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Annex 1 - Introductory guidelines to COICOP 2018

TSG-COICOP

Contents

Historical background..... 6

Acknowledgements 7

Support for COICOP users 8

Acronyms and abbreviations..... 9

Introduction..... 10

 Overview and scope of the classification 10

 Individual consumption 10

 Uses of COICOP 11

 COICOP structure and coding system..... 12

 Use of different levels of the classification 13

 Optional high detail structure for food products..... 13

 Units of classification..... 14

Underlying principles of the classifications..... 15

 Conceptual basis of COICOP 15

 Types of products/services..... 15

 Multi-purpose goods and services 15

 Bundled goods and services 16

 Internet enabled / virtual services 17

 Treatment of second hand-goods 17

 Treatment of rental and leasing..... 17

 Renting of land 17

 Rental / hiring services 17

 Leasing..... 18

 Ready-made meals (Division 01) and Take Away Food services (Division 11) 18

 Dwelling, domestic and household services 18

 Housing (Division 04) and Accommodation Services (Group 11.2)..... 18

 Tips 19

 Unofficial payments/gifts/donations 19

 Delivery fees 19

 Other treatment clarifications..... 19

 Application of COICOP..... 21

 Explanatory notes and rules of interpretation..... 21

Relationships to other classifications..... 21

Relation to COPNI, COPP, COFOG	21
Relation to CPC.....	21
Relation to ISCED.....	22
Alphabetical index to COICOP	23
Using the COICOP in establishing national classifications of individual consumption according to purpose.....	24
History of the latest COICOP revision.....	26
Phase 1 (2011-2013): Proposal to revise COICOP and 1 st global consultation.....	26
Phase 2 (2013-2015): Clarification of issues raised during the 1 st global consultation	26
Phase 3 (2016-2018): Drafting of a new revised COICOP.....	26
Changes between COICOP 1999 and 2018.....	28
A more detailed classification	28
Better correspondence between COICOP and other classifications.....	29
Few changes at division level	30
Separation between goods and services... whenever possible.....	30
Classification by durability.....	31
Modernization of the classification.....	31
Main changes by Division	32
Division 01	32
Division 02	32
Division 03	32
Division 04	33
Division 05	33
Division 06	34
Division 07	35
Division 08	35
Division 09	36
Division 10	37
Division 11	37
Division 12	38
Division 13	38
Division 14 and 15	38

Historical background

The Classification of Individual Consumption According to Purpose (COICOP) is part of a set of classifications of the functions of expenditure, also known as "functional" classifications and which have formed part of the System of National Accounts (SNA) since 1968.

The first classification on household consumption expenditures was introduced in the 1968 SNA and was called the Classification of Goods and Services. This classification was composed of 8 divisions which determined the main purpose of the consumption:

1. Food, beverages and tobacco
2. Clothing and footwear
3. Gross rent fuel and power
4. Furniture, furnishings and household equipment and operation
5. Medical care and health expenses
6. Transport and communication
7. Recreation, entertainment, education and cultural services
8. Miscellaneous goods and services.

The classification was also designed to separate goods from services and to draw distinctions between durable, semi-durable and non-durable goods.

The Classification of Goods and Services was revised to develop the first version of COICOP. The final version of COICOP was adopted by the United Nations Statistical Commission in March 1999 and published in 2000¹ together with the other 3 functional classifications (COPNI or Classification of the Purposes of Non-Profit Institutions Serving Households, COFOG or Classification of the Functions of Government and COPP or Classification of the Outlays of Producers by Purpose).

COICOP, classifies individual consumption into 14 divisions. Divisions 01 to 12 covered individual consumption expenditure of households; division 13 covered individual expenditure of Non-Profit Institutions Serving Households (NPISHs); and division 14 covered the individual consumption expenditure of general government.

The 2015 Expert Group on International Statistical Classifications recommended launching a full revision of the COICOP classification and the revision process is explained in detail on § 86-96.

The revised COICOP is named COICOP 2018

¹ <http://unstats.un.org/unsd/cr/registry/regdntransfer.asp?f=142>

Acknowledgements

In carrying out the revision process, the active participation of the United Nations Statistical Commission, the UN Expert Group on International Statistical Classifications and its Technical Subgroup for the revision of COICOP (TSG-COICOP) were all vital to the development work that was done.

Further inputs into the revision process were obtained during two global consultations, of which the first has the participation of 68 countries and 4 international and regional organizations and the second of 100 countries and 15 international and regional organizations. Furthermore, a series of meetings and contacts were held with international and regional agencies, such as the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Health Organization (WHO).

During the revision process of COICOP, the process benefited from the coordination and support of the Chair of the Technical Subgroup, Ms. Ana Franco of Eurostat, and the following members of the Subgroup: Ms. Kate Lamb (Australia), Mr. Norbert Rainer (Austria), Ms. Alice Born (Canada), Mr. Andrew Hancock (New Zealand), Ms. Severa Belista De Costo (Philippines), Ms. Cindia Alexia Duc Sfez (Switzerland), Ms. Veronica Gianfaldoni (FAO), Ms. Valentina Ramaschiello (FAO), Ms. Valentina Stoevska (ILO), Ms. Li Fa Cheung Kai Suet (IMF), Ms. Gabriela Flores Pentzke Saint-Germain (WHO), Mr. Herman Smith (Inter-secretariat Working Group on National Accounts (ISWGNA) / UNSD), Ms. Francette Koechlin, (Inter-secretariat Working Group on Price Statistics (IWGPS) / OECD), Mr. Carsten Boldsen (UNECE), Mr. Ralf Becker (UNSD), Mr. Alexander Loschky (UNSD) and Mr. Benson Sim (UNSD).

Final coordination of COICOP was undertaken by Mr. Alexander Loschky of the United Nations Statistics Division, who assisted the chair of the TSG-COICOP during the different stages of the revision process, including the preparation of the structure of the classification, the text of the explanatory notes; and the organization of meetings and consultation rounds. Mr. Loschky worked under the supervision of Mr. Ralf Becker and was assisted by Mr. Byungkwan Lee of the Statistics Division.

Support for COICOP users

The United Nations Statistics Division is responsible for the development and maintenance of COICOP. National and regional statistical offices and other institutions using COICOP may find it in their interest to establish contact with the Statistics Division, to receive notification about plans for updates or revisions, information concerning interpretations and rulings, and general technical support in applying the classification. Users are also encouraged to request clarification.

Updated information on COICOP, indexes, proposals for revisions and the revision process are available on the classifications website of the United Nations Statistics Division at <http://unstats.un.org/unsd/classifications>.

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Acronyms and abbreviations

COFOG	Classification of the Functions of Government
COICOP	Classification of Individual Consumption According to Purpose
COPNI	Classification of the Purposes of Non-Profit Institutions Serving Households
COPP	Classification of the Outlays of Producers According to Purpose
CPC	Central Product Classification
D	Durables
ECOICOP	European Classification of Individual Consumption According to Purpose
FAO	Food and Agriculture Organization of the United Nations
FISIM	Financial intermediation services indirectly measured
GDP	Gross domestic product
ILO	International Labour Organization
IMF	International Monetary Fund
ISCED	International Standard Classification of Education
ISIC	International Standard Industrial Classification of All Economic Activities
ISWGNA	Inter-secretariat Working Group on National Accounts
IWGPS	Inter-secretariat Working Group on Price Statistics
n.e.c.	not elsewhere classified
ND	non-durables
NPISH	non- profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
SD	semi-durables
SNA	System of National Accounts
TSG-COICOP	Technical Subgroup for the Classification of Individual Consumption According to Purpose
UNECE	United Nations Economic Commission for Europe
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNSD	United Nations Statistics Division
WHO	World Health Organization

Introduction

Overview and scope of the classification

1. The 2008 SNA² uses four classifications of expenditure according to purpose. These four classifications are used to analyse consumption by different institutional sectors according to the purpose for which the expenditure is undertaken. These classifications are referred to as functional classifications and are as follows:

- COICOP: **C**lassification of **I**ndividual **C**onsumption According to **P**urpose;
- COPNI: **C**lassification of the **P**urposes of **N**on-Profit **I**nstitutions Serving Households;
- COFOG: **C**lassification of the **F**unctions of **G**overnment;
- COPP: **C**lassification of the **O**utlays of **P**roducers According to **P**urpose.

2. The four classifications are designed primarily to classify transactions undertaken by households, non-profit institutions serving households (NPISHs), government and producers which result in “payables” - that is, money paid or due for the acquisition of current and capital goods or of labour and other services, for the acquisition of financial assets or for the extinction of financial liabilities.

- COICOP is used to classify only a single kind of outlay - namely, the individual consumption expenditures of households, NPISHs and general government.

- COPNI and COFOG are used to classify a range of transactions, including outlays on final consumption expenditure, intermediate consumption, gross capital formation and current transfers, by NPISHs and general government respectively.

- COPP is used to classify intermediate consumption and capital outlays of financial and non-financial corporations.

3. The objective of COICOP is to provide a framework of homogeneous categories of goods and services, which are considered a function or purpose of expenditure by households. COICOP distinguishes individual consumption expenditures incurred, which are those expenditures that are made for the benefit of individual persons or households.

Individual consumption

4. Individual consumption expenditures are incurred by three institutional sectors, namely: households, NPISHs and general government:

- All consumption expenditures by households are defined as individual and COICOP Divisions 01 through 13 identifies the purposes for which these expenditures are made;

- All consumption expenditures of NPISHs are also treated, by convention, as being for the benefit of individual households; COICOP Division 14 identifies the purposes for which the expenditures of NPISHs are made;

- Only some of the consumption expenditures of general government are defined as individual. Expenditures on general public services, defence, public order and safety, economic affairs, environmental protection and housing and community amenities are considered to be for the benefit of the community as a whole rather

² United Nations, European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development and World Bank (2009). *System of National Accounts 2008*. Sales No. E.08.XVII.29

than for individual households. They are termed – collective consumption expenditures (or actual final consumption of general government or actual collective consumption) and are excluded from COICOP. COICOP Division 15 identifies those government expenditures that are regarded as individual and classifies them by purpose, namely, health, education, social protection, recreation and culture.

5. In the SNA, the individual consumption expenditures of both NPISHs and general government are termed social transfers in kind and are added to the individual consumption expenditures of households to obtain an aggregate called - actual final consumption of households (or actual individual consumption). By bringing together the relevant expenditures of households, NPISHs and general government, COICOP identifies the expenditures that make up this aggregate and classifies them according to the purposes that they are designed to achieve.

Uses of COICOP

6. COICOP is an integral part of the System of National Accounts, but it is intended also for use in several other statistical areas such as: household budget surveys and the analysis of how much household consumption goes on essentials; consumer price indices (for which it is used to establish weights); international comparisons of gross domestic product (GDP) and its component expenditures through Purchasing Power Parities (PPPs); and statistics relating to culture, sports, food and health. The COICOP classification is also used to understand and analyze expenditure related to tourism, and for the compilation of tourism statistics and Tourism Satellite Accounts.

7. For all these uses the basic COICOP classification need to be more detailed in terms of further subdivision of the classes. There are however, clear advantages to maintain the basic structure of COICOP to enable comparison between countries and between statistics in different areas. It must be recognized, however, that COICOP follows the concepts and definitions of the 2008 SNA and these are not necessarily appropriate for other applications. For example, in household budget surveys it is not practical to ask households for expenditure on insurance service charges as required by COICOP, and in consumer price indices some countries may include interest on housing loans which is excluded from COICOP.

8. The purposes defined in COICOP are based on the classifications of consumer expenditures which national statistical offices have developed for their own use and which have been found to serve a variety of analytic applications. Although COICOP is not strictly linked to any particular model of consumer behavior, the purposes broadly reflect differences in income elasticities. For example, low-income households spend relatively high proportions of their budgets on food, clothing and housing while richer households spend more on transport, education, health and recreation.

9. COICOP classes and sub-classes are also divided into “services” (S), “non-durables” (ND), “semi-durables” (SD) and “durables” (D). This supplementary classification provides for other analytic applications. For example, it is sometimes useful to estimate the stock of “capital goods” held by households; COICOP classes identified as “durables” provide the basic elements for such estimates.

10. COICOP is also useful for the collection and dissemination of data on expenditures and consumption of food worldwide which accounts for a considerable share of household expenditure, particularly in developing countries³. However, previous versions of COICOP lacked suitable detail which prevented COICOP from

³ 2010 data, <http://datatopics.worldbank.org/consumption/>

wider use in food statistics and consequently resulted in heterogenic food classification lists across countries.

11. Because of the importance of having comparable information on food purchased and consumed Division 01 Food and non-alcoholic beverages has been significantly revised. The additional detail of Division 01 allows for (a) a common framework and reference classification for food lists for household budget surveys (b) the compilation and comparison of consumption data coming from other sources such as food and nutrition surveys (in which detail on food goes generally beyond COICOP) and (c) the reconciliation of data coming from other domains, such as production and trade.

12. The additional detailed classification of food includes new products, grouped by source (e.g. cereal, meat, seafood, etc.), where raw primary commodities are at the top of the hierarchy within each group, followed by processed commodities and preparation of composites. A new subclass for ready-made food has also been introduced at the end of Division 01.

13. Besides the new detail available at the sub-class level , additional 264 codes at six digits are also provided in an Annex to supplement the five-digit structure. The annex has been prepared by the Food and Agriculture Organization of the United Nations as a guideline for countries to further expand Division 01 in their national versions (see section “Optional high detail structure for food products”). For further information refer to the subsection “optional high detail structure for food products” (§21-24).

14. Use of COICOP on Health Statistics – to be completed

15. Expenditure by individuals and households on cultural or sports goods and services can be considered as a proxy for participation in cultural and sport activities; which in turn provides the key to complete the analysis of data available from other sources (e.g. dedicated surveys on cultural participation). The COICOP classification detail for analysing cultural and sport expenditure is based on the list of goods and services that the respective methodological frameworks for culture and sport recommends.

COICOP structure and coding system

16. The COICOP 2018 has a hierarchical structure consisting of 4 levels with the number of categories, and therefore the level of detail, expanding for each level.. The example below demonstrates the coding system:

Division	03	CLOTHING AND FOOTWEAR
Group	03.1	CLOTHING
Class	03.1.1	Clothing materials (SD)
Sub-Class	03.1.1.0	Clothing materials (SD)

17. The structure of the classification consists of four hierarchical levels which are numerically coded. Full stops between the digits indicate the different levels. The Division level is denoted by a two digit number (Divisions 01 to 15). The Group, Class and Sub-Class levels consists of one digit numbers each. Sequential numbering is used at the Division and Group levels starting with 1. If a classification category is not further subdivided at the next lower hierarchical level, a zero (0) is used. Nine is used to designate residual classes or sub-classes (e.g. 04.4.4.9 Other services related to the dwelling)

18. The number of categories at each level of the classification in the original (COICOP, 1999) and current versions (COICOP, 2018) are:

COIOP Level	Number of categories	
	COICOP 1999	COICOP 2018
Division	14	15
Group	58	63
Class	117	188
Sub-Class	Not applicable	334

Use of different levels of the classification

19. It may be desirable to utilize less detailed classification categories of COICOP for some types of statistics than for other series, and the number and size of the categories for which reliable statistics are presented may depend on both their source and confidentiality considerations. For example, it may not be feasible to present data on the different purposes of health inpatient/outpatient services (dental, curative, rehabilitative or long term) if a household survey is not used. Or it may not be necessary to present data on household consumption expenditures in as great detail in national accounting as in price statistics. By providing for four levels of classification (divisions, groups, classes and sub-classes), COICOP furnishes a framework for comparable classifications of data at different levels of detail. It is important to note, however, that the fact that a category has been defined at the class level in COICOP will not prevent it from being larger in a particular national economy than a category defined at the group level or even at the level of division.

20. Similarly, for specific domains like Food, the detail provided by COICOP, even at its most detailed level, will often not be sufficient for the required analysis. In such cases, COICOP sub-classes can be further subdivided for specific purposes, as necessary (see §21-24). It is suggested, however, that the new detailed categories still be aggregated to the existing COICOP sub-classes for comparability reasons.

Optional high detail structure for food products

21. There are many applications of the COICOP for which different levels of details may be needed. To satisfy different user needs, rearranging the COICOP structure to form alternative structures is a possibility. This is a general principle applicable to all international classifications: CPC, for example, has a long established practice in this sense.

22. Such alternative structures can take different forms. They can be (a) rearrangements of the complete COICOP, or of a subset of categories, into a new structure that still preserves the original detailed categories as building blocks; (b) expansions of certain areas of interest for sectoral purpose beyond the detail provided in the published classification.

23. Due to the fact that the expenditure of households on food is the highest in many countries, and detail is often needed and available at the national level for food security monitoring and policy making, an expansion at the six digits for Division 01 is provided as an official Annex to COICOP 2018. The annex can be used as a guideline for countries to further expand Division 01 in their national versions and to compare consumption data coming from other sources such as food and nutrition surveys, when there is a need for detailed information on food and non-alcoholic beverages. This level was developed by the Food and Agriculture

Organization of the United Nations (FAO) and includes 264 sub-classes to supplement the sub-class structure.

24. Countries are encouraged to expand their COICOP at the national level following the Annex to Division 01 and even adding further sub-classes for local products that are relevant at the national level. Indeed, not all products identified in the Annex are applicable to all countries: sub-classes that are irrelevant for the country should not be used.

Units of classification

25. For the household consumption expenditures in Divisions 01 through 13, the units of classification are expenditures for the acquisition of consumption goods and services. The basic data usually come from one or more of the following sources: household expenditure surveys, statistics on retail sales, and product flow- estimates which involve allocating the total supply of goods and services to intermediate and final uses. The important point to note is that the units of classification are expenditures on specific goods and services – they are not expenditures on purposes as such. Divisions 01 to 13 of COICOP convert these basic statistics into a purpose classification by grouping together the various goods and services that are deemed to fulfil particular purposes, such as nourishing the body, protecting it against inclement weather, preventing and curing illness, acquiring knowledge, travelling from one place to another, etc.

26. The units of classification for COICOP Division 14 are the same as for COPNI. In principle, COPNI classifies individual outlays of NPISHs according to the purpose they serve.

27. The units of classification for COICOP Division 15 are the same as for COFOG. The units of classification are, in principle, individual transactions. This means that each purchase, wage payment, transfer, loan disbursement or other outlay should be assigned a COFOG code according to the function that the transaction serves.

Underlying principles of the classifications

Conceptual basis of COICOP

28. COICOP classifies the individual consumption expenditures on goods and services by purpose, the conceptual basis of what is included and excluded being based on 2008 SNA. Only the division level denotes the purpose whereas the other levels denote goods and services.

29. “Do it yourself” repairs and maintenance to consumer durables and dwellings carried out by members of the household constitute own-account production of services and are excluded from the production boundary of the SNA. However, the materials purchased are treated as final consumption expenditure (§ 6.36 of the 2008 SNA) and are therefore included in COICOP.

30. In relation to dwellings, “do it yourself” activities cover decoration, maintenance and small repairs, including repairs to fittings, of types that are commonly carried out by tenants as well as by owners (§ 6.37 of the 2008 SNA). The expenditure to purchase materials to undertake these activities are included in COICOP. On the other hand, more substantial repairs, such as replastering walls or repairing roofs, carried out by owners, are essentially intermediate inputs into the production of housing services; the production of such repairs by an owner-occupier is a secondary activity of the owner in his capacity as a producer of housing services. The purchases of materials for repairs in these cases are intermediate expenditures incurred in the production of housing services and are out of scope of COICOP.

31. Further detail is provided in this section to explain the underlying concepts and principles for the treatment of particular situations such as multi or mixed-purpose goods and services and the treatment of second-hand goods.

Types of products/services

32. Most classes and sub-classes comprise either goods or services. Classes and sub-classes containing goods are denoted by “ND”, “SD” or “D” indicating non-durable, semi-durable or durable respectively. “S” denotes classes or sub-classes consisting of services.

33. The distinction between non-durable and durable goods is based on whether the goods can be used only once, or repeatedly or continuously over a period of considerably more than one year (§ 9.42 of the 2008 SNA). Moreover, durables, such as motor cars, refrigerators, washing machines and televisions, have a relatively high purchasers’ price. Semi-durable goods differ from durable goods in that their expected lifetime of use, though more than one year, is often significantly shorter and their purchasers’ price is substantially less.

34. Although a systematic separation between goods and services was carried out in this revision of COICOP, some classes and sub-classes contain both because it is difficult for practical reasons to break them down into goods and services. Such classes and sub-classes are usually assigned an S, as the service component is considered to be predominant. Similarly there are classes that contain either both non-durable and semi-durable goods, or both semi-durable and durable goods. Again, such classes and sub-classes are assigned an ND, SD or D according to which type of good is considered to be predominant.

Multi-purpose goods and services

35. The majority of goods and services can be unambiguously assigned to a single purpose, however, some goods and services could plausibly be assigned to more than one purpose. Examples include:

- Motor fuel which may be used to power vehicles classified as transport as well as vehicles classified as recreational,

- Bicycles or snowmobiles which may be purchased for transport or recreation purposes.

36. The general rule followed has been to assign multi-purpose goods and services to the division that represents the predominant purpose. Hence, motor fuel is shown under Transport.

37. Where the predominant purpose varies between countries, multi-purpose items have been assigned to the division that represents the main purpose in the countries where the item concerned is of greatest importance. As a result, snowmobiles and bicycles are both assigned to Transport because transport is their usual function in the regions where most of these devices are purchased, that is to say North America and the Nordic countries in the case of snowmobiles, and Africa, South-East Asia, China and the non-mountainous countries of Europe in the case of bicycles.

38. Other examples of multi-purpose items and their treatment include:

- Camper vans which are shown under Recreation and culture and not under Transport;

- Basketball shoes and other sports footwear suitable for everyday or leisure wear are shown under Clothing and footwear not Recreation and culture.

Bundled goods and services

39. Single expenditure outlays (i.e. where there is no itemized price information for the individual products/services) may sometimes comprise a bundle of goods and services that serve two or more different purposes. For example, the purchase of:

- telecommunications bundles including a combination of home telephone, mobile phone, internet and television services as well as mobile phone (good);

- all-inclusive package tours including payment for transport, accommodation and catering services;

- education services may include payments for health care, transport, accommodation, board, educational materials, etc.;

- in-patient hospital services which include payments for medical treatment, accommodation and catering; and

- transport services which include meals and accommodation in the ticket price e.g. flights.

40. Single outlays covering two or more purposes and not separately invoiced are dealt with on a case-by-case basis with the objective of obtaining a purpose breakdown that is as precise as possible and consistent with practical considerations of data availability. Hence, there is no attempt to isolate expenditure values related to separate purposes for telecommunication bundles, package tours, in-patient hospital services or transport services with accommodation and catering included in the single price. In all of these cases, the outlay should be categorized with the predominant product or service and specific classes for the above mentioned bundles are included in COICOP 2018.

41. Payments for education services, on the other hand, should be allocated as far as possible to Education, Health, Transport, Restaurants and hotels and Recreation and culture.

Internet enabled / virtual services

42. The internet has enabled services such as the streaming of movies and music and subscriptions to games, removing the need for a physical product to be produced and in many cases providing an alternative way to rent these products rather than purchasing them outright. For this reason these services are in general classified with more traditional forms of renting similar goods.

43. While related products can exist in either physical or virtual form (e.g. books, music, video, games,), in COICOP the product should be categorized in the one class based on predominant purpose. Therefore, the purchase of virtual books (eBooks, audiobooks, etc) should be classified in the same class/sub-class as paper books because they are consumed for the same purpose. As stated previously, this principle can compromise the type of product (i.e. D, SD, ND or S) associated with that class.

44. Where the internet is being used to rent a product, either in its physical or virtual form, this activity is still a service and not the purchase of a product. For example subscription fees to play online games (i.e. streaming) should be categorized to 09.4.3.1 Rental of games software and subscription to on-line games, whereas the outright purchase of video game software, or in its physical form, should be categorized to 09.2.1.1 Video games computers, game consoles and software.

Treatment of second hand-goods

45. Due to the fact that second hand goods are used for the same purpose as new ones, expenditure on second-hand goods should be categorized with the original good in COICOP.

46. The only exception relates to second-hand motor vehicles for which an own sub-class was created due to the substantial market of these goods and the importance of these transaction.

Treatment of rental and leasing

Renting of land

47. Rent is the income receivable by the owner of a natural resource such as land (the lessor or landlord) for putting the natural resource at the disposal of another institutional unit (a lessee or tenant) for use of the natural resource (§ 7.109 of 2008 SNA). Rent is a form of property income (§ 7.107 of the SNA 08), thus the payment by households for renting land alone is out of scope of COICOP and should be excluded. This is in line with the definition of consumption of goods and services (§ 9.39 of the SNA 08): Consumption of goods and services is the act of completely using up the goods and services in a process of production or for the direct satisfaction of human needs or wants. As the land for garden allotments or animals (e.g. horses) for recreation purposes are not used up, the household expenditure on renting land is out of scope.

Rental / hiring services

48. There are many categories in COICOP that relate to the “rental” or “hiring” of a product or service. Rental in this sense refers to expenditure on the service of renting or hiring a product or service that is owned by another party and is in scope of COICOP e.g. rental or hiring of clothes or furniture. Note that the scope of COICOP still applies e.g. the rental or hiring of contractors to undertake substantial repairs to the dwelling are out of scope.

Leasing

49. The SNA distinguish between operating leases (SNA 17.301) and financial leases (SNA 17.304).

50. In the case of operating leases the legal owner is also the economic owner, accepts operating risks and provide maintenance and repair of the asset. 17.302: "The payments made under an operating lease are referred to as rentals and are recorded as payments for a service." Hence, this type of leasing is treated as rental.

51. In the case financial leases the legal owner transfers economic ownership to the lessee who accepts operating risks and undertakes repair and maintenance. Payments are treated not as rentals but as payment of interest and repayment of principal to the legal owner/lessor. Therefore, financial leasing of a good is classified as buying a good.

Ready-made meals (Division 01) and Take Away Food services (Division 11)

52. Ready-made meals have been added to this version of COICOP due to the increase in supermarkets producing and selling pre-prepared meals. These ready-made meals are commonly intended for purchase and consumption away from the supermarket and the supermarket does not provide an additional food serving service. In some cases ready-made meals require some preparation in order to make them ready for consumption e.g. heating, but not cooking. Take away food services are provided by restaurants, cafes and the like and commonly consists of food being prepared to order and is ready for immediate consumption.

Dwelling, domestic and household services

53. The services included under Division 04 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS are those that enable the use of the dwelling e.g. clearing the road or footpath to provide access the dwelling. Services included in Division 05 FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE relate to routine household maintenance or services to support households rather than the dwelling such as butlers and cooks, cleaning and babysitting. Domestic services are provided by people living in the household.

Housing (Division 04) and Accommodation Services (Group 11.2)

54. COICOP uses the concepts of principal dwellings, secondary dwellings and vacation homes as defined in paragraphs 2.26 and 2.27 of the International Recommendations for Tourism Statistics 2008 (<https://unstats.un.org/unsd/tradeserv/tourism/E-IRTS-Comp-Guide%202008%20For%20Web.pdf>), and provided below:

55. Principal dwelling – each household has a principal dwelling (sometimes also designated as main or primary home), usually defined with reference to time spent there, whose location defines the country of residence and place of usual residence of this household and all of its members. All other dwellings (owned or leased by the household) are considered secondary dwellings (IRTS 2008, §. 2.26). See also par 29.89 of the 2008 SNA.

56. Secondary dwelling – not all secondary dwellings are necessarily vacation homes. For example, if a family lives in a country area close to a city, with one household member working in the city centre and the household owns or leases a secondary dwelling in the city, both dwellings are considered part of the usual environment and are therefore not vacation homes.

57. In COICOP, expenditure related to the principal, or secondary dwellings that are not vacation homes should be categorized in Division 04 Housing. Expenditure related to accommodation services away from the principle or secondary dwelling (excluding vacation homes), such as resorts, hotels, motels and vacation homes should be categorized to Group 11.2 Accommodation services. Further explanation is provided in the relevant Division and Group descriptions.

Tips

58. Expenditure on tips should be categorized with the service the tipping relates too. For example:

- tipping a maid for cleaning your hotel room, the tip should be included with the expenditure for the accommodation service i.e. in 11.2.0.1 Hotels, motels, inns and similar accommodation services.

- tipping waiters in a restaurant, the tip expenditure should be included in 11.1.1.1 Restaurants, cafes and the like – with full service

- tipping food delivery drivers: if the fee for delivery of the food is included in the cost of the food, this expenditure should be included in Div 11. However, if the delivery of the food is undertaken by a different business or separately invoiced, the expenditure should be included in 07.4.9.2 *Delivery of goods*

Unofficial payments/gifts/donations

59. Expenditure on gifts should be categorized based on the purpose of the good or service being purchased. At the receiving end, when the goods or services obtained as gifts/donations are used for household consumption, they are treated as consumption expenditures equal to the market value of the goods or services received, the costs of the expenditures being met out of the transfers received. The values of the goods and services are recorded as final consumption expenditure incurred by receiving households.

Delivery fees

60. Throughout COICOP 2018 delivery fees are to be recorded separately from the good being delivered, where this is possible (i.e. the delivery fee is separately invoiced). The need for this distinction arises from the SNA valuation principle which treat transport services separately invoiced as transport margins. The objective is to separate the cost of the delivery service from the cost of the product being delivered. (§ 14.130 of the 2008 SNA).

Other treatment clarifications

61. In a small number of situations, the logic for allocating goods or services to particular Divisions is not immediately evident. For example:

- textbooks are categorized in Division 09 Recreation and Culture, rather than Division 10 Education Services;

- food consumed from a food service establishment (e.g. restaurant, café) is categorized to Division 11 Restaurants and Accommodation Services , and not Division 01 Food and non-alcoholic beverages.

62. These situations are not dealing with multi-purpose goods or services, but rather with the predominant purpose and type of product. Division 10 relates to Education Services only and therefore excludes expenditure on goods typically required to undertake education services e.g. text books, school uniforms. Food

consumed in food service establishments commonly includes a service component (e.g. to prepare and serve a meal) and therefore is more appropriately categorized to Division 11 which is predominately related to services.

Application of COICIOP

Explanatory notes and rules of interpretation

63. Explanatory notes provide supporting information about the classification category, assisting the user in determining its boundaries.

64. Explanatory notes are available in each level of the COICOP; to help the user, examples of products that are included or excluded are listed to clarify ambiguous cases that might be difficult to classify. Whenever an exclusion statement is provided, it is accompanied by the cross-reference to the category where the product in question is classified. The order in which exclusions are presented does not indicate a ranking by importance, in most cases they are sorted by cross-referenced codes in numerical order.

65. Items listed under "Includes also" are in general a list of borderline cases, which belong to the described category.

66. It should be noted that the explanatory notes are not intended to present an exhaustive list of all the products under each heading; they should be regarded only as lists of examples to illustrate the subclass content. Consequently, users may need further guidance from the United Nations Statistics Division on the interpretation of the exact content of COICOP subclasses.

67. Users should be aware that the explanatory notes of the COICOP are developed for statistical purposes, in many cases they are the results of arbitrary choices made by statisticians following some conventions that may be valid in their domains but that may not apply for other purposes.

68. New products or products with special characteristics may not be explicitly described in the explanatory notes. If guidance is needed, users are invited to contact UNSD to clarify where these products should be classified: special rulings may be issued that clarify the treatment of specific products in the classification and will be made available through the United Nations Classifications website.

Relationships to other classifications

Relation to COPNI, COPP, COFOG.

69. COICOP is essentially divided into three parts:

- Divisions 01 to 13 Individual consumption expenditure of households
- Division 14 Individual consumption expenditure of NPISHs
- Division 15 Individual consumption expenditure of general government

70. The purpose breakdowns within Divisions 14 and 15 of COICOP replicate the purposes in the classifications for NPISHs and general government, that is to say, in COPNI and COFOG respectively. Thus, once the consumption expenditures of PISHs and general government have been classified according to COPNI and COFOG, the individual consumption expenditures in these two classifications can be transferred directly into Divisions 14 and 15 of COICOP.

Relation to CPC

71. The Central Product Classification (CPC) is closely linked with COICOP since expenditures on products are the basic building blocks of COICOP classes. Thus,

correspondences can be established between categories of CPC and COICOP. A correspondence table between CPOICOP and CPC will be produced. Once available they will be made available in machine-readable form on the website of UNSD's Classifications Registry at <http://unstats.un.org/unsd/classifications>.

Relation to ISCED

72. The International Standard Classification of Education (ISCED) of the United Nations Educational, Scientific and Cultural Organization (UNESCO) is used to define the breakdown of educational services in Division 10 Education.

Alphabetical index to COICOP

74. An alphabetical index provides a practical tool for finding particular products (goods and services) included in the various COICOP categories and also for locating goods or services not specifically mentioned in category descriptions. In addition to its search and coding functions, an alphabetical index assists users in applying the classification and helps them to understand its structure.

75. New interpretations of the classification, usually related to new products, can be easily reflected in the index, while no change in the classification or its related texts is usually necessary.

76. It is planned to produce an alphabetical index for this new version of COICOP at a later point. Once available they will be made available in machine-readable form on the website of UNSD's Classifications Registry at <http://unstats.un.org/unsd/classifications>.

Using the COICOP in establishing national classifications of individual consumption according to purpose

78. As an international standard classification, COICOP is the primary tool for collecting and presenting internationally comparable statistics on individual consumption according to purpose. It is therefore of great importance that at the national level data is collected using classifications that are compatible with COICOP.

79. The need for international comparability does not, however, imply that countries must adopt COICOP as a whole, without modification. The intention is rather to have countries using COICOP as a guide in adapting their national classifications to the international standard. Countries may choose to either use COICOP directly for their national purposes or develop their own national classification. Wherever countries lack the infrastructure required to develop and maintain their own individual consumption classification, they may adopt COICOP as their national classification with little or no modification. This is often done by extending or collapsing the detail of COICOP while maintaining its general structure. Other countries may have historically developed a classification that suits their particular needs. Those countries should make efforts to adapt their classification in a way that allows for the provision of data according to COICOP without substantial loss of information e.g. through correspondences.

80. For a national classification to be compatible with COICOP, the most detailed categories of the classification in the national scheme should either coincide with, be aggregations of, or dissections of the individual subclasses of COICOP. In other words, each of the most detailed categories of the national classification should either (1) have the same scope as a COICOP subclass, (2) be a subset of a COICOP subclass, or (3) be composed of two or more complete COICOP subclasses, preferably from the same COICOP class. The first two options are the preferred methods, as they provide the maximum opportunity for international data comparability at the detailed level of the COICOP, while the third option allows for comparability at a more aggregated level only. Provided these requirements are met, the compatibility of the national classification with COICOP would not necessarily be affected by its structure or the position of the categories at its most detailed level.

81. If additional detail is desired, expanded classifications based on COICOP may be constructed by subdividing each subclass into as many as nine (or more, if needed) subcategories. This may be done by appending one (or more, if needed) decimal place to the COICOP five-digit code. Alternatively, the subdivision of classes into subclasses in COICOP may, in some cases, be expanded by replacing the subclasses in a given class with a greater number of more detailed categories at the five-digit level.

82. Some countries may need to reduce the level of COICOP detail in their national classifications. Some COICOP categories may be relatively unimportant in certain countries while data concerning other COICOP categories may simply be unavailable. They may find it more appropriate to combine some, or all, of the subclasses or classes in each of these divisions into single categories at the most detailed level of their classification. In so doing, one should take into account the principles described in §80 above.

83. During the revision of COICOP the need for increased detail for food products was identified. At the same time it was decided not to include all the desired detail in the main structure of COICOP but to provide users with an option to use an extended version of Division 01. Therefore, if a country would like to add more detail to Division 01 it is recommended using the “Optional high detail structure for food

products” as provided in Annex to COICOP 2018 classification or making their extended version compatible to this high-detail structure.

History of the latest COICOP revision

85. Although the formal revision process of the Classification of Individual Consumption According to Purpose (COICOP) has only started in 2015, the idea of revising this classification was raised for the first time in 2011 in the United Nations Expert Group on International Statistical Classifications meeting. Therefore, we can consider that the revision was carried out in 3 distinct phases being the 2 first phases the preliminary works that conduct to the decision that a revision was needed.

Phase 1 (2011-2013): Proposal to revise COICOP and 1st global consultation

86. A proposal to revise the COICOP was officially made at the meeting of the United Nations Expert Group on International Statistical Classifications in 2011, based on issues related to the application of COICOP that had been raised during previous Expert Group meetings and classifications workshops. The Expert Group acknowledged the need for clarification and improvement of COICOP but also noted that a revision of this classification might have possible implications on the other “purpose classifications” used in the SNA.

87. Considering that the SNA had just recently been revised, it was decided that, before launching any formal revision, a global consultation should first be conducted in order to assess the need and scope for such a revision. A Technical Subgroup (TSG-COICOP) was formed to look at the issues raised in the global consultation and to evaluate whether a revision was needed.

88. The global consultation was carried out between October and December 2012, resulting in more than 70 responses from countries and international organisations. The results showed that countries were generally in favour of an update or revision of COICOP, to ensure that it continues to provide an adequate tool for the recording of households’ consumption expenditures. In particular, it was felt that a revision was needed to reflect the significant changes in goods and services in some areas: for example, new products had emerged in some areas of household consumption (mainly in Divisions 08 and 09), while some products had disappeared from the market. In general, there was a call for more detailed guidelines to ensure a proper and correct recording.

Phase 2 (2013-2015): Clarification of issues raised during the 1st global consultation

89. Preliminary results from the global consultation were presented and discussed during the United Nations Expert Group meeting in 2013. The TSG-COICOP identified three main groups of issues: issues which would imply a change in COICOP, issues which could be solved by case laws but ideally by a change in structure and issues which could be solved just by case laws.

90. The TSG-COICOP prepared clarifications on all issues and presented its report at the 2015 EG meeting, also recommending to launch a full revision of the COICOP as there were enough and sufficiently important requests for change.

91. Concerning the other purpose classifications in the SNA, it was decided that the COICOP should be revised first and that an impact assessment on COFOG, COPNI and COPP should be conducted.

Phase 3 (2016-2018): Drafting of a new revised COICOP

92. In March 2016 the TSG-COICOP drafted a first proposal for a new revised structure of COICOP using the issues raised during the first global consultation as a

starting point. In addition, the TSG also aimed at a better separation of goods and services, and introduced an additional level of detail that would better serve the various uses of COICOP in different statistical domains.

93. A global consultation on this draft was carried out between September and November of 2016, resulting in responses from more than 100 countries and organisations. In addition, special expertise on selected areas was provided by specialized agencies such as the FAO, the UNESCO and the WHO. Based on the feedback received, the TSG-COICOP updated the draft classification.

94. In September 2017 the United Nations Expert Group reviewed and endorsed the draft of the revised COICOP. Documents explaining the main changes to the classification and detailing the TSG's decisions regarding the feedback received from the countries and international organisations were provided and made available to users.

95. In March 2018 the 49th Session of the United Nations Statistical Commission endorsed the new revised COICOP classification.

Changes between COICOP 1999 and 2018

97. The original version of the COICOP dates back to the late 1990s and consumer markets have since changed, with the consequence that some categories of the classification have become obsolete, new products/services couldn't find their place in the classification and boundaries between categories become less clear.

98. The revision of COICOP was therefore necessary. The big challenge of this revision process was to modernize the classification taking into account the new consumption patterns but limiting as much as possible the breaks in the time series.

99. The first global consultation provided already some extensive guidelines for the revision:

- The **introduction of a fifth digit level** was supported by a majority of countries.

- A **better correspondence between COICOP and CPC** was viewed as useful. Better link between production and consumption is of course beneficial and the present many-to-many correspondences are not of much help in practical implementation work, especially in national accounts when the links are used for product flow. However, it was recognised that there were limitations for the improvement of correspondences and a stronger link should not be a goal in itself.

- **Divisions 08 and 09 needed deepen extensive revision.** These divisions include telecommunication equipment and services and audio-visual, photographic and information processing equipment, which have been revolutionized since the development of the current version of COICOP in the late 1990's. Many new products have emerged, certain functionalities are no longer restricted to specific products, and a large variety of Internet services that did not exist in the 1990s and which are partly replacing traditional products (e.g. newspapers, videos, online use or downloading of music and films etc.) are now common in use. It also appears that the basic distinction implied between communication and recreation/culture is no longer suitable for the recording of e.g. laptops, tablets and smartphones and should be reconsidered.

- **Division 12 Miscellaneous goods and services were found to be (too) heterogeneous**, and different proposals are provided on possible regroupings within this Division or with other Divisions.

- A systematic **separation between goods and services** was deemed useful by the majority of countries. This would be relevant for the most detailed level of COICOP (currently four-digit level). In the current version such a separation is embedded but not throughout the classification. While it was seen as a useful and important distinction it was also indicated that this might not be always feasible, especially in case of bundles of products and services.

- A great majority of replies was in favour of **keeping the distinction between non-durable, semi-durable and durable goods.**

- Concrete proposals of change were also made for all the Divisions.

A more detailed classification

100. A major change that COICOP 2018 brings is the introduction of a fourth level corresponding to a fifth digit.

101. The previous COICOP, as well as the other purpose classifications, had a hierarchical structure with three levels:

- Division (or two-digit level)

- Group (or three-digit level)
- Class (or four-digit level)

The revised COICOP introduces a 4th level denominated sub-group.

102. The introduction of the sub-group level was considered for the following reasons:

- Most of the National Statistical offices collect more detailed data. Therefore, introducing a 5th digit in COICOP would improve harmonization of data collection and consequently of the results.

- Adding a 5th digit makes correspondence to CPC easier.

- The introduction of a 5th digit facilitates the separation between goods and services without introducing major breaks in the time series. Sub-classes of goods will be also more homogeneous in terms of durability (D, SD, ND). More in general it allows more detailed information with less disruption in the provision of the data.

- Most countries answering the first global consultation were in favour of adding a 5th digit

- Some regional classifications (like ECOICOP for the European Union countries and PACCOICOP 2012 developed by the Secretariat for the Pacific Community) have already a 5th digit remaining fully consistent with the UN COICOP.

103. Consumption on food and beverages ranges from 21% of the total household consumption to 54% among the World countries. Due to the fact that the expenditure of households on food is the highest in many countries, detail is often needed and available at the national level for food security monitoring and policy making. Therefore, an expansion at six digits for Division 01, fully consistent with the 5 digits classification, is provided as an official Annex to the COICOP. See more details in §21-24

104. Countries are encouraged to expand their COICOP at the national level following the Annex to Division 01 and even adding further sub-classes for local products that are relevant at the national level. Indeed, not all products identified in the Annex are applicable to all countries: sub-classes that are irrelevant for the country should not be used.

Better correspondence between COICOP and other classifications

105. As said before, a better consistence between CPC and COICOP was considered relevant to analyse product flow.

106. Therefore the possibility of linking COICOP and CPC were analysed and some changes introduced were based on a better consistence between the 2 classifications. However a full consistence between the 2 classifications is impossible taking into account that COICOP classifies individual consumption by purpose and when a product is produced it can be used for different purposes.

107. A correspondence table between COICOP and CPC will be produced.

108. Division 06 was completely restructured according to a proposal from the World Health Organisation. The new structure allows an alignment of COICOP with the International Classification for Health Accounts (ICHA) and its family of classifications.

109. Division 10 was also revised to cope with the new International Standard Classification of Education (ISCED 2011)

Few changes at division level

110. The highest level of the classification remained unchanged for most of the Divisions to reduce breaks in the time-series.

111. However, division 08 and 09 were considerably reorganised and now break down as Information and communication (Division 08) and Recreation, sport and culture (Division 09). The content of division 08 was also deeply revised to encompass the new tools to communicate and receive information but as technology changes very fast in this area, the classification has mainly a purpose perspective and try as much as possible to be independent of progress in technology.

112. As requested in the first global consultation due to its heterogeneity, division 12 was split into 2 divisions:

- Division 12 Insurance and financial services
- Division 13 Personal care, social protection and miscellaneous goods and services

113. Division 07 Transport that previously was dedicated to the transport of individuals includes now the transport of goods also.

114. More detailed changes inside each division are presented below.

Separation between goods and services... whenever possible

115. In the first global consultation, 78% of the countries having expressed an opinion, supported the distinction between goods and services at the most detailed level (classes or sub-classes), enabling to create aggregates for goods and services.

116. As mentioned in the SNA "Disaggregation by type of goods and services is needed for the supply and use tables."

117. The present classification includes the distinction between goods and services whenever this is possible and new classes or sub-classes were created systematically for services like repair, maintenance, installation or renting of goods.

118. However it is known that in many situations the expenditures on the service and on the goods cannot be identified separately.

119. This is for instance the case on restaurants or other food and beverages services where the expenditure on food and drinks cannot be identified separately from the service.

120. Repairing expenditures include often the materials used for the reparation. However, whenever the expenditures on materials can be identified, they should be coded separately from the service. For this reason, it was included systematically in all the "Repair" classes and sub-classes the following sentence: "The cost of materials is included only if the materials are not separately invoiced."

121. Another exception to this rule can be found in division 06 for "inpatient care services". In most countries it will be difficult to make the distinction between health care goods and services received during an inpatient contact for care.

122. A blur area between goods and services was clarified by some on-line services: products like downloads of music and books, which, in a technical perspective, could be viewed as a service, but serve the same purpose as products traditionally viewed as goods (ex: paper and e-books). Being COICOP a purpose classification, it was chosen to classify these services together with the good used for the same purpose.

123. Finally, telecommunication bundles include often goods (ex: a mobile phone) and services (ex: national and international calls, internet access, SMSs, MMS,s etc).

Classification by durability

124. A majority of countries supports the distinction of goods in Durable, Semi-Durable and Non-Durable and Services for analytical purposes.

125. The difference between non-durable goods and durable goods is based on whether the goods can be used only once, or repeatedly or continuously during a period of over one year. Durable goods, such as cars, fridges, washing machines and televisions, also have a relatively high purchase price. Semi-durable goods differ from durable goods in that their expected service life, although over one year, is often considerably shorter and their purchase price lower.

126. The distinction was made at the level of classes and sub-classes.

Modernization of the classification

127. The list of inclusions and exclusions of all classes was carefully revised to include goods and services that didn't exist when the previous version of the classification was drafted. On the same way some products that do not exist anymore in the market were also excluded from the list of inclusions.

128. In the second global consultation organized in the framework of this revision there was a question on possible goods or services missing in each division. The answers to this question were also used to provide the most complete explanatory notes.

Main changes by Division

Division 01

129. In this division most of the classes from previous version of COICOP were kept. Further detail was introduced at sub-class level providing extra information on the different types of processing (meat and fish) or to ensure a better consistency with CPC (vegetables and fruits).

130. A new sub-class for ready-made food was introduced due to the importance of the consumption of these products in developed countries. These products coming from the food industry could be found in most of the classes of the Division 01 in the previous version of COICOP.

131. A new-group (01.3 Services for food and non-alcoholic beverages processing) was added to this division. This new group, class and sub-class cover services purchased for the processing of food and non-alcoholic beverages for own consumption exclusively, using primary products provided by the household. It includes services like grinding of cereals for flour production, oil pressing or fruit / vegetable crushing and pressing services for the production of juices.

Division 02

132. Division 02 remained quite unchanged at group and class level.

133. More detail was introduced in wines making the difference between wine from grapes and from other sources and a new sub-class was introduced for Other alcoholic beverages to separately identify mixed alcoholic based drinks such as soda-water or mineral water based mixed alcoholic drinks (alcopops) and cocktails.

134. Like for Division 01, a new-group (02.2 Alcohol production services) was added to this division. This new group, class and sub-class cover services purchased to produce alcohol for own-consumption using primary products provided by the household. It includes services like fruit/vegetable crushing and pressing services for the production of alcoholic beverages, distilling and fermentation services, brewing services and aging and bottling services.

135. The Tobacco class is further breakdown into 3 sub-classes: Cigarettes, Cigars and other tobacco products.

Division 03

136. Division 03 has the same groups and classes as in the previous COICOP version.

137. At the level of sub-class, Garments were broke down into Garments for men or boys, Garments for women or girls, Garments for infants (0 to under 2 years) and School uniforms. The first 3 sub-classes enable a better consistency with CPC and the identification of expenditure on School uniforms allows having a more complete picture of all education expenditures as Division 10 only covers education services. Footwear was also broke down into Footwear for men, Footwear for women and Footwear for infants and children.

138. Unisex garments and footwear should be classified according to the gender of the person wearing them.

139. A difference is made between made-to-measure and tailoring.

140. Made-to-measure refers to the service of providing custom fitted clothing when the retailer supplies all of the materials, tailoring refers to creating clothing

garments where the main material is supplied by the customer. The first is to be coded with the good and the second with the service.

141. Cleaning of footwear is now mentioned in the tile of the class and sub-class previously called Repair and hire of footwear. Tailoring is now mentioned in the tile of the class and sub-class previously called Cleaning, repair and hire of clothing.

Division 04

142. Group 04.1 has the same classes as the previous version of COICOP but the class Other actual rentals was subdivided into Actual rentals paid by tenants for secondary residences and Garage rentals and other rentals paid by tenants

143. In groups 04.1 and 04.2 it was clarified when the classes/sub-classes referred to rentals paid for the main residence or for a second residence.

144. Fitted carpets and linoleum were moved from Division 05 to division 04 because they are part of the household and normally they cannot be taken out in the case of moving of the owner. The same applies to door fittings, power sockets, wiring flex. For consistency reasons the service of laying fitted carpets and linoleum and its repair was also moved from division 05 to 04.

145. A new sub-class on Security equipment was included and contains small equipment for surveillance/security of the individual dwelling (smoke detector, security alarms, security / surveillance cameras), door phone for dwelling and fire extinguishers. These articles were previously in Division 05.

146. Previous classes 04.4.1 Water supply and 04.4.3 Sewage collection were further divided in:

04.4.1.1 Water supply through network systems

04.4.1.2 Water Supply through basic systems

04.4.3.1 Sewage collection through sewer systems

04.4.3.2 Sewage collection through basic sanitation systems

147. These breakdowns were proposed by the World Health Organization to enable having better information on the water supply and sewage collection through basic systems mainly in developing countries.

148. Charges for self-produced solar energy were added to 04.5.1 Electricity because in some countries, as the patterns of generation and consumption of energy do not coincide, some or all of the energy produced is fed back into the grid. The charges correspond to the price of storing the unused electricity.

149. Biofuels for domestic use and alcohol for fireplaces were added to the content of 04.5.3 Liquid fuels

150. Biomass (wheat, nutshell, etc.) and dry animal dung were added to the content of 04.5.4 Solid fuels

151. Class 04.5.5 was renamed into "Other energy for heating and cooling" to better reflect the content of the class.

Division 05

152. Group 05.1 and class 05.1.1 were renamed to Furniture, furnishings and loose carpets

153. Fitted carpets and linoleum were moved from 05.1.2 to 04.3.1 because they are part of the household and normally they cannot be taken out in the case of moving of the owner. The same applies to door fittings, power sockets and wiring

flex. For consistency reasons the service of laying fitted carpets and linoleum and its repair was also moved from division 05 to 04.3.2.

154. Delivery and installation of furniture or electric appliances should only be included in the class of the good if not separately invoiced. In the case that the expenditure on delivery can be separately identified it should be coded in Division 07.

155. Previous class 05.1.3 Repair of furniture, furnishings and floor coverings was renamed "Repair, installation and rental of furniture, furnishings and loose carpets" to include also Installation and rental services.

156. A new class 05.2.2 Repair, rental and made to measure of household textiles was created to separate the service from the good; sewing services of household textiles was added to the list of services associated.

157. The list of examples provided for class 05.3.2 Small electric household appliances (SD) was enriched with more updated devices like blenders, blenders with heating elements, slicing machines, rice cookers and slow cookers.

158. Title of class 05.3.3 was replaced by Repair, installation and rental of household appliances to reflect the inclusion of installation and rental in the list of services.

159. Class 05.5.1 was renamed Motorized tools and equipment to show that all tools and equipment in this class should be motorized

160. Class 05.5.2 was renamed Small non-motorized tools and miscellaneous accessories to show that all tools and equipment in this class should be non-motorized

161. A new class 05.5.3 Repair and rental for motorized and non-motorized tools and equipment was created to separate the goods from the services.

162. Tutors were moved from 05.6.2 to Division 10 Education

163. Fire extinguishers, previously in class 05.6.1 were moved to the new sub-class on Security equipment created in division 04.

Division 06

164. Division 06 was completely restructured according to a proposal from the World Health Organisation. The new structure allows a better alignment of COICOP with the International Classification for Health Accounts (ICHA) and its family of classifications.

165. The distinction between outpatient services and hospital services, that could be found in the previous version of COICOP, was considered inappropriate because it was based on the provider and not on the nature of the service. For this reason, in the new version of COICOP, the services are breakdown into Outpatient care services, Inpatient care services and other health services that cover essentially diagnostic imaging services, medical laboratory services, patient emergency transportation services and emergency rescue. The overnight stay criterion is the main distinction between outpatient care services (06.2) and inpatient care services (06.3). The type of provider is irrelevant.

166. Another feature of the new Division 06 is to collect health consumption according to the type of need of the individual (preventive, curative, rehabilitative and long-term). As this level of detail is not always easily available and would request extra questions on the household surveys, this information is requested at

sub-class level to allow the users of COICOP to be able to have information at class level when the detail is not available.

167. Herbal medicines and homeopathic products are identified separately as a sub-class.

Division 07

168. The main change in Division 07 was the inclusion of the services of transports of goods. Division 07 covered almost only goods and services related to the transport of humans and the new version includes also a new group 07.4 related to the postal and courier services (before in Division 08) as well as the delivery of goods service that was previously included in the expenditure of the good itself.

169. The main reason for this change is that the consumption of postal services by the households is now mostly restricted to the parcel delivery services of items bought through internet. Furthermore, services of delivery of goods like furniture, supermarket shopping, take-out meals, groceries and prescription drugs are more and more offered as a specific service charged separately.

170. Crash helmets for motorcycles and bicycles were moved from 03.1.3 Other articles of clothing and clothing accessories to class 07.2.1.3 Accessories for personal transport equipment. It was considered that this essential security equipment was not clothing accessories and was more accessories for personal transport equipment. For similar reasons baby and child seats for cars, motorcycles and bicycles were also moved from 12.3.2 Other personal effects to 07.2.1.3

171. Although in general new and second hand articles should be considered in the same class, it was considered useful to distinguish at the level of sub-class new cars and second hand cars due to the importance of the transaction and the difference of prices.

172. The list of examples for 07.1.3 Bicycles (D) was enriched with e-bikes. To distinguish e-bikes from motor bikes it was clarified that the second should have a combustion engine.

173. Class 07.2.1 previously called 07.2.1 Spare parts and accessories for personal transport equipment (SD) was renamed Parts and accessories for personal transport equipment (SD) because the word "spare" was considered misleading in this context.

174. Electricity (when separately priced from other electricity) and hydrogen as fuel for cars were added as possible examples of fuels

175. Examples of transports were enriched with more modern means of transport like light-rail, high speed trains, maglevs, trolleybus, share taxis, passenger drones and multicopters, transporter bridges, Elevators, Incline Elevators

176. Sub-class 07.3.2.2 Passenger transport by taxi and hired car with driver is proposed to include also payments for private arrangements of sharing a means of transport (carpooling, dynamic ridesharing)

177. Group 07.3 previously named transport services was renamed Passenger transport services because other services related to transport equipment exist in Group 07.2 and group 07.4 relates to transport services of goods.

Division 08

178. Division 08 was renamed Information and Communication to better reflect its content. The list of examples given try as much as possible to reflect the existent

electronic products but at the same time provide a durable list that copes with the fast developments in this area.

179. Postal services were moved from previous Division 08 to Division 07 Transport. Most of the postal services used by the households are sending and receiving parcels. Households rarely send letters nowadays. The delivery of parcels has strongly increased in importance with the e-commerce. For this reason it was considered that the purpose of the postal services become now more transport of goods.

180. Previous classes 09.1.1 Equipment for the reception, recording and reproduction of sound and vision, 09.1.3 Information processing equipment and 09.1.4 Recording media were moved to the new Division 08 as this type of equipment is now mainly used for information and communication. The services associated (Repair and rental of information and communication equipment, licenses fees for television and subscriptions to television networks) were also moved from previous division 09 to division 08.

181. Group 08.1 was renamed Information and communication equipment. It contains fixed and mobile telephone equipment, smartphones and tablets, information processing equipment, equipment for the reception, recording and reproduction of sound and vision, unrecorded recording media and other information and communication equipment.

182. A new group 08.2 was introduced for Software (excluding games). Under this group Apps are identified separately.

183. Group 08.3 covers Information and communication services. It contains fixed communication services, mobile communication services, Internet access provision and net storage services, bundled telecommunication services, repair and rental of information and communication equipment and other information and communication services.

Division 09

184. Division 09 was renamed Recreation, Sport and Culture to better reflect its content.

185. Previous classes 09.1.1 Equipment for the reception, recording and reproduction of sound and vision, 09.1.3 Information processing equipment and 09.1.4 Recording media were moved to the new Division 08 as this type of equipment is now mainly used for information and communication. The services associated (Repair and rental of information and communication equipment, licenses fees for television and subscriptions to television networks) were also moved from previous division 09 to division 08.

186. Division 09 was re-organised in order to have:

Recreational goods in Groups 09.1 to 09.3

Recreational services in Group 09.4

Culture goods in Group 09.5

Cultural services in Group 09.6

Newspapers, books and stationery in Group 09.7

Package holidays in Group 09.8

Group 09.1 was renamed 09.1 Recreation durables

187. Class 09.1.2 previously called Major durables for outdoor recreation was renamed Major durables for recreation to include indoor and outdoor durables. Previous classes 09.1.1 and 09.1.2 were regrouped in a single class 09.1.2

188. Previous group 09.3 Other recreational items and equipment, gardens and pets is now split into 09.2 Other recreational goods and 09.3 Gardens and pets

189. Groups 9.6 and 9.7 correspond to previous groups 9.5 and 9.6.

190. Musical instruments have now a specific class

191. 09.5.3 Audio-visual media is a new class to include all kind of media containing music or films.

192. 09.6.1 Books (SD) were further divided in:

09.6.1.1 Educational or text books

09.6.1.2 Other books

To allow the compilation of all education related expenditures.

193. Toner and ink cartridges were moved to Division 8.

Division 10

194. In Division 10, the breakdown of educational services was based upon the 1997 International Standard Classification of Education (ISCED-97) of the United Nations Educational, Scientific and Cultural Organization (UNESCO). As ISCED has been revised meantime it was necessary to adapt the breakdown of new Division 10 to the new ISCED (ISCED 2011).

195. A reference to e-learning was added as possible way of delivering of the educational service.

196. Division 10 covers exclusively education services but other expenditures linked with education can now be separately identified in other divisions to allow getting an overview on all education related expenditures. Therefore, 03.1.2.4 refers to school uniforms, 07.3.2.3 refers to passenger transport for students to and from school, 09.71.1 refers to educational books, 11.1.2.1 refers to Canteens, cafeterias of universities, schools, and kindergartens and 11.2.0.3 refers to accommodation services of boarding schools, universities and other educational establishments.

197. Education not defined by level (10.5) was extended to include independent tutors, tutors centres, homework help centres and the like. Language immersion courses and traveling for learning languages are proposed to be included in 10.5 as well as Languages courses on line, in form of software or audio tapes.

198. Excursions or student exchanges which are part of the normal school programme are now included on the corresponding class (early childhood, primary, secondary, tertiary). This includes travel and accommodation costs.

Division 11

199. Division 11 was renamed Restaurants and accommodation services to better reflect the content of the division

200. The notion of full and limited service was introduced to breakdown the class 11.1.1 Restaurants, cafés and the like. The distinction between full service and limited service relate to the range of the food and beverage serving service: a service by waiters to the individual customer seated at tables will be qualified to be a full service.

201. Canteens, cafeterias of universities, schools, and kindergartens are now separately identified at sub-class level to allow the compilation of all education related expenditures. For the same reason sub-class 11.2.0.3 Accommodation services of boarding schools, universities and other educational establishments was also introduced.

Division 12

202. In the first global consultation several countries considered Division 12 too heterogeneous and proposed to split it. Therefore, division 12 was divided in 2 divisions: 12 Insurance and finance services and 13 Personal care, social protection, and miscellaneous goods and services.

203. Apart from this, not many other changes were introduced in this division. Although the existent classes remained the same, the list of examples of insurances were enriched and Insurance connected with transport was broke down into:

12.1.4.1 Personal transport insurance

12.1.4.2 Travel insurance

Class 12.6.2 Other financial services n.e.c. was broke down into:

12.2.2 Explicit charges by deposit-taking corporations

12.2.9 Other financial services n.e.c.

Division 13

204. In the first global consultation several countries considered Division 12 too heterogeneous and proposed to split it. Therefore, division 12 was divided in 2 divisions: 12 Insurance and finance services and 13 Personal care, social protection, and miscellaneous goods and services.

205. As requested by several countries, a new class on Celebration and devotional articles as well as a sub-class on Religious services was included.

206. Social protection is now broke down into:

13.3.0.1 Child care services

13.3.0.2 Non-medical retirement homes for elderly persons and residences for disabled persons

13.3.0.3 Services to maintain people in their private homes

13.3.0.9 Other social protection services

207. Rental is included in the list of services to be classified on 13.2.9.2 Repair or rental of other personal effects.

208. Prostitution was not considered to be important enough to be listed as the only personal service at the three digit level. It was considered to be of similar importance as other personal services like e.g. legal services, estate agents, etc. For this reason it was included in 13.9.0 Other services n.e.c. as a sub-class.

Division 14 and 15

209. The scope of this revision covered only divisions 1-12 of previous COICOP (1-13 of the new COICOP) therefore previous Divisions 13 and 14 remained unchanged at group and class level. The sub-class level was added for the sake of consistence with the rest of the classification but sub-classes are identical to the corresponding classes.