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:	16 April 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:

No general comments.

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, we generally agree with the present text. We think it is important to align definitions according to the SNA and those according to the ILO as much as possible.

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, we agree with the changes made.

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:

   > No, we generally agree with the present text.

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:

No comments.

Part III. Other specific comments

Para. 7.27: Under (a), the term "wages of workers" is a bit unfortunate in the context of discussing the delineation of self-emoployed. Furthermore, under (c), we suggest to change at the end the wording "… as receiving compensation of emloyees …" into "… as employees …".

Para. 7.45: Item (a) and (c) are written in Italics?

Para. 7.105: Here, it is stated that "… *dividends are recorded in the System when they are declared* (=determined)". This description is also used in ESA and sometimes leads to discussion about the moment of determination. Maybe a short explanation can be included, which mentions that: *"for quoted corporations this is after the general shareholders' meeting"*.

Para. 7.106: In relation to super-dividends, it is stated that "…. *If the level of dividends declared is greatly in excess of this* (distributable earnings), *the excess should be treated as a financial transaction, specifically the withdrawal of owners' equity from the corporation*". In our opinion, a further specification of "*greatly in excess*" would be helpful. Furthermore, for direct investments, payments of dividend can show a very variable pattern. Actual payments take place when it turns out well for the mother for several reasons. To avoid the situation in which payments of dividend in the case of direct investments are for a large part registered as super-dividend, we think that it would be a good idea to take into account "distributable earnings" over for example the last three years.

Para. 7.114-124: We prefer to wait for the relevant chapter before providing more detailed comments. This is especially true for the investment income payable on pension entitlements.