The general government national accounts

General presentation

Every year, at the end of March, Insee publishes a first assessment of the general government national accounts. The data in the tables is simplified, as it only shows the main flows of revenue and expenditure. Most of the operations kept in the different tables match elementary blocks of the sector accounts. The following definitions explain the content.

Definitions

The **general government** sector comprises four different levels: the State, central agencies, local government and social security funds. This last section includes notably: social security funds *per se*, Cades (social security debt management agency), unemployment insurance and public hospitals.

The **compulsory levies** cover, in national accounts, several categories of taxes and the actual social contributions received by the general government and the European institutions:

- current taxes on income: for households, this is mainly the personal income tax (*impôt sur le revenu des personnes physiques* or *IRPP, contribution sociale généralisée* or *CSG,* and *contribution pour le remboursement de la dette sociale* or *CRDS*). For companies, this is mainly the corporation income tax (*impôt sur les sociétés or IS*).
- taxes on products, including the added value tax, the consumption tax on energetic products, stamp duties for transactions, duties on alcohol and tobacco products;
- taxes on production, which mainly consist in a corporation value-added tax (*CVAE*), the corporate property tax, the general property tax and the *Versement Transport* (a local tax dedicated to the funding of transports).
- capital taxes, including succession rights and exceptional levies on contingency or reserve funds.
- other current taxes, including the housing tax and the tax on wealth (*ISF*).

The **compulsory levies ratio** is smaller than the **public revenues ratio** because it excludes:

- the so-called "imputed" social contribution, which represent social benefits that the government grants to its employees and which are not covered by effective social contributions;
- payable tax credits like the tax credit for research *(crédit Impôt Recherche* or *CIR*) or the tax credit for encouraging competitiveness and jobs (*crédit d'impôt pour la compétitivité et l'emploi* or *CICE*). According to the rules of the European System of Accounts 2010, payable tax credits are recorded as public revenues along with taxes (personal income tax or corporation income tax), but they are excluded from the computation of the compulsory levies ratio;
- all revenues that are not taxes or social contributions in national accounts: sales, subsidies receivable, property income, current or capital transfers receivable.

The **previous year GDP at current prices**, used in order to construct the public finances ratios at the end of March, is estimated from the preliminary results of the national accounts ongoing campaign for the previous year, to which the annual growth rate of the GDP is applied (figure provided by the "detailed results" of the quarterly national accounts, with no working days correction). The GDP, as well as certain results from the general government accounts, may be updated at the release date of the provisional accounts, on May 15th .

The **government deficit and debt ratios** are the two main indicators of public finance that the European Union Member States notify at the end of March and at the end of September to the European Commission, in accordance with the Maastricht Treaty. The ratios are calculated in percentage of GDP. The government deficit matches exactly the concept of "net borrowing" used in national accounts. The government debt, or "debt according to the Maastricht definition" steps out of the standard concepts of national accounts. Certain types of liabilities are excluded: trade credits and financial derivatives. The debt is **consolidated**: the transactions between general government units are eliminated, for example the deposits from local governments to the Public Treasury. Finally, the debt is evaluated in **nominal value**, meaning face value or refunding value and not in market value, as usual in national accounts.