

**Comments on draft SNA chapter:
Chapter 7: The distribution of income accounts**

**Deadline for comments: 15 April 2007
Send comments to: sna@un.org**

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| Submission date: | March 12, 2007 |

This three-part template allows you to record your comments on draft chapter 7 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

Save this template and send it as an attachment to the following e-mail address:
sna@un.org

Part I: General comments

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated (30 words or less).

Comment:

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| All along this chapter, the recommendations are presented with great clarity, even for difficult matters. The text is well structured, and the developments are never unnecessary lengthy. |
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Part II: Comments on specific draft paragraphs or passages (*to follow soon*)

In your review of draft chapter 7, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. There are some changes in the text of section B on compensation of employees received from the ILO. Do you have any questions on the changes?

Comment:

No.

2. In sections C and D, there are some changes in the text on taxes and subsidies suggested by the IMF and OECD staff responsible for classifying tax statistics. Do you have any questions on the changes?

Comment:

No.

3. Section E, on property income, is expanded in keeping with AEG recommendations (see the Note by the editor). Do you find the new text clear enough? . It is proposed to introduce a heading, Investment income, under property income (equal to property income less rent) to facilitate consistency with the BPM. Do you have any comments on this proposal?

Comment:

The text is clear enough. We welcome the proposed change.

4. It is proposed (section E.5) to use the expression “after-tax rent” instead of “net rent” to facilitate consistency with the SEEA. Do you have any comments on this?

Comment:

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| No. |
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Part III. Other specific comments

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comments directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make very detailed comments please send a message to sna@un.org requesting to receive a version of the draft chapter permitting you to comment. To optimize your commenting tools please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>

Other specific comments:

Section B

Stock options

The wording in on the valuation of employee stock options (paragraph 7.52) differs from BPM6. The two texts will need to be aligned.

In para 7.53, a stock option should be classified separately under stock options and not as financial derivatives as stated in the text. The only exception is if the stock option can be traded on financial markets without restriction – see BPM6 para 5.89.

Paragraph 7.53 could also cover the case of stock options provided to suppliers (unless it is dealt with elsewhere) – (see BPM6 para 5.90), and provide a treatment in the accounts for the case in the final sentence of the paragraph - see BPM6, paras 8.39 and 11.93.

Section E

Reinvested earnings of Mutual Funds

In Table 7.8 one single item is shown under “income attributed to holders of investment funds units”.

In the BPM6, dividends and reinvested earnings are shown separately. Although the SNA text correctly distinguishes the two items (see paragraph 7.123), there might be an issue if this is not reflected accordingly in the Table

Interest

We agree that the definition in 7.101 has problems. We suggest that BPM6 paragraphs 11.46 and 11.47 7 could be consulted.