TAXES NET OF SUBSIDIES

Presentation

This note relates to the follow-up compilation of the Taxes Net of Subsidies metadata. Thus, it describes the definition, range, sources, and methodology used in preparing the Taxes Net of Subsidies item.

Definition and Scope

Definition

Taxes are mandatory payments in money, with no offsetting entry, that institutional units make to governmental units. Specifically, Taxes Net of Subsidies is composed of Taxes Net of Subsidies to Products, and Other Taxes Net of Subsidies to Production.

Taxes Net of Subsidies to Products is defined as taxes that do not constitute expenditure for the company; rather, they affect the final consumer, such as the VAT. They include import duties. Other Taxes Net of Subsidies to Production is defined as taxes that are paid by companies and that have an impact on production, for example, trade patents, juridical acts, or property tax.

What is measured / What is excluded

In Chile, taxes levied on specific products (tobacco and fuels) are included in Other Taxes Net of Subsidies to Production.

Source Data

The main sources of information are the reports on nationwide tax revenues and expenditures issued by the General Treasury of the Republic.

Administrative Records

- Budget Statements from the Public Sector.
  Reporting Institution: Office of the Comptroller General.
  Data used: Current Income and Expenditure of the General Treasury of the Republic.
  Frequency: Annual.

- Source Name: Budget Statements from the Municipal Sector.
  Reporting Institution: Office of the Comptroller General.
  Data used: Current Income.
  Frequency: Annual.

Statistical Forms & Reports

- Source Name: Report on tax revenues and expenditures.
  Reporting Institution: General Treasury of the Republic.
  Data used: Tax income and subsidies expenditure.
  Frequency: Annual.
Compilation method

The compilation method to transform source data for determining the Taxes Net of Subsidies consists of the following stages:

Aggregation, imputation and validation

Validations and Imputations

Data on public finances are converted into national accounts in agreement with pre-established criteria. Detailed data on taxes and subsidies by industry are verified with the total amounts disclosed in the sources of information. Additionally, behavior of taxes is analyzed from the sources with respect to previous periods, particularly regarding the VAT.

Classification

Taxes are classified as per the recommendations of the SCN93 (System of National Accounts 1993). That is, Taxes on Products (including import duties), and Other Taxes on Production.

Estimation Procedure

Generally, the procedures used for estimating the follow-up Taxes Net of Subsidies depend on the information sources available:

- In the benchmark compilation, every five years, there is often more complete information available, such as a tax matrix. It is then possible to determine the “best level” for taxes and subsidies applicable to each product and industry.

- However, for the follow-up compilation there is usually less complete information. Although the overall tax level by categories at current prices is known, no tax matrix similar to that of the benchmark is made. So, generally, taxes and subsidies applicable to each product and industry are determined by applying the “best change” of values—resulting from the above mentioned data—on taxes and subsidies from the 2003 benchmark compilation, by using extrapolation procedures. There are two different cases:

  i) at constant prices, for VAT and Import Duties, the extrapolation method is applied by using the most relevant indicator for each product group.

  ii) at current prices, the record of taxes by product and industry groups is determined by extrapolation, using value indexes.

Data Reconciliation

Taxes Net of Subsidies are balanced within the framework of the supply-use tables, so that records are consistent with public finance statistics at an aggregate level by tax categories.

Data Access

Publication

Taxes Net of Subsidies are disseminated at an aggregate level in the Generation of Income Account. In turn, they are disseminated at a disaggregated level by economic industry in the Gross Domestic Product breakdown table at current prices, and in the Gross Domestic Product Tables at constant and current prices.

Taxes Net of Subsidies

Period: 2003 through 2007, Base 2003
Link:  [http://www.bcentral.cl/publicaciones/estadisticas/actividad-economica-gasto/aeg01e.htm](http://www.bcentral.cl/publicaciones/estadisticas/actividad-economica-gasto/aeg01e.htm)
Tables: 1.8, 1.14, 1.15, and 2.11 to 2.15

Link: [http://www.bcentral.cl/publicaciones/estadisticas/actividad-economica-gasto/aeg01b.htm](http://www.bcentral.cl/publicaciones/estadisticas/actividad-economica-gasto/aeg01b.htm)
Tables: 1.9

Period:  1986 through 1998, Base 1986
Tables: 1.57