

Quality report 2015

Slovak Republic

Part 1: General information

Compared to the GNI Questionnaire 2014, the Slovak GNI estimate (ESA95 based, excl. the allocation of FISIM) was revised due to incorporated results from addressed GNI reservations, both specific and transversal. The impact of the total revision from reservations for 2002 -2009 can be found in Table 1 below.

Table 1
Revisions to “country’s” GNI (ESA95 based) resulting from GNI reservations for 2002-2009

(As percentage of ESA95 GNI (excl. the allocation of FISIM) from the 2014 Questionnaire)

	2002	2003	2004	2005	2006	2007	2008	2009
Total revision from reservations	0,0	0,0	-0,2	-0,2	-0,2	-0,2	0,0	-0,4

The GNI (ESA95 based) for years 2004-2009 was negatively affected by the incorporation of revisions due to GNI reservations. The negative impact ranges from less than 0,1% to 0,4%..

Compared to the GNI Questionnaire 2014, Slovakia has revised the estimate of GNI (ESA95 based, incl. the allocation of FISIM) for 2010 – 2013 with the total revision ranging from -1,6% to +0,4% of GNI. Table 2, given below, provides a division of the total revision to GNI (ESA95 based) into those caused by GNI reservations, changes to methods and sources (excl. ESA2010 implementation) and routine (current) revisions for the years 2010-2013.

Table 2
Revisions to “country’s” GNI (ESA95 Based) for 2010-2013

(As percentage of GNI (ESA95 based) from the 2014 Questionnaire)

	2010	2011	2012	2013
Total revision to GNI	0,0	-1,6	0,1	0,4
<i>'of which':</i>				
Total revision caused by GNI reservations	0,1	0,2	0,1	0,1
Total revision caused by changes in methods and sources (excl. ESA2010 implementation)	0,0	0,0	0,0	-0,2
Total revision caused by routine (current) revisions	0,0	-1,8	0,0	0,5

Revisions due to changes in sources and methods were made for the years 2010-2014. These were due to the new BoP data, for export and import of services, according to BPM6 methodology as well as the improved approach in adjusting for the trade of VAT registered non-residents. Concerning the routine revisions, there were significant revisions in certain years due to the availability of additional information from statistical and administrative data sources. These were largely due to BoP revisions in the figures concerning property income.

In Slovakia, the implementation of the ESA2010 methodology has revised the estimate of GNI, compared to the GNI Questionnaire 2014, between 1,8% and 2,2% in the period 2010-2013. Table 3, given below, provides the total impact of the ESA2010 implementation which has been removed from GNI for own resource purposes..

Table 3
Total impact of ESA2010 Implementation on “country’s” GNI (ESA95 based) for 2010-2013

(As percentage of ESA95 GNI (incl. the allocation of FISIM) from the 2014 Questionnaire)

	2010	2011	2012	2013
Total impact of ESA2010 implementation	2,2	1,9	1,8	1,8

1.1 Major changes and improvements to sources and methods of national accounts

The Statistical Office of the Slovak Republic (SO SR) in comparison with the previous GNI Questionnaire 2014 had carried out standard revision due to the new information and implementation of results of solutions of GNI reservations. These revisions have affected the whole time series 1997-2014. As far as the sources and methods of national accounts compilation were concerned, the GDP compiled in 2012 and 2013 was adjusted on the basis of new information, more precise data and ESA2010 methodology; however GDP in 2014 is still preliminary.

1.2 Changes in the revisions policy and timetable for finalising the estimates; (domestic) publication date of the submitted numbers

There is no change in the revision policy and the timetable for finalising the estimates. Revision policy for national accounts is published on our website in line with the valid timetable for publishing of data of SO SR. Data will be published on the website of the SOSR as of 21 October 2015.

1.3 Results of any investigations on the quality of GNI and its components

On the basis of the Statistical Office's estimate, compensation of employees (D.1) received from the RoW reached in 2014 the amount of 1 515,365 mill. Euro. Compared to last year, it is a decrease.

In 2014, the number of working residents slightly decreased as compared to 2013. Based on current data for the first two quarters of 2015, we expect an increase in the number of working residents abroad.

Taxes on production and imports (D.2) paid to the EU institutions, which consist of payments of own resources, increased in 2014 to 127,332 mill. Euro. Data related to Property income (D.4) for years 2013 and 2014 are preliminary estimates, which will be updated after obtaining final results from National Bank of Slovakia.

1.4 Description of developments in major sources

As regards exhaustiveness of main data sources for the sector of non-financial corporations we can state that the response rate for group of enterprises with the number of employees more than 20 slightly increased in comparison with the previous year (from 91,7 % to 92,8 %). Response rate of financial companies in comparison with the previous year slightly increased. Response rate of insurance companies as compared to the previous year slightly decreased.

For years 2010-2014 we implemented new BoP data, for export and import of services, according to BPM6 methodology, from National Bank of Slovakia.

Part 2: Changes to sources and methods to final estimates

There is nothing to report this year.

Part 3: Revisions to years 2010 to 2013

3.1 Routine (current) revisions

In 2010:

Intermediate consumption changed by 17,152 mill. Euro after incorporation of updated data.

Taxes on production and imports (D.2) changed by 46,511 mill. Euro due to the rerouting of bank contribution to the Deposit Protection Fund within the general government sector (D.29REC vs. D.759PAY).

In 2011:

Taxes on production and imports (D.2) changed by 48,383 mill. Euro due to the rerouting of bank contribution to the Deposit Protection Fund within the general government sector (D.29REC vs. D.759PAY).

In 2012:

Gross fixed capital formation (P.51g) changed by 12,193 mill. Euro due to the reclassification of income from the sale of emission quotas because of the implementation of the Debt and deficit manual within the general government sector.

Changes in inventories (P.52) changed by -12,193 mill. Euro due to the reclassification of income from the sale of emission quotas because of the implementation of the Debt and deficit manual within the general government sector.

Taxes on production and imports (D.2) changed by 25,450 mill. Euro due to the rerouting of bank contribution to the Deposit Protection Fund within the general government sector (D.29REC vs. D.759PAY).

In 2013:

After incorporation of more precise data from business surveys, administrative data sources and after incorporation of updated data, the overall effect of revision on production was in amount of 1 172,151 mill. Euro and on intermediate consumption in amount of 1 110,102 mill. Euro. The overall impact on GDP was 62,049 mill. Euro.

General government final consumption expenditure increased by 0,714 mill. Euro due to the reclassification of income from the sale of emission quotas because of the implementation of the Debt and deficit manual within the general government sector.

NPISH final consumption expenditure decreased by -9,878 mill Euro after incorporation of updated data from administrative data source.

Gross fixed capital formation increased by 246,760 mill. Euro which consist from 162,936 mill. Euro due to the incorporation of updated data from administrative data sources, and from 83,824 mill. Euro due to the incorporation of new data for non-financial corporations based on annual statistical survey.

Changes in inventories increased by 1,426 mill. Euro due to the incorporation of updated data.

Exports of goods and services (P.6) changed by -50,273 mill. Euro, due to updated data obtained from Foreign Trade Statistics (Definitive data for year 2013). Imports of goods and services (P.7) changed by -7,790 mill. Euro, due to updated data obtained from Foreign Trade Statistics (Definitive data for year 2013).

Property income (D.4) changed in the years 2011-2013 on the basis of new data obtained from National Bank of Slovakia due to the regular data revision of related data. Figures are shown in Table 4 (in mill. Euro):

Table 4: Change of property income

Code	Item	Uses	Resources
		2011	2011
D.41	Interests	9,954	27,463
D.421	Dividends	30,227	476,555
D.43	Reinvested earnings from FDI	149,490	892,343
	Change of D.4 total	189,671	1 396,361

Code	Item	Uses	Resources
		2012	2012
D.41	Interests	14,457	-68,647
D.421	Dividends	42,020	288,432
D.43	Reinvested earnings from FDI	25,229	-154,899
	Change of D.4 total	81,706	64,886

Code	Item	Uses	Resources
		2013	2013
D.41	Interests	84,568	-56,365
D.421	Dividends	0,000	60,402
D.43	Reinvested earnings from FDI	0,000	-60,402
	Change of D.4 total	84,568	-56,365

3.2 Revisions related to the work on reservations

SO SR worked on last unclosed GNI reservations

Except **GNI Transversal reservation V Treatment of cooperative dwellings**, **GNI Transversal reservation VI Inclusion of illegal activities in national accounts** and **GNI Specific reservation 2 Assets included in government gross fixed capital formation**, which are already incorporated in accounts, remaining reservations have impact on GNI. This includes:

- **GNI Specific reservation 1 The treatment of reinsurance commissions,**
- **GNI Transversal reservation I The treatment of cross-border property income,**
- **GNI Transversal reservation II Financial Intermediation Services Indirectly Measured (FISIM),**
- **GNI Transversal reservation VIII Intermediate consumption for actual and imputed rentals.**

Impact on GNI (ESA95) together with numerical quantification for all above reservations is listed in the **Annex 1 - GNI Reservations SK**.

3.3 Other revisions due to changes in methods and sources

The SOSR in 2014 decided to change the recording of import and export of goods in foreign trade due to the trade of VAT registered non-residents. This change was supported by Eurostat methodological guidance, and was described in the 2014 GNI Quality report.

Currently we use more accurate calculation. Change has affected exports and imports of goods and services with negative impact on GNI -0,5% (2014 ESA95 based). Exports (P.6) changed by -134 mill. Eur (-0,2% of GNI) and imports (P.7) by 200 mill. Eur (+0,3% of GNI).

For years 2010-2014 we also implemented new BoP data, for export and import of services, according to BPM6 methodology (transition from BPM5 to BPM6), from National Bank of Slovakia.

In 2010:

Exports of goods and services (P.6) changed by 171,744 mill. Euro on the basis of updated data for services obtained from National Bank of Slovakia (BPM6 data methodology). Imports of goods and services (P.7) changed by 188,896 mill. Euro on the basis of updated data for services obtained from National Bank of Slovakia (BPM6 data methodology).

In 2011:

Exports of goods and services (P.6) changed by 197,504 mill. Euro on the basis of updated data for services obtained from National Bank of Slovakia (BPM6 data methodology). Imports of goods and services (P.7) changed by 201,123 mill. Euro on the basis of updated data for services obtained from National Bank of Slovakia (BPM6 data methodology).

In 2012:

Exports of goods and services (P.6) changed by 195,798 mill. Euro on the basis of updated data for services obtained from National Bank of Slovakia (BPM6 data methodology). Imports of goods and services (P.7) changed by 187,358 mill. Euro on

the basis of updated data for services obtained from National Bank of Slovakia (BPM6 data methodology).

In 2013:

Exports of goods and services (P.6) changed by 1048,463 mill. Euro on the basis of updated data for services obtained from National Bank of Slovakia (BPM6 data methodology). Imports of goods and services (P.7) changed by 849,934 mill. Euro on the basis of updated data for services obtained from National Bank of Slovakia (BPM6 data methodology).

Revision of the treatment for Euro bank notes:

The SR has incorporated the recording of Euro bank notes into national accounts (current and financial account) according to the conclusions made by DMES.

The final values of the active or passive position of the SR in connection to the issuance of euro bank notes below or above the Bank Allocation Key (BAK), as well as the received or paid interest for 2010-2014, are expressed in the table below.

Euro bank notes - Slovakia

in thousands Euro

Stocks	Domestic sectors		NCB				RoW	
	Assets		Assets		Liabilities		Assets	
Year								
2010	F.21	6 290 894			7 674 876	F.21	F.21	1 383 982
			F.29	1 727 739			1 727 739 F.29	
2011	F.21	7 316 029			8 099 844	F.21	F.21	783 815
			F.29	865 580			865 580 F.29	
2012	F.21	8 221 720			8 318 276	F.21	F.21	96 556
			F.29	161 139			161 139 F.29	
2013	F.21	8 759 415			8 701 283	F.21	58 132 F.21	
					75 967	F.29	F.29	75 967
Interests	Domestic sectors		NCB				RoW	
	Uses		Uses		Resources		Uses	
Year								
2010					123,15	D.41	D.41	123,15
2011					1 435,29	D.41	D.41	1 435,29
2012					1 627,38	D.41	D.41	1 627,38
2013			D.41	894,01			894,01 D.41	

3.4 Revisions due to the transition from ESA 95 to ESA 2010

Item 6 of The Manual on the Changes between ESA 95 and ESA 2010 - Government, public and private sector classification is relevant point for the revision due to the transition from ESA95 to ESA2010.

In accordance with the rules of the ESA 2010, we reviewed the sectoral classification of hospitals, subsidised organizations and units belonging to the financial corporations sector. One of the biggest units, which was reclassified from the sector financial corporations (S.12001) in to the general government sector within a whole time series since 1997, was the Eximbank.

Total impact of sectoral reclassification on GDP

in %	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Impact on GDP	0,0	0,0	0,0	-0,1	0,0	0,2	0,3	0,2	0,2	0,3	0,2	0,1

The impact of particular changes is shown in the table bellow, which is presenting data of the reference year being 2010.

in thousands of Euro

Changes of ESA2010 methodology Year 2010		Item 6
PRODUCTION APPROACH		159 568
P.1	Output of goods and services (at basic prices)	159 568
P.2	Intermediate consumption (at purchasers' prices)	0
B.1g	Gross value added (at basic prices)	159 568
D.21	Taxes on products	
D.31	Subsidies on products	
EXPENDITURE APPROACH		159 568
P.3 (S15)	NPISH final consumption expenditure	-986
P.3 (S14)	Household final consumption expenditure	
P.3 (S13)	General government final consumption expenditure	160 554
P.5	Gross capital formation	
P.51g	Gross fixed capital formation	
P.52	Changes in inventories	
P.53	Acquisitions less disposals of valuables	
P.6	Exports of goods and services	
P.7	Imports of goods and services	
INCOME APPROACH		159 568

D.1	Compensation of employees	
B.2g/B.3 g	Gross operating surplus and mixed income	159 568
D.2	Taxes on production and imports	
D.3	Subsidies	
B.1g	Gross domestic product (ESA2010)	
D.1	Compensation of employees received from the rest of the world	
D.1	Compensation of employees paid to the rest of the world	
D.2	Taxes on production and imports paid to the institutions of the EU	
D.3	Subsidies received from the institutions of the EU	
D.4	Property income received from the rest of the world	
D.4	Property income paid to the rest of the world	
B.5g	Gross national income (ESA2010)	159 568

Part 4: Revisions related to GNI reservations (2002-2010)

GNI Specific reservation 1: The treatment of reinsurance commissions

Explanation:

Reinsurance commissions are recorded as negative reinsurance premiums based on data directly compiled by the National Bank of Slovakia. The values on commissions received from reinsurers are directly recorded in an annual survey starting from year 2006 onwards. The Slovak Republic is asked to review the treatment of reinsurance commissions for the years 2004-2005. In view of the results from this work the national accounts figures may need to be revised if appropriate (applicable to years 2004 and 2005).

Work done since the QR 2014:

Based on the quality report 2014, Slovak Republic was committed to provide information on the treatment of reinsurance commissions needed to be reviewed for the years 2004 and 2005, for which direct sources are not available. SO SR was solving this issue and compiled tables with figures for non-life and life insurance services separately with detailed explanations which were sent to Eurostat for assessment. The final statement related to GNI specific reservation 1 on reinsurance commissions was given by Eurostat on 22 of April 2015. Eurostat agreed with the method used to solve this issue and declared that this method is in line with ESA95.

The overall impact on 2004 and 2005 GNI is extremely low, considering the low level of reinsurance services.

The work done on this specific reservation has been approved by Eurostat and Specific Reservation 1 for Slovakia has been lifted by the Commission (e-mail dated on 8th June 2015).

GNI Specific reservation 2: Assets included in government gross fixed capital formation

Explanation:

Improvements are needed in statistics for assets included in government gross fixed capital formation. Sources need to be reviewed to be used for the various categories of consumption of fixed capital in the Perpetual Inventory Model (PIM) calculations. Plausibility checks of estimates for consumption of fixed capital on roads, bridges, etc. should be made. In view of the results of this work, the national accounts estimates may need to be revised, if appropriate (applicable to years from 2004 to 2010).

The Slovak Republic was requested to split the gross fixed capital consumption in construction works in the general government sector residential buildings, non-residential buildings and public infrastructure (civil engineering) and to separate roads from other infrastructural assets.

Recording of gross fixed capital consumption (hereinafter GFCF) of buildings and structures in the general government sector (hereinafter S.13) was in the past restricted by insufficiency of data sources related to recording of GFCF by requested breakdown. The GFCF for roads and dwellings was recorded under summary item “buildings and structures less dwellings and roads”.

After obtaining supplementary data sources on GFCF for roads and dwellings we deducted these additional values from item “buildings and structures less dwellings and roads” (where they were included), added them to relevant type of assets (roads, dwellings) and recalculated consumption of fixed capital via PIM method since consumption of fixed capital was affected by this change (see Table 1-3 below).

Work done since the QR 2014:

Following e-mail communication and recommendation of Eurostat during 2015 the original calculation submitted to Eurostat in September 2014 was adjusted for the impact of reclassification the unit managing highways from the sector of non-financial corporations into the sector of general government which was done in accordance with ESA 2010 and was not related to this reservation.

Due to the fact that the data as a result of the reservation solution are below the materiality threshold, its impact is not included.

Original figures

Stocks of assets as of 31 December	2005	2006	2007	2008	2009
Buildings and structures in total	51 492 930	54 436 268	57 859 291	62 061 606	64 844 685
Of which: buildings and structures less dwellings and roads	24 114 749	26 090 549	28 503 820	30 966 763	32 739 744
roads	25 480 883	26 365 768	27 287 988	28 909 127	29 871 200
dwellings	1 897 298	1 979 951	2 067 483	2 185 716	2 233 741
GFCF					
Buildings and structures in total	785 848	974 444	872 337	996 894	1 156 949
Of which: buildings and structures less dwellings and roads	719 958	967 366	872 337	996 894	1 156 949
roads	65 890	0	0	0	0
dwellings	0	7 078	0	0	0
CFC					
Buildings and structures in total	938 734	988 535	1 046 367	1 123 953	1 172 183
Of which: buildings and structures less dwellings and roads	395 184	425 168	462 895	505 902	534 013
roads	509 052	527 431	545 879	578 309	597 554
dwellings	34 498	35 937	37 592	39 742	40 615

After adjustment

Stocks of assets as of 31 December	2005	2006	2007	2008	2009
Buildings and structures in total	51 496 947	54 424 721	57 850 357	62 046 152	64 822 240
Of which: buildings and structures less dwellings and roads	23 734 098	25 536 549	27 713 660	29 956 447	31 475 408
roads	25 480 883	26 424 278	27 410 312	29 048 134	30 120 245

dwellings	2 281 966	2 463 893	2 726 385	3 041 570	3 226 587
GFCF					
Buildings and structures in total	785 848	974 444	872 337	996 894	1 156 949
Of which: buildings and structures less dwellings and roads	650 027	824 907	657 013	827 731	933 370
roads	65 890	58 510	61 760	9 888	105 392
dwellings	69 931	91 027	153 564	159 275	118 186
CFC					
Buildings and structures in total	939 352	989 389	1 047 448	1 125 377	1 173 951
Of which: buildings and structures less dwellings and roads	389 444	417 400	451 563	490 531	514 875
roads	509 052	528 016	547 708	580 990	601 482
dwellings	40 857	43 973	48 177	53 856	57 594

Revision

Table 3

in thd. €

Stocks of assets as of 31 December	2005	2006	2007	2008	2009
Buildings and structures in total	4 018	-11 547	-8 934	-15 454	-22 445
Of which: buildings and structures less dwellings and roads	-380 651	-553 999	-790 161	-1 010 315	-1 264 336
roads	0	58 510	122 324	139 007	249 045
dwellings	384 668	483 942	658 902	855 854	992 846
GFCF					
Buildings and structures in total	0	0	0	0	0
Of which: buildings and structures less dwellings and roads	-69 931	-142 459	-215 324	-169 163	-223 578
roads	0	58 510	61 760	9 888	105 392
dwellings	69 931	83 949	153 564	159 275	118 186
CFC					
Buildings and structures in total	618	854	1 081	1 424	1 768
Of which: buildings and structures less dwellings and roads	-5 740	-7 768	-11 332	-15 372	-19 138
roads	0	585	1 829	2 682	3 927
dwellings	6 359	8 036	10 584	14 114	16 978

Specific reservation 2 -revision - consumption of fixed assets - breakdown row „Buildings and structures, total“ of Table 3

in thd. €

CFC		2005	2006	2007	2008	2009
Revision of ESA 95 GNI reservation, total		618	854	1 081	1 424	1 768
of this	roads I. a II. class	0	99	104	117	179
	Dwellings	618	755	977	1 307	1 589

Specific reservation 2 - Impact on GNI

Year	GDP (B.1G)	GNI (B.5*G)	Specific reservation 2 impact on B.5*G in thd. €		Specific reservation 2 impact on B.5*G in %		Specific reservation 2 impact on B.5*G roads and dwellings	
			roads	dwellings	roads	dwellings	thd.€	%
2005	49 314 224	47 920 282	0	618	0	0,0013	618	0,0013
2006	55 001 750	53 304 132	99	755	0,0002	0,0014	854	0,0016
2007	61 449 714	59 529 910	104	977	0,0002	0,0016	1081	0,0018
2008	66 842 404	65 444 441	117	1 307	0,0002	0,002	1424	0,0022
2009	62 794 385	62 269 123	179	1 589	0,0003	0,0026	1768	0,0029

Specific reservation 2 - Assets included in government gross fixed capital formation – roads

GNP/GNI QUESTIONNAIRE 2013		SLOVAKIA					
Table 1: GDP and GNI (ESA 95)		2002-2008 million SKK; from 2009 million EUR					
2005-2009 As of 22/09/2013		code ESA 95	2005	2006	2007	2008	2009
Change of GDP/GNI due to incorporation of Specific reservation 2 - roads							
PRODUCTION APPROACH							
1	Output of goods and services (at basic prices)	P1		3,000	3,000	3,000	0,179
2	Intermediate consumption (at purchasers' prices)	P2		0,000	0,000	0,000	0,000
3	Gross value added (at basic prices)	B1G		3,000	3,000	3,000	0,179
4	Taxes on products	D21		0,000	0,000	0,000	0,000
5	Subsidies on products	D31		0,000	0,000	0,000	0,000
EXPENDITURE APPROACH							
6	Total final consumption expenditure	P3		3,000	3,000	3,000	0,179
7	Household final consumption expenditure	P3		0,000	0,000	0,000	0,000
8	NPISH final consumption expenditure	P3		0,000	0,000	0,000	0,000
9	General government final consumption expenditure	P3		3,000	3,000	3,000	0,179
10	Gross capital formation	P5		0,000	0,000	0,000	0,000
11	Gross fixed capital formation	P51		0,000	0,000	0,000	0,000
12	Changes in inventories	P52		0,000	0,000	0,000	0,000
13	Acquisitions less disposals of valuables	P53		0,000	0,000	0,000	0,000
14	Exports of goods and services	P6		0,000	0,000	0,000	0,000
15	Imports of goods and services	P7		0,000	0,000	0,000	0,000
INCOME APPROACH							
16	Compensation of employees	D1		0,000	0,000	0,000	0,000
17	Gross operating surplus and mixed income	B2G+B3G		3,000	3,000	3,000	0,179
18	Taxes on production and imports	D2		0,000	0,000	0,000	0,000
19	Subsidies	D3		0,000	0,000	0,000	0,000
20	Gross domestic product (ESA 95)	B1*G	0	3,000	3,000	3,000	0,179
21	Compensation of employees received from the rest of the world	D1		0,000	0,000	0,000	0,000
22	Compensation of employees paid to the rest of the world	D1		0,000	0,000	0,000	0,000

23	Taxes on production and imports paid to the Institutions of the EU	D2		0,000	0,000	0,000	0,000
24	Subsidies received from the Institutions of the EU	D3		0,000	0,000	0,000	0,000
25	Property income received from the rest of the world	D4		0,000	0,000	0,000	0,000
26	Property income paid to the rest of the world	D4		0,000	0,000	0,000	0,000
27	Gross national income (ESA 95)	B5*G	0	3,000	3,000	3,000	0,179
28	Impact on GNI (ESA95) of allocation of FISIM	FISIM					
29	Gross national income (ESA 95) excluding FISIM allocation	B5*G ex FISIM	0	3,000	3,000	3,000	0,179

Specific reservation 2 - Assets included in government gross fixed capital formation – dwellings

GNP/GNI QUESTIONNAIRE 2013		SLOVAKIA					
Table 1: GDP and GNI (ESA 95)		2002-2008 million SKK; from 2009 million EUR					
2005-2009		code ESA 95	2005	2006	2007	2008	2009
As of 22/09/2013							
Change of GDP/GNI due to incorporation of Specific reservation 2 - Dwellings							
PRODUCTION APPROACH							
1	Output of goods and services (at basic prices)	P1	19,000	23,000	29,000	39,000	1,589
2	Intermediate consumption (at purchasers' prices)	P2	0,000	0,000	0,000	0,000	0,000
3	Gross value added (at basic prices)	B1G	19,000	23,000	29,000	39,000	1,589
4	Taxes on products	D21	0,000	0,000	0,000	0,000	0,000
5	Subsidies on products	D31	0,000	0,000	0,000	0,000	0,000
EXPENDITURE APPROACH							
6	Total final consumption expenditure	P3	19,000	23,000	29,000	39,000	1,589
7	Household final consumption expenditure	P3	0,000	0,000	0,000	0,000	0,000
8	NPISH final consumption expenditure	P3	0,000	0,000	0,000	0,000	0,000
9	General government final consumption expenditure	P3	19,000	23,000	29,000	39,000	1,589
10	Gross capital formation	P5	0,000	0,000	0,000	0,000	0,000
11	Gross fixed capital formation	P51	0,000	0,000	0,000	0,000	0,000
12	Changes in inventories	P52	0,000	0,000	0,000	0,000	0,000
13	Acquisitions less disposals of valuables	P53	0,000	0,000	0,000	0,000	0,000
14	Exports of goods and services	P6	0,000	0,000	0,000	0,000	0,000
15	Imports of goods and services	P7	0,000	0,000	0,000	0,000	0,000
INCOME APPROACH							
16	Compensation of employees	D1	0,000	0,000	0,000	0,000	0,000
17	Gross operating surplus and mixed income	B2G+B3G	19,000	23,000	29,000	39,000	1,589
18	Taxes on production and imports	D2	0,000	0,000	0,000	0,000	0,000
19	Subsidies	D3	0,000	0,000	0,000	0,000	0,000
20	Gross domestic product (ESA 95)	B1*G	19,000	23,000	29,000	39,000	1,589
21	Compensation of employees received from the rest of the world	D1	0,000	0,000	0,000	0,000	0,000
22	Compensation of employees paid to the rest of the world	D1	0,000	0,000	0,000	0,000	0,000
23	Taxes on production and imports paid to the Institutions of the EU	D2	0,000	0,000	0,000	0,000	0,000
24	Subsidies received from the Institutions of the EU	D3	0,000	0,000	0,000	0,000	0,000
25	Property income received from the rest of the world	D4	0,000	0,000	0,000	0,000	0,000
26	Property income paid to the rest of the world	D4	0,000	0,000	0,000	0,000	0,000
27	Gross national income (ESA 95)	B5*G	19,000	23,000	29,000	39,000	1,589
28	Impact on GNI (ESA95) of allocation of FISIM	FISIM					
29	Gross national income (ESA 95) excluding FISIM allocation	B5*G ex FISIM	19,000	23,000	29,000	39,000	1,589

Specific reservation 2 - Assets included in government gross fixed capital formation – total

GNP/GNI QUESTIONNAIRE 2013		SLOVAKIA					
Table 1: GDP and GNI (ESA 95)		2002-2008 million SKK; from 2009 million EUR					
2005-2009		code ESA 95	2005	2006	2007	2008	2009
As of 22/09/2013							
Change of GDP/GNI due to incorporation of Specific reservation 2 - total							
PRODUCTION APPROACH							
1	Output of goods and services (at basic prices)	P1	19,000	26,000	32,000	42,000	1,768
2	Intermediate consumption (at purchasers' prices)	P2	0,000	0,000	0,000	0,000	0,000
3	Gross value added (at basic prices)	B1G	19,000	26,000	32,000	42,000	1,768
4	Taxes on products	D21	0,000	0,000	0,000	0,000	0,000
5	Subsidies on products	D31	0,000	0,000	0,000	0,000	0,000
EXPENDITURE APPROACH							
6	Total final consumption expenditure	P3	19,000	26,000	32,000	42,000	1,768
7	Household final consumption expenditure	P3	0,000	0,000	0,000	0,000	0,000
8	NPISH final consumption expenditure	P3	0,000	0,000	0,000	0,000	0,000
9	General government final consumption expenditure	P3	19,000	26,000	32,000	42,000	1,768
10	Gross capital formation	P5	0,000	0,000	0,000	0,000	0,000
11	Gross fixed capital formation	P51	0,000	0,000	0,000	0,000	0,000
12	Changes in inventories	P52	0,000	0,000	0,000	0,000	0,000
13	Acquisitions less disposals of valuables	P53	0,000	0,000	0,000	0,000	0,000
14	Exports of goods and services	P6	0,000	0,000	0,000	0,000	0,000
15	Imports of goods and services	P7	0,000	0,000	0,000	0,000	0,000
INCOME APPROACH							
16	Compensation of employees	D1	0,000	0,000	0,000	0,000	0,000
17	Gross operating surplus and mixed income	B2G+B3G	19,000	26,000	32,000	42,000	1,768
18	Taxes on production and imports	D2	0,000	0,000	0,000	0,000	0,000
19	Subsidies	D3	0,000	0,000	0,000	0,000	0,000
20	Gross domestic product (ESA 95)	B1*G	19,000	26,000	32,000	42,000	1,768
21	Compensation of employees received from the rest of the world	D1	0,000	0,000	0,000	0,000	0,000
22	Compensation of employees paid to the rest of the world	D1	0,000	0,000	0,000	0,000	0,000
23	Taxes on production and imports paid to the Institutions of the EU	D2	0,000	0,000	0,000	0,000	0,000
24	Subsidies received from the Institutions of the EU	D3	0,000	0,000	0,000	0,000	0,000
25	Property income received from the rest of the world	D4	0,000	0,000	0,000	0,000	0,000
26	Property income paid to the rest of the world	D4	0,000	0,000	0,000	0,000	0,000
27	Gross national income (ESA 95)	B5*G	19,000	26,000	32,000	42,000	1,768
28	Impact on GNI (ESA95) of allocation of FISIM	FISIM					
29	Gross national income (ESA 95) excluding FISIM allocation	B5*G ex FISIM	19,000	26,000	32,000	42,000	1,768

GNI Transversal reservation I: The treatment of cross-border property income

Explanation:

Property income flows with the rest of the world should be added to/subtracted from GDP in national accounts in order to calculate GNI. The sources and methods used need to be reviewed in order to ensure that all relevant property income flows are included in the national accounts.

Work done since the QR 2014:

Work on this reservation focused on four priority areas and consisted mainly of the examination of the current situation on the basis of additional questions by Eurostat during the year 2015. The pragmatic approach in solving of this reservation prepared by Eurostat was taken into account.

a) Reinvested earnings on foreign direct investment

The purpose of this part of the reservation was to exclude holding gains and losses from direct investment income. The data source is the Balance of Payments (BoP), which is under the management of the National Bank of Slovakia (NBS). Questions and relevant responses on this topic were consulted with colleagues from NBS. The NBS declared that since 2008 reinvested earnings holding gains and losses are excluded from direct investment income. This is in line with the OECD Benchmark Definition of FDI for the reporting of reinvested profits according to the so-called COPC principle (Current Operating Performance Concept), which in itself already contains a requirement for the elimination of holding gains and losses, and has been implemented in 2008. Based on these information we asked NBS to help us with an estimate of previous years. By working together we got a rough estimate for years 2003-2007, which was incorporated into the NA data and of course into the actual GNI Questionnaire 2015. For the year 2002, we did not use the BoP as a source for REI data but these figures were collected from the statistical survey performed by the SO SR (there is a single break in time series of the Slovak national accounts). Thus we do not have any relevant information that could be used to incorporate of COPC principle in this year.

b) Interest and dividends received by mutual funds from the investments

SO SR in accordance with Eurostat recommendations analysed all kinds of information on retained earnings that are reinvested in the Mutual Funds (D.4432) in close cooperation with our colleagues from the NBS. The conclusion was that no data on reinvested earnings related to shareholders of investment funds are available from the accounting statements. However, we received the information that no dividends were paid to shareholders at the present (last time in 2003 and 2004 - at negligible value only). Therefore the total profit of Investment fund is considered to reinvested share on the profit (Retained earnings allocated to shareholders of Investment funds). The reinvested earnings allocated to non-residents of investment funds were estimated on the basis of assumption that the structure for all dividends paid to abroad from statistical survey can be used.

Simultaneously, we have no information on data from abroad. Therefore we made following estimations:

Since we have no information on data from abroad, we used the information from the stocks of investment fund shares (AF.52) for all foreign countries. Assumed that the rate of return on property income (ratio of reinvested earnings and stocks) for the Slovak Republic is the same as for other countries, we applied it for the total foreign stocks (AF.52). Value of reinvested earnings paid from abroad to our residents (Slovakia) was estimated on the basis of structure of reinvested earnings received from abroad, and ratio of resident stocks of funds to non-resident stocks of funds.

Final estimated figures are incorporated into NA in September 2015.

c) Withdrawals of income from quasi-corporations

This topic was focused on properties owned by Slovakian residents abroad and properties owned by non-residents in Slovak republic.

Withdrawals of income from quasi-corporations (D.422) were estimated on the basis of the stock of dwellings value (data available only for particular time period) and corresponding rate of return on the property (2, 5%- as used for calculation of net operating surplus for imputed rents).

We have the information on the number of dwellings owned by non-residents in Slovakia from tourism statistics and we approached colleagues in neighbouring

countries to provide us with similar data on non-residents from Slovakia. We have received significant and relevant data only from the Czech Republic. But according to being one common republic in past – Czechoslovakia, there is a strong assumption, that most of holidays home owned by Slovak residents are situated in the Czech Republic. So, also in case of having additional data from other countries, the impact on GNI will be still closed to zero (see the table below).

d) Recording of taxes on property income

Based on the information provided by the Slovak Republic in the Questionnaire on the treatment of cross border property income it was concluded that the topic is treated in a sufficient way.

The work done on transversal reservation I has been approved by Eurostat e-mail dated on 19th August 2015.

GNI Transversal reservation II Financial Intermediation Services Indirectly Measured (FISIM)

Explanation:

Following the Commission Regulation (EC) No 1889/2002 of 23 October 2002 and the Council Decision 2010/196/EU, Euratom of 16 March 2010, FISIM produced domestically or imported should be allocated between intermediate consumption, final consumption and exports. The sources and methods used need to be reviewed in order to ensure that FISIM is properly estimated and allocated to the user sectors.

Work done since the QR 2014:

This issue was already solved last year in GNI questionnaire 2014 and figures related to export and allocation of import was recorded into the National accounts in a whole time series.

Subsequently during 2015, SO SR communicated with Eurostat and continued in additional work on transversal reservation II for other parts of improvements.

First of all, the subsector S123 should be considered as a producer of FISIM and should also be taken into account in the calculation of the internal and external reference rates. SO SR has taken into account this issue and prepared tables with calculation of FISIM for the subsector S.123. Based on detailed analysis of loans and deposits related to subsector S.123 we came to the conclusion that S.123 can be considered as a producer of FISIM only from 2010 onwards because of negligible figures on loans in previous time series. Simultaneously, only loans can be offered by subsector S.123 under the condition of the Slovak Republic.

Based on e-mail communication between SO SR and Eurostat in August 2015, SO SR calculated FISIM and compiled allocation of FISIM for both S.122 and S.123 in accordance with all Eurostat recommendations, as follows:

Information on stocks of loans from administrative data sources is the only data source for the FISIM calculation for S.123. Information on interest flows is available from statistical survey but not exhaustive as in the case of stocks of loans (for total, and subsectors S.11, S.14 and S.2 only).

The interest for other sectors were estimated on the basis of the structure of loans (loans offered by S.123) as ratio of relevant stock of loans to the total stock of loans multiplied by total interests obtained from the statistical survey.

Only one IRR was calculated and applied in the calculation of FISIM produced by both S122 and S123.

As concerns the external reference rate, ERR for subsector S.122 is calculated by our colleagues from the National Bank of Slovakia as ratio of interests on loans plus interests on deposits between resident and non-resident financial intermediaries, to the stocks of loans plus the stocks of deposits between resident and non-resident financial intermediaries. The Eurostat recommendation on possibility to use the same ERR calculated for S122 and applied to S123 without further modifications was taken into account.

Adjusted figures were incorporated into the national accounts in September 2015.

GNI Transversal reservation V: Treatment of cooperative dwellings

Explanation:

The treatment of cheap rentals in the context of cooperative dwellings needs to be reviewed in order to ensure compliance with ESA95.

The discussion at the meeting of the GNI Committee in October 2011 showed that the treatment in national accounts of aspects of cooperative dwellings, in particular the treatment of cheap rentals may differ in the various countries in some cases. Further clarifications and discussions are needed in order to agree on an ESA95 compliant and comparable treatment.

Slovakia indicated, in the answer to the Questionnaire on the recording of cheap rentals in national accounts, that cooperative dwellings exist in Slovakia, but the rentals are comparable to rents for private flats.

As it was proposed at the October 2012 GNI Committee meeting, Eurostat has checked whether the Slovak practice is in compliance with the GNI Committee recommendations. In the Slovak case, in particular, this relates to

- the treatment of cooperatives as owners of dwellings where the members of the cooperative own shares and
- the treatment of units administrating owner-occupied dwellings.

Concerning the cooperatives as owners of dwellings, Slovakia informed that rents paid by members to the cooperatives contain all payments associated with the use of the cooperative apartment: building management (garbage disposal, electricity in the house, cleaning of the common parts, maintenance and repair of common areas, etc.), fund “operation, maintenance and repair”, management fee) and an annuity payments.

As regards the administration of owner-occupied dwellings, the administrators provide building management services. These include:

- the administration of the house (acquisition of goods and services for the operation, maintenance and repair of the common parts of the house, common

facilities of the house, and for other activities related to the use of the house as a whole),

- the management of the owner's payments for performance (services associated with the use of dwellings), as well as of the fund "operation, maintenance and repair", which consists of contributions from owners.

Work done since the QR 2014:

Eurostat has reviewed information provided by the SO SR and the only requirement for additional clarification related to reservation V in 2015 was sent to Eurostat on Tuesday 30 June 2015.

According to information from Eurostat the reservation can be lifted after the method of estimating IC of dwelling services will be accepted within the framework of the work on transversal reservation VIII.

GNI Transversal reservation VI: The inclusion of illegal activities in national accounts

Explanation:

The ESA95 provides that illegal activities (prostitution, production and trafficking of drugs, smuggling of alcohol and tobacco products) fall within the production boundary of national accounts. The sources and methods used need to be reviewed in order to ensure that illegal activities are properly included in the national accounts.

Work done since the QR 2014:

In the last GNI Questionnaire 2014 we explained our methods on the work on inclusion of illegal activities. Eurostat recommendations from GNIC/230 document were filled. Based on these answers we received additional questions from Eurostat which were related to some minor clarifications. Together with them we were also asked to quantify the impact of illegal activities on GNI for the whole time series and to provide numerical evidence of the calculation steps performed in the estimation of prostitution services, production and trafficking of illegal drugs, smuggling of alcohol

and tobacco products. All of these open aspects were sent to Eurostat by e-mail on 25th June 2015 together with numerical evidence for year 2010.

We are expecting the Eurostat decision on this issue.

GNI Transversal reservation VIII Intermediate consumption for actual and imputed rentals

Explanation:

In the compilation of Gross Value Added (GVA) of housing services (including actual rentals and imputed rentals), an estimate of the expenditure on ordinary maintenance and repairs that are not typically carried out by tenants should be made and recorded as intermediate consumption in accordance with Regulation No 1722/2005.

Work done since the QR 2014:

Work on this reservation was focused on four priority areas and consisted mainly of the examination of the current situation on the basis of additional questions by Eurostat during the year 2015, and subsequent new data calculations.

Data in time series are compiled according to the methodical changes in calculation of years 2009 and 2010. Final excel file with explanation of this new methodology was approved by Eurostat on Friday 31.7.2015. Following methodical changes are incorporated in actual GNI Questionnaire 2015:

a) Distinction between IC and GFCF

First of all we have examined calculation of capital account for the sector of households S.14; particularly we focused on the figures of major repairs as a part of GFCF. We have noticed that information of amount of major repairs per person per year available from the Household budget survey is incorporated into GFCF for S.14. In the next step, we verified, whether this amount is deducted from the intermediate consumption within the imputed rent calculation. We have found that this is not a case, and is necessary to address this deficiency, which was undertaken by subtracting of amount of major repairs directly from the intermediate consumption. Distinction between IC and GFCF is now ensured. This change has no impact on

GNI as the change in HFCE due to decrease in IC is balanced toward the production side.

b) Expenses on FISIM and Insurance

We have focused on estimation of relevant expenses (FISIM, Insurance). In the past we did not estimate these services separately, although within the standard calculation of FISIM and insurance they are included.

The only way of separating FISIM for this purpose is to calculate FISIM for loans just related to housing. The estimate of FISIM services was compiled using a standard way in accordance with Regulation (EU) No 549/2013 – Chapter 14 (Financial intermediation services indirectly measured (FISIM)). We used the stocks of loans which are related to housing:

- investment loans,
- ½ from consumer's loans,
- mortgage,
- construction loans of Building Society,
- and other loans for housing property.

The interests were estimated as a share of loans related to housing to the total loans provided. It was applied to the total interests taken from the statement on interest (V (NBS) 13-04 - administrative data source NBS). Also, the same internal reference rate as for calculation of the total FISIM was used.

For the estimate of insurance and re-insurance services related to dwellings and houses insurance, the same algorithm for calculation of services as for calculation of the total non-life insurance services was used, but it was applied on the item property insurance taken from the statement on non-life insurance market (Ppn (PTN) 04-04) - administrative data source NBS). Obtained value represents the value to be added to intermediate consumption while calculating imputed rent. For this area the zero impact on GNI is expected, as FISIM and Insurance expenses were already calculated as part of intermediate consumption of dwellings but at a different aggregation level.

c) Empty dwellings

We have information on the number of empty flats from Census 2011 as well as from the previous Censuses. Numbers of empty dwellings between Censuses were extrapolated.

Estimation of intermediate consumption for empty dwellings is based on numbers of empty dwellings. We assume that 90% of these empty dwellings should be included in the calculation of imputed rent. When calculating the intermediate consumption the same unit costs for the repair and maintenance as for the all owner-occupied dwellings were used. This calculated intermediate consumption for empty dwellings should be included into the total intermediate consumption for owner occupied dwellings. Incorporating empty dwellings into IC has a direct impact on GNI. The increase in IC of empty dwellings (decrease in GDP) from Production side is matched by a decrease in HFCE (Expenditure side) and operating surplus (Income side).

d) Estimation of rented dwellings

The production of rented dwellings is included in total production of NACE 68, but it is not possible to separate it from the aggregate figure. We are able only to estimate some figures based on total value of actual rents (included in HFCE as COICOP 4.1 - calculation is based on household budget survey data) which should be equal to total production of rented dwellings. Intermediate consumption of S.1 is calculated as a ratio to production of rented dwellings. Proportional share P.2/P.1 is the same as in the case of imputed rent. The production of institutional sector S.12 and S.15 is supposed to be insignificant or closed to zero. S.11 (P.1 and P.2) is a rough estimation from production statistics and figures for S.14 (P.1 and also P.2) are result of subtraction of other sectors from total figure. In the future we would like to obtain the more accurate data from Tax authority of Slovak Republic. As the change in IC is insignificant, GDP/GNI remains the same.