Government Deficit and Debt - Implementation of ESA 2010 - 2022 edition (<a href="#">MGDD</a>)</p>
<b>10.7 Quality documentation</b>	<p>At the time being, Statistics Iceland does not publish any documents or reports on quality management regarding the compilation of general government accounts.</p>
<b>11. Quality management</b>	
<b>11.1 Quality assurance</b>	<p>See Statistics Iceland's <a href="#">quality policy</a>.</p>

<b>11.2 Quality assessment</b>	The quality of the general government accounts are assured by following the methodology of ESA 2010 and GFS 2014.
<b>12. Relevance</b>	
<b>12.1 User needs</b>	<p>Users who monitor and follow the public economy have interest in the general government accounts statistics. These statistics are in demand from ministries, public as well as private institutions, politicians and researchers and media. The general government accounts also provide input to the national accounts statistics.</p> <p>The general government accounts enable an analysis of the economic performance for the last quarter, the last year and over longer period. They are the base that economic models and forecasts are built on either for the general government or its subsectors. The Ministry of Finance and the Central bank use government accounts for forecasting and in preparations of the budget. The financial sector, labour and business organisations and other organisations use government accounts to analyse the developments of the government sector and its economic performance.</p> <p>International organisations like UN, IMF, OECD and EU use the government accounts for analysing their economic impacts and to compare their developments with other nations. Statistics Iceland appreciates good cooperation with users of official statistics. Regular communication is usually on Statistics Iceland initiative as a formal consultation on meetings or with user surveys. Cooperation with users will help increase understanding of user needs and gives users information on statistics and its production. Statistics Iceland organizes meetings and surveys to identify user needs and expectation with the aim of improving quality.</p>
<b>12.2 User satisfaction</b>	Information on the user satisfaction of the general government accounts are not collected at this point in time but, Statistics Iceland carries out general user surveys, with the main goal of measuring user satisfaction with Statistics Iceland and user estimation of the quality of official Icelandic statistics. By doing so, Statistics Iceland can make improvements and better fulfil user needs. The user survey has been conducted five times, since 2007.
<b>12.3 Completeness</b>	The general government accounts are in compliance with the European System of Accounts 2010 (ESA 2010) and Government Finance Statistics Manual (GFSM2014) methodology.

## 13. Accuracy and reliability

### 13.1 Overall accuracy

Since 2014 the government accounts have been published in line with GFSM 2014 framework, which is mainly based on SNA 2008 (ESA 2010) and emphasises the revenue and expenditure accounts which in a way resemble the accounting structure of business accounting. The general government and its subsectors were revised back to 1998 in line with this new manual.

Some inaccuracy exists in the source data that affect the accuracy of the government accounts figures. For example, the accounting data should be on an accrual basis in the government accounts as in the national accounts. In this respect some inconsistency exists in the accounting systems of the governments, although most of the accounting figures are recorded on accrual basis. Regarding the recording of tax revenues, it is recommended that only those tax revenues likely to be collected should be recorded. Tax coefficients are used to estimate the appropriate tax amounts that need to be recorded. Also, some inaccuracy exists regarding the recording of pension liabilities. The principle is that all pension liabilities created in the accounting period related to current work should be recorded as expense and liabilities. Actuarial calculations are used for approaching these liabilities.

Some inaccuracy exists regarding the data collection from the local governments, particularly regarding the net acquisition of nonfinancial assets. Therefore, a large sample from the municipalities is needed regarding the estimate of transactions in nonfinancial assets, which is then grossed up to total. Similarly, some inaccuracy exists regarding the local governments' transfers like subsidies, income transfers and capital transfers, which are not available direct from their account systems. Such transfers must be estimated based on their accounting data.

### 13.2 Sampling errors

Not applicable

### 13.3 Non-sampling errors

Source data from central government and local governments is checked and reviewed by Financial Management Authority's specialists before being sent to Statistics Iceland making the likelihood of errors negligible. If further information is needed, relevant specialist are contacted.

## 14. Timeliness and punctuality

### 14.1 Timeliness

The first results for each year are published as preliminary data in middle of March the following year, i.e. 75 days after the end of the reference year. Final data are published as actual data in mid-September, i.e. 240 days after the end of the reference year. The data are revised occasionally if necessary.

Quarterly government accounts statistics are published 75 days after the end of the quarter. At the same time the previous quarters are revised. Quarterly data is also revised according to revisions of annual data.

### 14.2 Punctuality

The general government accounts are published according to Statistics Iceland advance release calendar. So far the publication has always been on schedule.

## 15. Coherence and comparability

### 15.1 Comparability – geographical

In the recent years, the various institutions working with the government data at different levels have cooperated and tried to reconcile their data classifications and presentation. This cooperation has resulted in harmonized and consistent revenue and expenditure classifications. Therefore the comparability of the government statistics as presented by these institutions is adequate and discrepancies have been recorded. Internationally there is a high degree of comparability with the government accounts of other countries whereas the same standard is applied.

As mentioned, the compilation of the Icelandic general government accounts follow GFS 2014 and ESA 2010 and therefore there is high comparability with those who follow the same standards.

### 15.2 Comparability – over time

It is a fundamental idea when compiling government accounts that the figures to the largest possible extent are comparable over time. However, fundamental changes of sources or classifications can upset the comparability. In cases where this happens the solution is to calculate one year according to both methods and connect the results on that year by chain-linking.

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<b>15.3 Coherence – cross domain</b>	Not applicable
<b>15.4 Coherence – internal</b>	Not applicable
<b>16. Cost and burden</b>	
<b>16. Cost and burden</b>	The government accounts are mostly based on administrative accounting data from the subsectors of the general government. The local government quarterly accounts are, on the other hand, based on a sample where a questionnaire is submitted to the largest municipalities. Therefore, the response burden can be considered as minimal and mostly restricted to the compilation of quarterly accounts.
<b>17. Data revision</b>	
<b>17.1 Data revision - policy</b>	See Statistics Iceland <a href="#">revision policy</a> .

### 17.2 Data revision -practice

Revisions, in other words altered data relating to a period which has already been published, are a natural part of national accounts work. A distinction is made between two kinds of revisions:

- Current or routine revisions
- Major or occasional revisions

Routine revisions encompass all changes to general government account data for a particular period between preliminary and “final” data. The first dissemination of annual general government account data, in March after the end of the reference year, is considered preliminary data while the second dissemination, in September after the end of the reference year, is considered final.

Revisions covering longer periods, named occasional or major revisions may arise for a number of reasons. The most common reasons are new sources, new methods or classifications, amended procedures for the application of ESA2010 and the like. Such revisions relate to a longer period and are generally undertaken at less frequent intervals.

In 2020, Statistics Iceland carried out a benchmark revision, coordinated major European revision carried out at least once every five years, where new data sources and major changes in international statistical methodology were implemented. Benchmark revisions ensure a maximum degree of consistency within general government accounts: the longest possible time series as well as consistency across EU Member States and between domains.

As data sources and statistical methods evolve, improvements must be introduced in general government accounts in a coherent and systematic way. It also helps to ensure stability of key macroeconomic indicators for policy and business analysis.



## 18. Statistical processing

### 18.1 Source data

A wide variety of sources are utilised for producing the government accounts. Among the most important sources are:

- The budgetary central government annual account (The State Account)
- Financial Management Authority's data warehouse
- Quarterly accounting information from Financial Management Authority in Iceland
- Quarterly accounting information from local authorities in Iceland
- The aggregation of local government annual accounts (The Union of Local Authorities in Iceland)
- The annual accounts of the State Social Security Institute
- The annual report on the Communal Equalisation Fund
- The annual reports on public companies
- Consumer price index and building cost index
- Wage price index

The source data for general government accounts mostly consist of published data from the Financial Management Authority, local authorities and Statistics Iceland.

### 18.2 Frequency of data collection

Data is collected on annual and quarterly basis.

### 18.3 Data collection

Statistics Iceland receives data from the sources mentioned in 18.1. Further data is requested if needed.

### 18.4 Data validation

Source data is compared with published information and data from government organisations.



## Metadata

<b>18.5 Data compilation</b>	<p>In accordance with GFSM 2014, the revenue is classified into four main sources of revenue, i.e. tax revenue, social contributions, grants and other revenue. Similarly, the government total outlays (expense plus net acquisition of nonfinancial assets = expenditure) are classified by functions into ten main categories in accordance with the COFOG classification, and further classified into various subcategories. The main emphasis is on the gross expenditure without subtracting sale of goods and services and the received capital transfers. After the data has been identified and classified the data processing begins.</p> <p>The accounts are compiled for the general government as well as for its subsectors, i.e. budgetary central government, social security funds and local governments.</p>
<b>18.6 Adjustment</b>	Not applicable
<b>19. Comment</b>	
<b>19. Comment</b>	