

1993 SNA - Updates

Type of update: CLARIFICATION BEYOND DISPUTE

Treatment of seignorage profits

(SNA News and Notes, Issue 4, July 1996)

Mr. Kishori Lal from Statistics Canada recently raised the question of the consistency of the treatment of seignorage profits from the issue of coins in the 1993 SNA and in the Manual of Government Finance Statistics (GFS) 1986.

The 1986 GFS states: “.... Seignorage profits on the issue of coins, however, whether coming from the central bank or from a function of the monetary authorities to be separated from government are included in government revenue along with other central bank profits transferred to government” (page 62).

The SNA, however, without explicitly addressing the topic of seignorage profits from the issue of coins establishes the principle that both, notes and coins are universally treated as liabilities within the system (para. 11.70). Consequently, there was agreement in the ISWGNA that the full face value received by the government from sales of coins (other than commemorative coins that do not enter the money supply) should be recorded as a financing transaction which increases the government's liabilities under currency and its assets under deposits. The cost to government of producing the coins (or purchasing them from a separate institutional unit) should be recorded as a gross consumption expenditure and not netted in any way against the receipts from issue.