

Explanatory notes to the April 2013 EDP notification tables

This document addresses some methodological issues and summarises the corrections made in the EDP reporting tables based on the action points defined during the EDP dialogue visit to Estonia on 27-28 February 2013.

Methodological issue

Equity injection into the AS Eesti Energia

In 2012 the central government made a capital injection into AS Eesti Energia in amount of 150 million euros. The transaction was recorded as equity injection (F.512) because the corporation have been profitable for more than a decade and is paying to government sector the largest amount of dividends among the public corporations.

Action points

AP5. Change the PRIA claim towards the EU to other accounts receivable

The correction is made. The change affected the lines *Loans (F.4)* (assets) and *Other financial assets (F.1, F.6 and F.7)* in EDP tables 3A and 3B.

AP6. The SE will report to Eurostat whether the short-term rescue loan provided by government to Estonian Air at the end of 2012 should be reclassified as a capital transfer.

In December 2012 government decided to provide short-term rescue loan to Estonian Air. The upper limit of the loan was set to 8,3 million euros and it was agreed that the times and amounts of actual payments will be settled based on the actual and verified needs of the corporation. The first payment (0,8 million euros) was made in December 2012. The following payments in amounts of 3 million and 4,5 million euros were made in the middle of January 2013 and in the first half of February 2013 respectively. At the end of February it was decided that the upper limit of the loan will be increased by 16,6 million euros.

Since each sub-set of the total loan will be decided independently and as the amount of upper limit of the loan were changed later (and is expected to be changed once more), SE decided to treat each payment as a separate transaction. Therefore, only the classification of the payment made in December 2012 had to be investigated further. Based on the information received from the Head of State Accounting Department in March 2013 the Ministry of Finance deemed the December payment made to the company to be "unlikely to be collected" and recorded accordingly in the state bookkeeping accounts. Based on this information this payment was recorded as the capital transfer in government sector accounts.

The amount of capital transfer was 0,8 million euros and this is included in line *Other accounts payable (-)* in EDP table 2A (sub-line *Capital injections (financial transactions classified as capital transfers)*).

AP8. Kredex will be reclassified inside the general government sector due to the change in nature of its activities

For April 2013 EDP reporting the Kredex Foundation was reclassified into government sector but due to the time constraints the reclassification was not yet done in underlying GFS data (tables 2, 25, 27 and 28 of ESA95 transmission program). Due to the short period of time available, the lack of the human resources and mixed information about the transactions of the foundation only very preliminary estimates of the transactions were calculated. The effect of the reclassification on the debt could be easily estimated, but the effect on the deficit of the whole government sector, on the other hand, needs to be very thoroughly investigated and discussed further with Eurostat before the September 2013 notification as several methodological issues arose during the compilation of the transactions.

The effect of the reclassification was estimated as following:

	2009	2010	2011	2012
B.9 of S.13	4,4	5,1	3,8	8,6
GG consolidated gross debt (level)	0	5	21,5	28,3
Change in the GG consolidated gross debt	0	5	16,5	6,8

The effect on B.9 is included in the line *Net borrowing (-) or net lending (+) of other central government bodies – Foundations* in EDP table 2A.

The effect of reclassification on debt is included in the lines *Central government contribution to general government debt* and *Central government gross debt (level)* in EDP table 3B and is affecting the lines *Change in general government (S.13) consolidated gross debt* in EDP table 3A and *Change in central government (S.1311) consolidated gross debt* in EDP table 3B.

AP9. SE will examine the flows of tax revenues and reimbursements during the months of January and February 2013, in order to assess whether any corrections will needed to be made.

VAT calculation method in Estonia is based on cash receipts with simple time lag of 1 month, thereby the annual amount includes the VAT receipts starting from February and ending with January the next year. Reimbursements share in VAT revenue is somewhat different in different years, therefore it is necessary to examine whether the reimbursement share is out of usual proportion and, if necessary, to correct the VAT calculations based on the average reimbursement share.

Analysing the data for years 2006-2013 (Table 1), there have been differences between share of reimbursement in January and February. The smallest difference (2,8 percentage points) was in 2008 and the highest (35,1 percentage points) was in 2010. During the previous EDP dialogue visit in 2011, the whole time series of reimbursement share for the years 2006-2010 was under investigation. Statistics Estonia has corrected the VAT annual amounts for 2009 and 2010 according to the EDP dialogue visit action points' settlement in 2011. There was no need to correct the annual amount of VAT in any other year.

The reimbursement share in January and February has been normal for all the years following the correction in the 2009-2010. In 2011 the difference between January and February was 3,1, in 2012 8,9 and in 2013 8,2 percentage points. These differences between the months are usual in the whole time series and it is not necessary to correct the annual calculation according to the average share of reimbursement for the years 2011-2013.

The tables with information about the VAT revenue and reimbursement are available in the Annex of this document.

AP10. SE will record interest expenditure making use of the data coming from the financial accounts, in order to record the differences between cash and accrual in the appropriate line of the EDP table 2

In EDP tables 2A and 2C the lines *Difference between interest paid (+) and accrued (EDP D.41)(-)* are corresponding to the information available from the financial accounts and only the interest payables are included in this line. Interest receivables are recorded in line *Other adjustments (+/-)* as instructed during the EDP dialogue visit.

AP.12. The series of gross fixed capital formation will be amended for the years 2010 and 2011 in order to record the acquisition of a helicopter on a delivery basis

Based on the further exchange of the information it was made certain that the transactions concerned were associated with a ship (as during the visit there was uncertainty whether the ship or helicopter was concerned).

The amendments in gross capital formation affected only the year 2011 as in 2010 only the prepayments were recorded in the accounting data and no acquisition of fixed assets. The effect in 2011 was 8.1 million euros: gross capital formation was decreased by this amount and the B.9 of central government was increased correspondingly. In tables 3A and 3B the line *Other financial assets (F.1, F.6 and F.7)* was affected: in 2011 the figure in this line was increased by 8.1 million.

Due to the time constraints and lack of the human resources the correction was recorded only in EDP report but not in GFS data (tables 2, 25, 27 and 28 of ESA95 transmission program).

AP.13. SE will analyse the data on trade credits in order to see if some of the amounts should be included in government debt in line with Eurostat's decision on the recording of trade credits

There are no such cases of trade credits which should be included in government debt.

AP.14. SE will exclude guarantees provided by government to other government units from questionnaire table 9.1. Guarantees provided by Kredex, on the contrary, will be included in this table due to the Kredex' reclassification inside general government

The guarantees provided by government to other government units were excluded from table 9.1. Guarantees provided by Kredex were added into the table. For year 2012 some information about new guarantees provided was not yet available for this notification.

AP15. Questionnaire table 10.2 will be amended as regards the capital injection in 2011 into the Estonian Development Fund

The correction is made in table 10.2 and Development Fund is not listed among the companies receiving large injections.

AP.16. SE will provide a completely filled out questionnaire table 11.1 as regards the PPP project concerning the renovation of schools in Tallinn.

The table is filled out.

28.03.2013

National, Financial and
Environmental Accounts Department
Statistics Estonia

Annex

VAT revenue, reimbursements and the differences between the reimbursement share of January and February

Period	VAT revenue, EUR	Reimbursement, EUR	VAT revenue - reimbursement, EUR	Share of reimbursement in VAT revenue %	Difference between the reimbursement shares in Jan and Feb, percentage points
01.01.2006 - 31.01.2006	159 257 284	64 372 159	94 885 125	40,4%	
01.02.2006 - 29.02.2006	133 963 669	61 733 007	72 230 662	46,1%	5,7
01.03.2006 - 31.03.2006	143 630 615	65 736 239	77 894 376	45,8%	
01.04.2006 - 30.04.2006	165 357 247	57 722 853	107 634 394	34,9%	
01.05.2006 - 31.05.2006	159 301 096	74 175 793	85 125 303	46,6%	
01.06.2006 - 30.06.2006	174 403 720	73 729 191	100 674 528	42,3%	
01.07.2006 - 31.07.2006	179 370 171	71 553 946	107 816 225	39,9%	
01.08.2006 - 31.08.2006	178 450 533	84 163 622	94 286 912	47,2%	
01.09.2006 - 30.09.2006	182 047 084	68 682 469	113 364 615	37,7%	
01.10.2006 - 31.10.2006	191 217 654	77 852 874	113 364 780	40,7%	
01.11.2006 - 30.11.2006	191 259 445	79 071 163	112 188 283	41,3%	
01.12.2006 - 31.12.2006	195 669 516	83 498 291	112 171 225	42,7%	
01.01.2007 - 31.01.2007	209 347 609	91 232 650	118 114 959	43,6%	
01.02.2007 - 28.02.2007	180 074 457	72 800 243	107 274 214	40,4%	-3,2
01.03.2007 - 31.03.2007	177 727 218	78 206 425	99 520 793	44,0%	
01.04.2007 - 30.04.2007	200 421 890	81 297 175	119 124 715	40,6%	
01.05.2007 - 31.05.2007	202 310 831	96 880 596	105 430 235	47,9%	
01.06.2007 - 30.06.2007	222 379 001	84 719 488	137 659 513	38,1%	
01.07.2007 - 31.07.2007	211 515 632	102 227 686	109 287 946	48,3%	
01.08.2007 - 31.08.2007	210 578 807	84 766 546	125 812 261	40,3%	
01.09.2007 - 30.09.2007	210 032 668	80 975 121	129 057 547	38,6%	
01.10.2007 - 31.10.2007	213 826 573	103 527 193	110 299 380	48,4%	
01.11.2007 - 30.11.2007	222 787 313	88 740 282	134 047 031	39,8%	
01.12.2007 - 31.12.2007	219 613 919	89 764 791	129 849 128	40,9%	
01.01.2008 - 31.01.2008	217 704 701	101 872 101	115 832 601	46,8%	
01.02.2008 - 28.02.2008	177 991 809	88 274 564	89 717 244	49,6%	2,8
01.03.2008 - 31.03.2008	178 880 497	84 464 001	94 416 496	47,2%	
01.04.2008 - 30.04.2008	194 839 768	83 761 037	111 078 731	43,0%	
01.05.2008 - 31.05.2008	209 764 132	80 547 790	129 216 342	38,4%	
01.06.2008 - 30.06.2008	202 944 598	85 948 999	116 995 599	42,4%	
01.07.2008 - 31.07.2008	205 498 864	94 959 494	110 539 370	46,2%	
01.08.2008 - 31.08.2008	199 484 707	71 042 841	128 441 866	35,6%	
01.09.2008 - 30.09.2008	189 734 076	84 500 781	105 233 295	44,5%	
01.10.2008 - 31.10.2008	202 030 795	90 268 870	111 761 925	44,7%	
01.11.2008 - 30.11.2008	187 478 904	76 337 203	111 141 701	40,7%	
01.12.2008 - 31.12.2008	176 025 504	87 146 691	88 878 813	49,5%	
01.01.2009 - 31.01.2009	141 970 587	51 661 716	90 308 871	36,4%	
01.02.2009 - 28.02.2009	164 721 879	79 452 377	85 269 501	48,2%	11,8
01.03.2009 - 31.03.2009	166 195 659	68 974 921	97 220 738	41,5%	
01.04.2009 - 30.04.2009	175 863 504	80 268 221	95 595 283	45,6%	

01.05.2009 - 31.05.2009	158 292 198	66 615 529	91 676 670	42,1%
01.06.2009 - 30.06.2009	162 243 581	57 108 913	105 134 668	35,2%
01.07.2009 - 31.07.2009	178 495 262	71 103 571	107 391 691	39,8%
01.08.2009 - 31.08.2009	176 183 871	62 068 860	114 115 010	35,2%
01.09.2009 - 30.09.2009	172 272 910	79 217 026	93 055 884	46,0%
01.10.2009 - 31.10.2009	171 374 255	61 844 038	109 530 217	36,1%
01.11.2009 - 30.11.2009	182 387 967	75 443 171	106 944 796	41,4%
01.12.2009 - 31.12.2009	171 966 632	66 064 230	105 902 401	38,4%
01.01.2010 - 31.01.2010	190 713 465	47 957 523	142 755 943	25,1%
01.02.2010 - 28.02.2010	160 288 654	96 617 605	63 671 049	60,3%
01.03.2010 - 31.03.2010	152 261 130	63 937 299	88 323 830	42,0%
01.04.2010 - 30.04.2010	175 087 217	65 146 612	109 940 606	37,2%
01.05.2010 - 31.05.2010	172 193 223	72 397 442	99 795 781	42,0%
01.06.2010 - 30.06.2010	179 455 299	69 140 540	110 314 759	38,5%
01.07.2010 - 31.07.2010	181 367 044	84 801 808	96 565 237	46,8%
01.08.2010 - 31.08.2010	174 968 624	64 006 721	110 961 903	36,6%
01.09.2010 - 30.09.2010	176 659 273	63 608 942	113 050 331	36,0%
01.10.2010 - 31.10.2010	185 534 750	84 448 870	101 085 880	45,5%
01.11.2010 - 30.11.2010	186 686 237	82 733 652	103 952 585	44,3%
01.12.2010 - 31.12.2010	189 252 022	81 430 638	107 821 384	43,0%
01.01.2011 - 31.01.2011	205 278 805	84 147 181	121 131 624	41,0%
01.02.2011 - 28.02.2011	170 069 774	75 024 877	95 044 897	44,1%
01.03.2011 - 31.03.2011	169 547 098	80 867 014	88 680 084	47,7%
01.04.2011 - 30.04.2011	193 708 373	86 298 177	107 410 196	44,6%
01.05.2011 - 31.05.2011	185 605 017	88 685 056	96 919 961	47,8%
01.06.2011 - 30.06.2011	199 542 169	88 016 365	111 525 804	44,1%
01.07.2011 - 31.07.2011	208 345 684	88 682 587	119 663 097	42,6%
01.08.2011 - 31.08.2011	208 157 011	94 278 256	113 878 756	45,3%
01.09.2011 - 30.09.2011	214 091 903	83 309 901	130 782 002	38,9%
01.10.2011 - 31.10.2011	214 722 703	89 412 553	125 310 150	41,6%
01.11.2011 - 30.11.2011	218 665 475	105 872 967	112 792 508	48,4%
01.12.2011 - 31.12.2011	212 712 128	92 587 377	120 124 751	43,5%
01.01.2012 - 31.01.2012	235 982 799	95 095 100	140 887 698	40,3%
01.02.2012 - 29.02.2012	194 765 110	95 898 020	98 867 090	49,2%
01.03.2012 - 31.03.2012	186 950 228	88 601 188	98 349 040	47,4%
01.04.2012 - 30.04.2012	208 693 544	84 988 164	123 705 380	40,7%
01.05.2012 - 31.05.2012	209 139 940	96 679 951	112 459 989	46,2%
01.06.2012 - 30.06.2012	224 469 896	90 097 313	134 372 583	40,1%
01.07.2012 - 31.07.2012	229 403 462	93 982 679	135 420 784	41,0%
01.08.2012 - 31.08.2012	226 651 641	82 685 277	143 966 364	36,5%
01.09.2012 - 30.09.2012	232 961 996	90 490 179	142 471 817	38,8%
01.10.2012 - 31.10.2012	242 478 989	97 566 025	144 912 964	40,2%
01.11.2012 - 30.11.2012	232 071 381	124 234 904	107 836 476	53,5%
01.12.2012 - 31.12.2012	766 349 201	655 920 560	110 428 641	85,6%
01.01.2013 - 31.01.2013	243 213 114	87 977 002	155 236 112	36,2%
01.02.2013 - 28.02.2013	210 392 248	93 394 986	116 997 262	44,4%