

Suggestions for the improvement of the clarity of the 1993 SNA
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The terminology of the 1993 SNA can be improved in order to make it better, clearer or more userfriendly. I have the following proposals:

- The distinction between **actual and imputed** flows should be taken more serious, in presenting the tables as well as in terminology. Some examples:
 - Actual social contributions. This label is misleading as it can include substantial amounts of imputations, i.e. property income attributed to holders of pension fund reserves. The label actual social contributions should therefore exclude such imputations. The latter should be labelled imputed social contributions or, in case of pension contributions, supplementary pension contributions.
 - Market output includes also various imputed items. These should be shown separately, e.g. the charge for FISIM and the output of insurance companies and pension funds.
 - Individual consumption could be broken down in the accounts/tables into:
 - final consumption expenditure by households;
 - social security benefits in kind via market producers;
 - social assistance benefits in kind via market producers;
 - other non-market output; preferable separately showing the imputed services of owner-occupied dwellings .
- **Less lengthy**, eg.
 - Acquisitions less disposals of non-financial non-produced assets: replace by Net acquisition of non-financial non-produced assets;
 - Balancing item Changes in net worth due to saving and capital transfers: replace by Saving and capital transfers.
- A consistent, understandable but nevertheless quite peculiar national accounts convention is to treat **shares and other equity as a liability of the corporations** that issue these shares and equity. Therefore, in order to clarify the basic concepts and avoid misuse of the balance sheet, the balance sheet of corporations should distinguish two types of liabilities: liabilities to creditors and shares and other equity. A supplementary balancing item should be introduced Net worth to the owners = assets minus liabilities to creditors.
- An important concept in business accounts is **profit after tax**. No similar concept can be found in the SNA, as the standard accounting structure does not allow constructing such a balancing item. Profit after tax assumes that taxes have already been paid, while dividends are still to be paid. However, in the national accounts, first all primary incomes including dividends are allocated and then current taxes on income, wealth etc are paid out. The entrepreneurial income

account fits in the standard national accounts structure and contains therefore not a national accounts counterpart of profit after tax. Instead of the not very relevant entrepreneurial income account, a standard supplementary table should be presented showing entrepreneurial income before and after tax (for the sectors corporations). Entrepreneurial income after tax is then equal to entrepreneurial income (before tax) minus the current taxes on income and wealth, e.g. corporation tax. The table could also show the link between entrepreneurial income after tax and net lending.

- the notion of **government expenditure** contains double-counting and a revenue item. It should be redefined excluding unfunded employee social contributions (this is double-counting as compensation of employees includes unfunded employee social contributions, while also their counterpart the unfunded employee social benefits are included) and by not including the net acquisition of other non-produced assets (government's net acquisition of land are generally a revenue for the government, e.g. in the Netherlands and because non-produced assets like telecom-frequencies are thus far only sold but not bought by the government).