

NTA Public Transfers

NTA Flow Identity

Inflow = Outflow

$$Y^L(a) + Y^A(a) + \tau^+(a) = C(a) + S(a) + \tau^-(a)$$

Lifecycle Deficit = Age Reallocations

$$C(a) - Y^L(a) = [Y^A(a) - S(a)] + \tau^{\text{net}}(a)$$

$$\tau^{\text{net}}(a) = \tau_G^{\text{net}}(a) + \tau_F^{\text{net}}(a)$$

Public Sector

SNA 2008, 4.127: The general government consists of the following groups of residential institutional units

- All units of central, state or local government
- All non-market non-profit institutions that are controlled by government units
- Also includes social security funds, either as separate institutional units or as part of any central, state or local government

Public enterprises or profit-making activities, i.e. public corporations, are excluded

Function of Public Sector in NTA

1. Transfer resources across age groups

- Cash transfers (vouchers, taxes, ...)
- In-kind transfers (education, defense, ...)

2. Manage public assets

- Borrows and lends thereby create public wealth/debt
- Pay/receive income on public financial assets/debt

Transfers

Transfers are flows that involve no explicit *quid pro quo* obligations.

- Many transfers may involve implicit obligations, e.g. transfers between children and parents
- Retirement benefits paid to public workers as part of their employment contracts are not transfers, i.e. they are deferred payments for labor

Public Transfers

- Public transfer systems consists of a set of mutually exclusive and exhaustive programs
- Programs vary widely across countries:
 - Broad sectors, e.g. health, education
 - Specific program, e.g. Conditional Cash Transfer
- Source of funding: General or Specific
- NTA emphasis on age dimension of programs and of funding sources

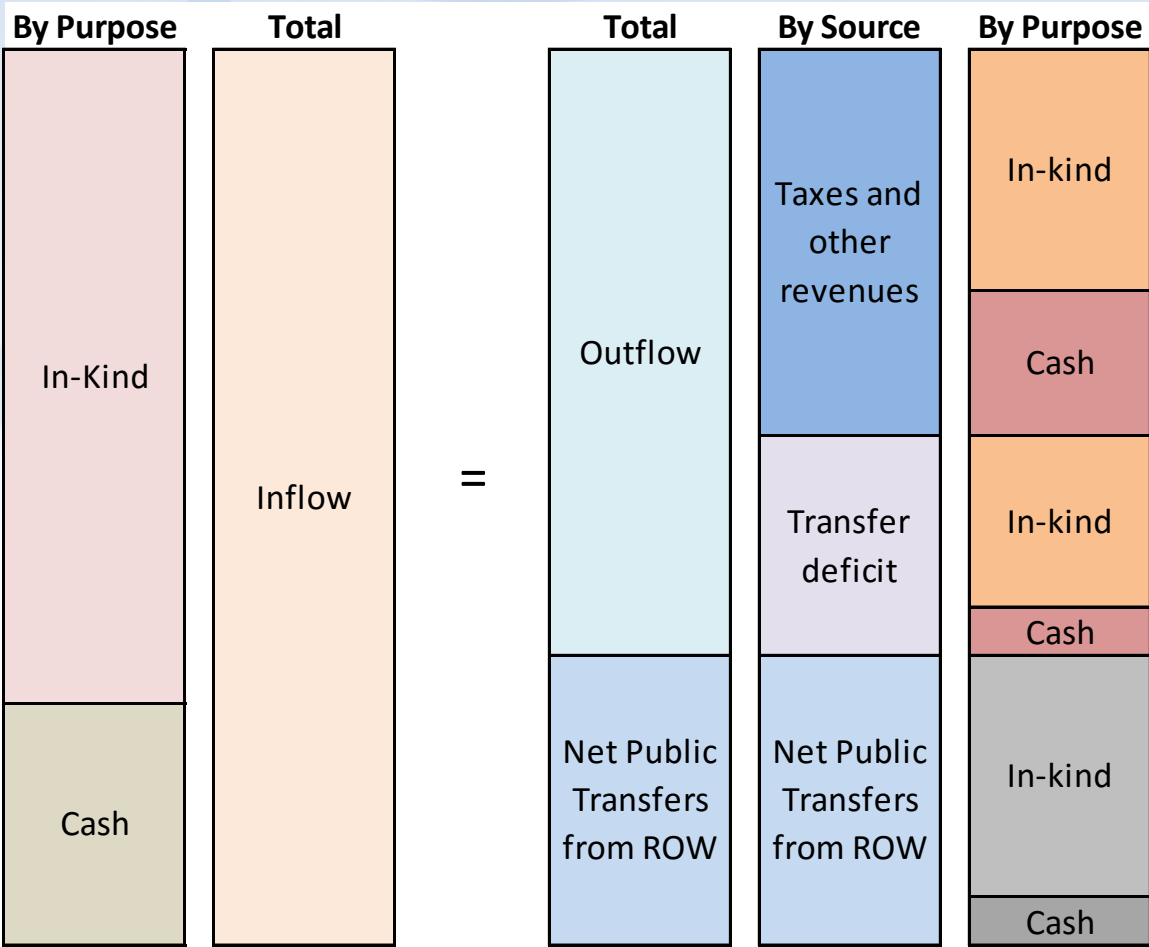
Public Transfers, Inflows

- In-Kind Transfers (Public Consumption)
 - Education, Health, Others
 - Reimbursement for health care included as in-kind
- Cash transfers
 - Social security benefits
 - Social assistance benefits in cash
 - Pension programs
 - Grants, ...

Public Transfers, Outflows

- Taxes
 - Direct taxes
 - Indirect taxes (net of subsidies)
 - Other revenues, e.g. fees, fines, etc.
- Social security contributions
- Transfer surplus/deficit
 - Derived in NTA, no SNA/GFS counterpart
- Grants

Public Transfers Schematic



Three Important Questions (TIQ)

1. How large is each program?
 - Expenditure and source of funding
2. Which age groups benefit?
 - Transfer inflows assigned to age group of intended/actual beneficiaries of the program
3. Which age groups bear the cost?
 - Transfer outflows are assigned to tax payers based on tax incidence rule

How large is each program?

- Public Sector Inventory: Identify purpose and source of funding of government programs
 - Administrative documents
 - IMF Government Financial Statistics (GFS)
 - System of National Accounts
- Specific programs with clear age-based component, e.g. cash transfer programs, tobacco/liquor taxation

Which age groups benefit?

- Inflows In-Kind same as Public Consumption
- Cash Transfers, Inflows
 - Targeted programs: assign to age group of beneficiaries using survey or other sources
 - Untargeted programs: use headship

Which age groups bear the cost?

- By source, i.e. type of outflow, including taxes (net of subsidies), social contributions, grants, other revenues
- By purpose, i.e. function of government
- Assigned based on tax incidence rule
- Transfer deficit: Use unobligated taxes

Table 6.6.
Mapping of SNA taxes to tax source (*NTA classification*)

Tax source	SNA classification
Consumption	Value added type taxes (VAT)
	Taxes and duties on imports excluding VAT
	Less: import subsidies
	Other taxes on production and imports
	Less: Other subsidies on products
Consumption of alcohol and/or tobacco	Monopoly revenues and excise and stamp taxes from tobacco and alcohol
Labour income	Export taxes*
	Less: export subsidies*
	Other taxes on production*
	Less: other taxes on production*
	Employers' actual social contributions
	Employees' actual social contributions
	Social contributions by self- and non-employed persons
	Imputed social contributions
Asset income	Export taxes*
	Less: export subsidies*
	Other taxes on production*
	Less: other taxes on production*
	Individual income tax*
	Corporate income tax
Income	Individual income tax
Various	Other current taxes

Table 6.7.

Mapping of IMF Government Financial Statistics to NTA public transfer outflows

GFS classification	Suggested NTA tax source
Taxes	
Taxes on income, profit, and capital gains	
Payable by individuals	Labour and asset income*
Payable by corporations and other enterprise	Asset income
Taxes on payroll and workforce	Labour income
Taxes on property	Asset holding
Taxes on goods and services	Consumption
Taxes on international trade and transactions	Various
Other taxes	Various
Social contributions	Labour income
Subsidies	
To public corporations	Various
To private enterprises	Various
Grants	
From foreign governments	
Current	Rest of the world
Capital	Exclude from NTA flow account
From other general government units	Zero for general government
Other revenue	
Property income	Not a public transfer (Asset income)
Sales of goods and services	Other
Fines, penalties, and forfeits	Other
Voluntary transfers other than grants	
Current	Other
Capital	Exclude from NTA flow account
Miscellaneous and unidentified revenue	Other

NTA: Public Transfers

TGE [I/O]	Public transfers, education [inflow/outflow]
TGH [I/O]	Public transfers, health [inflow/outflow]
TGSOA[I/O]	Public transfers, pensions [inflow/outflow]
TGS[I/O]	Public transfers, social protection other than pensions [inflow/outflow]
TGXI[I/O]	Public transfers, other in-kind [inflow/outflow]
TGXC[I/O]	Public transfers, other cash [inflow/outflow]

NTA: Taxes

Age reallocation age profiles—taxes

While not part of the NTA flow account, age patterns of taxes do constitute the basis for calculating public transfer outflows.

TGF	Taxes
TGFK	Taxes on income, profits and capital gains
TGFW	Taxes on payroll and workforce
TGFP	Taxes on property
TGFG	Taxes on goods and services (consumption taxes)
TGFF	Taxes on international trade and transactions
TGFX	Other taxes
TGP	Social contributions
TGPS	Social security contributions
TGPX	Other social contributions
TGG	Grants
TGGG	Grants from foreign governments
TGGF	Grants from international organizations
TGX	Other revenue

Tax and age profile indicators

NTA Profile and Macro-control	Age-profile indicator
Private Consumption	Various
Labor Income	Wages, Self-employment
Private Asset Income	
- Capital Income	
Corporations and NPISH	Dividends, interest and rent income
Owner-occupied Housing	Household imputed rent assigned to head
Share of mixed income	Share assigned to head
- Property Income	
Inflows	Dividends, interest and rent income
Outflows	
Consumer credit	Household interest expense
Other property income outflows	Dividends, interest and rent income

Reference

United Nations (2013). [*National Transfer Accounts Manual: Measuring and Analysing the Generational Economy*](#). New York: United Nations. [Chapters 6 and 7]