

# Application of the Protocol on the excessive deficit procedure annexed to the EC Treaty. Codification

2008/0053(CNS) - 23/03/2016 - Follow-up document

In accordance with Council Regulation (EC) No 479/2009 on the application of the Protocol on the excessive deficit procedure (EDP) annexed to the Treaty establishing the European Community, the Commission presented a report on the quality of fiscal data reported by Member States in 2015.

The current annual report provides an **overall assessment of the timeliness, reliability, completeness, compliance with accounting rules and consistency of the data.**

The previous report (on the data reported in 2014) was adopted by the Commission on 3 March 2015. This report is based on the main findings and results of the EDP data reported by Member States in 2015. It focuses on the latest reports submitted in October 2015.

Eurostat acknowledges overall improvements in the consistency and completeness of the reported data. Nevertheless, some issues persist:

**Coverage and quality of data:** the completion of the reporting tables is a legal obligation and is essential for a proper assessment by Eurostat of the quality of the data.

There are four main EDP notification tables.

The Commission considered that Member States should step up efforts to **improve the coverage and quality of the trade credits reported** and to reach the same quality levels obtained when calculating other government liabilities.

The stock of all trade credits and advances of general government should be reported in EDP table 4. However, less than half of Member States achieve complete coverage of all government subsectors as well as inside the subsectors.

For the other Member States, data are flagged as provisional, i.e. subject to revisions in future notifications. This is the case for Belgium, Bulgaria, Denmark, Germany, Ireland, Greece, France, Croatia, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Poland and the United Kingdom.

**Consistency with the underlying government accounts:** EDP data are generally consistent with the reported ESA 2010 government accounts, although there are some concerns both over balance sheets for financial assets and liabilities (stocks) and quarterly financial accounts of general government. **Some consistency problems with quarterly financial accounts persist for some Member States.** Inconsistencies exist for Bulgaria, Czech Republic, Denmark, Ireland, Greece, France, Luxembourg and Slovakia.

The EDP data on **surplus/deficit** reported by the Member States are fully consistent with the annual data on government expenditure and revenue (ESA table 2).

In 2011-2014, data on **quarterly non-financial accounts** for general government (ESA table 25) were fully consistent for all Member States, except Denmark. The data on **annual debt** and the quarterly government debt (ESA table 28) match perfectly for all Member State/

**Publication of metadata (inventories):** Regulation (EC) No 479/2009 specifies that the EDP inventories are among the statistical information to be provided by Member States to enable Eurostat to check compliance with ESA rules. The Regulation also requires EDP inventories to be published nationally. Eurostat has updated the format of EDP inventories, making structural changes and requiring more detailed information. The new inventory template adapted to ESA 2010 has been agreed and Eurostat and Member States were set to publish these inventories by the end of 2015.

The report noted that **progress has been slower than expected** and only less than half of Member States provided the revised inventories by the deadline.

**Reservations on the quality of data:** in 2015, Eurostat expressed three reservations on the quality of the data reported by Member States. These concerned **Bulgaria and Portugal** for the April 2015 EDP notification and Austria for the October 2015 EDP notification. Eurostat withdrew its reservations for Bulgaria and Portugal in October 2015.

The revisions of past data on deficit and debt were mainly explained by the source data updates and reclassification of units inside the general government sector.

**Conclusion:** overall, Eurostat concludes that the quality of the reporting of fiscal data continued to improve in 2015. In general, Member States provided better information, both in EDP notification tables and in other relevant statistical returns.