



Metadata

NATIONAL ACCOUNTS – ANNUAL AND QUARTERLY

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2. Metadata update	
2.3 Metadata last update	20.8.2020
3. Statistical presentation	

3.1 Data description

The purpose of national accounts is to present, within a comprehensive accounting framework, data about the economy for individual sectors as well as to give a complete overview of the development of the economy in whole. National accounts are not an accounting system where every transaction is recorded, however, the focus is on few core concepts e.g.: Gross Domestic Product (GDP), Household final consumption expenditure, Government final consumption expenditure, Gross fixed capital formation, Balance of payment (BOP), Compensation of employees and Operating surplus of enterprises.

Since 2014, the national accounts have been in accordance with the definitions of the European System of National Accounts, ESA 2010. Consistent time series in line with the new definitions go back to 1995. From 1990-1995 national accounts are in accordance with ESA95. Before that time Icelandic national accounts were compiled according to the United Nations SNA 68.

The core item is the Gross Domestic Product (GDP) that shows the income generated in the production process that is available for disposal. GDP can be reached through two main approaches, the *expenditure approach* (disposal/use of income) and the *production approach* (generation of income). The main components of the *expenditure approach* are household and government consumption, gross fixed capital consumption and, exports and imports, where the *production approach* presents the value added by individual industries.

National accounts are created both at current and constant prices. The purpose of using constant prices (deflating) is to differentiate changes in value at current prices from year to year between price and volume changes. One of the main purposes of the deflation is to measure economic growth, i.e. the growth of GDP in real terms.

Many questions arise regarding what economic transactions should be included and how they should be measured. One aspect of national accounts is the importance of intertemporal and international comparability and, for that reason international guidelines have been developed for compilation of national accounts. Most countries follow the UN system of national accounts (SNA 2008) and EU and EEA nations, and therefore Iceland, use the 2010 European version of that system (ESA 2010), which is consistent with the SNA 2008.



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National accounts are used for short or long term economic analysis. Like company accounts, the national accounts enable analysts to examine the economic performance of previous years, over a decade or the past quarter. They are the base that economic models and forecasts are built on, either for the economy as a whole or individual sectors.

3.2 Classification system

ESA 2010 both provides a methodology and defines classifications that Statistics Iceland uses for compiling national accounts on comparable bases, e.g. the ESA sector classification and institutional unit structure (see 3.3).

In compiling the production accounts, the classification system in use is ÍSAT08, the Icelandic version of NACE rev.2. ÍSAT08 is a 5-digit classification which at the 4-digit level fully matches the 4-digit NACE rev.2 but the fifth digit adds the possibility of further breakdown if necessary.

In the expenditure accounts, household final consumption uses the Classification of Individual Consumption According to Purpose (COICOP) system in a breakdown of three levels.

General government consumption expenditure is classified according to purpose. The classification by purpose follows the Classification of the Functions of Government (COFOG) in a breakdown of 3 levels.

3.3 Sector coverage

The annual and quarterly national accounts are to describe the total economy of a country. All units that have their centre of predominant economic interest in the Icelandic economic territory are covered by national accounts.

ESA 2010 distinguishes five mutually exclusive domestic institutional sectors: (a) non-financial corporations, (b) financial corporations, (c) general government, (d) households, (e) non-profit institutions serving households. The five sectors together make up the total domestic economy.

3.4 Statistical concepts and definition

The concepts that are used in national accounts are all based on the European System of National Accounts (ESA2010).

This statistical documentation documents the functional national accounts and refers to statistics on [Gross Domestic Product](#), [Consumption Expenditure](#), [Gross Fixed Capital Formation](#) and [Production Approach](#). Several parts of the national accounts metadata, for sector accounts, financial accounts and pension entitlements are documented separately.

A few of the main concepts and the connection between these concepts are described here below, both according to the expenditure and the production approach.

The expenditure approach:

- *Household final consumption expenditure*: Household final consumption expenditure consists of the expenditure, including imputed expenditure, incurred by resident households on individual consumption goods and services. Purchases of dwelling houses are the only household expenditure that is treated as fixed capital formation.
- *Government final consumption expenditure*: Government final consumption expenditure consists of expenditure, including imputed expenditure, incurred by general government on both individual consumption goods and services and collective consumption services.
- *Gross fixed capital formation*: Gross fixed capital formation is measured by the total value of a producers acquisitions, less disposals of fixed assets during the accounting period plus certain additions to the value of non-produced assets (such as subsoil assets or major improvements in the quantity, quality or productivity of land) realised by the productive activity of institutional units.
- *Gross domestic final expenditure*: Consists of household final consumption expenditure, government final consumption expenditure and gross fixed capital formation including changes in inventories.
- *Gross Domestic Product (GDP)*: Is Gross domestic final expenditures including the value of exports of goods and services, less the value of imports of goods and services.

	<p>The production approach:</p> <ul style="list-style-type: none"> • <i>Compensation of employees:</i> Compensation of employees is the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter. Moreover, the value of the social contributions payable by employers is also included: these may be actual social contributions payable by employers to Social Security schemes or to private funded social insurance schemes to secure social benefits for their employees; or imputed social contributions by employers providing unfunded social benefits. • <i>Operating surplus:</i> The operating surplus measures the surplus or deficit accruing from production before taking account of any interest, rent or similar charges payable or any interest, rent or similar receipts receivable. • <i>Gross value added:</i> Is the sum of compensation of employees, operating surplus and consumption of fixed capital. • <i>Gross Domestic Product (GDP):</i> Is gross value added plus any taxes, and minus any subsidies, on products not included in the value of their outputs.
<p>3.5 Statistical unit</p>	<p>As per the guidelines of ESA 2010, two types of units are used in national accounts: a) institutional unit and b) local kind-of-activity unit (local KAU).</p>
<p>3.6 Statistical population</p>	<p>The national accounts cover all the economic transactions that are within the production boundary and are done within a given period.</p>
<p>3.7 Reference area</p>	<p>The reference area for the Icelandic national accounts is the total economy of Iceland.</p> <p>The economic area of Iceland encompasses the island of Iceland, including smaller surrounding islands, with the addition of Icelandic ships and aeroplanes in international traffic, Icelandic fishing boats fishing in international waters and Iceland’s embassies. Conversely the embassies of foreign countries in Iceland are counted as foreign territory.</p>



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3.8 Time coverage

The ESA 2010 transmission programme requires data starting in 1995, for annual data, and first quarter of 1995 for quarterly data.

Icelandic national accounts main aggregates figures stretch back to 1945. Furthermore, through the years few historians have worked on historical national accounts with figures that date back to 1870. All annual time series are available from at least 1980. Since 2000 quarterly national accounts have also been compiled, back to first quarter of 1995, and from the first quarter of 2006 seasonal adjustments have been developed.

3.9 Base period

The concept of 'base period' is not applied in national accounts. Instead, when producing volume estimates the concepts of previous year prices and chain-linked volumes are applied. Expressing variables at the prices of the previous year allows the calculation of volume indices between the current time period and the previous year.

After a reference period is chosen as a benchmark, volume indices can be chain-linked and then applied to variables at current prices of the reference year. This generates volume estimates for any period of observation.

The reference year used for the Icelandic national accounts is 2005 but will be updated to 2015 along with the dissemination of 3rd quarter national account figures in 2020.

4. Unit of measure

4. Unit of measure

The ESA 2010 system shows all flows and stocks in monetary terms: in Iceland's case in Icelandic Krona (ISK).

The units of measure depend on the timeseries in question, but the value units for national accounts can be current or constant prices, percent distribution, volume changes, chain-volume measures etc. with the units of measure being either *Million ISK* or *percentage*.

5. Reference period



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5. Reference period	The reference period of the figures in the annual national accounts is the calendar year and for the quarterly national accounts the quarter in which the economic activity occurs.
6. Institutional mandate	
6.1 Legal acts and other agreements	<p>See Act no. 163/2007 regarding Statistics Iceland legal basis for official statistics.</p> <p>In Iceland, the preparation of government finance statistics is based on the European System of National Accounts 2010 (ESA 2010). The legal basis of the standard is Regulation of the European Parliament and of the Council (EU) no. 549/2013 of 21 May 2013 on the European system of national and regional accounts in the European Union.</p> <p>The Regulation was incorporated into the EEA Agreement by Decision of the EEA Joint Committee No. 58/2014 of 8 April 2014. On the basis of the Regulation, Eurostat, has issued guidance and opinions on individual subjects intended to facilitate the interpretation of the standard and further guidance on its use. Eurostat also monitors compliance with existing regulations.</p> <p>Implementation of European Parliament and Council Regulation (EU) No. 549/2013 is in the hands of Statistics Iceland, which is an independent institution and centre for official statistics in Iceland.</p>
7. Confidentiality	
7.1 Confidentiality - policy	See rules on confidentiality .
7.2 Confidentiality – data treatment	Source data is stored at Statistics Iceland. Access to more detailed data than has already been published is granted on an individual basis. In these cases the main principle is to uphold the confidentiality of the data in guidance with Statistics Iceland Rules of Procedure for Treating Confidential Data – see 7.1.



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8. Release policy	
8.1 Release calendar	<p>The National Accounts are published according to Statistics Iceland advance release calendar. So far the publication has always been on schedule. The release calendar lists in advance all the statistical data and publications to be released over the year. See rules on statistical releases.</p> <p>Any amendment to the calendar is made as soon as it's known, and a new release date is published.</p>
8.2 Release calendar access	<p>The Advance release calendar with scheduled releases for the forthcoming calendar year (1 January to 31 December) is published in November each year.</p> <p>A selection function to focus on national accounts is proposed.</p>
8.3 User access	<p>All users are granted equal access to national accounts data, dissemination dates of official statistics are announced in advance and no user category is provided access to official statistics before other users. Official statistics are first published in the statistical database. All results from the national accounts are accessible through Statistics Iceland's website under the heading "national accounts".</p>
9. Frequency of dissemination	



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9. Frequency of dissemination

The quarterly national accounts data is published each quarter: 4 times a year, 60 days after the end of each quarter. When each quarter is published, the most recent quarters are revised. Quarterly national accounts data will as well be revised when revising annual data.

The annual national account data is published twice a year. The first result for annual data, as well as data for 4th quarter, are published as preliminary data at the end of February the following year, i.e. 60 days after the end of the reference year (t+60 days). Next dissemination of annual data, as well published as preliminary data, is at the end of August, 8 months (t+8 months) after the end of the reference year.

10. Accessibility and clarity

10.1 News release

The most important results of national accounts, dissemination of quarterly and annual national accounts – preliminary data as well as revisions, are issued in news releases according to Statistics Iceland advanced release calendar (see. 8.1 and 8.2). See Statistic Iceland's [news archive](#).

10.2 Publication

In addition to news releases, national accounts data may be disseminated in other publications, such as statistical papers, yearbooks, internal and external articles. Publications are available [here](#).



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10.3 On-line database

In order to enable easy access to national accounts data, all validated national accounts data should be made available to users by publishing them in an online database.

Statistics Iceland uses PC-Axis for dissemination of statistical information. PC-Axis is a family of software used by statistical institutes all over the world. The programs are developed by statistical institutions with dissemination of statistical information in mind.

Exports/downloads of statistical information are proposed in various formats such as Excel, CSV, PC-Axis.

All results from the national accounts are accessible through Statistics Iceland website under the heading "[National accounts](#)".

10.4 Micro-data access

It is possible to apply for micro-data access through [Statistics Iceland research service](#).

10.5 Other



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10.6 Documentation on methodology	<p>Iceland complies with international guidelines on national accounts provided for in the UN's System of National Accounts (SNA2008) and the European version European System of National and Regional Accounts (ESA2010).</p> <p>The main publications about detailed methods used in compilation of national accounts in Iceland are:</p> <ul style="list-style-type: none">• <i>Gross National Income Inventory (ESA95) Iceland</i>; Statistics Iceland, March 2004; on Statistics Iceland's website. A very detailed description of methods used for compilation of national accounts at current prices. This report is requested by Eurostat and the structure of it is laid down by Eurostat. Similar report exists for all the member states of European Economic Area. A similar inventory, on Iceland's Gross National Income compilation, in compliance with ESA2010 is to be published soon.• <i>National Accounts 1945-1992 (in Icelandic)</i>; National Economic Institute, Reykjavik August 1994.• Description of method used for chain-linked volume measures, <i>Statistical series: Gross Domestic Product - preliminary data 2004 - revision 1990-2004</i>, 13 September 2005.• Description of method used for allocation of financial intermediation services indirectly measured (FISIM), <i>Statistical series: Gross Domestic Product 2005 - provisional data</i>, 14 March 2006.• Description of the implementation of ESA 2010, <i>Statistical series: Gross Domestic Product 2013 - revision</i>, 19 September 2014.
10.7 Quality documentation	<p>At the time being, Statistics Iceland does not publish documentation or reports on quality management regarding the compilation of national accounts.</p>
11. Quality management	
11.1 Quality assurance	<p>See Statistics Iceland's quality policy.</p>
11.2 Quality assessment	<p>No documents are released by Statistics Iceland regarding national accounts quality management or quality assessment.</p>

12. Relevance	
<p>12.1 User needs</p>	<p>Domestically, users include ministries, government agencies, the Central Bank, financial institutions, academia and the media as well as the public that use national accounts for policy making, economic comparison, research, management and planning as well as decision making and informed public debate, among other things.</p> <p>Internationally, the Icelandic national accounts data is used by a number of international organisations, such as Eurostat and the OECD.</p> <p>Statistics Iceland appreciates good cooperation with users of official statistics, knowing that cooperation with users will help increase understanding of user needs and gives users information on statistics and its production. Statistics Iceland organizes meetings and surveys to identify user needs and expectation with the aim of improving quality. The user group for economic analysts discusses the needs and expectations of those who use statistics to analyse economics and the progress of the economy.</p>
<p>12.2 User satisfaction</p>	<p>Information on the user satisfaction of national accounts are not collected at this point in time but, Statistics Iceland carries out general user surveys, with the main goal of measuring user satisfaction with Statistics Iceland and user estimation of the quality of official Icelandic statistics. By doing so, Statistics Iceland can make improvements and better fulfil user needs. The user survey has been conducted five times, since 2007.</p>
<p>12.3 Completeness</p>	<p>The national accounts are in compliance with the European System of Accounts 2010 (ESA 2010) methodology.</p>
13. Accuracy and reliability	



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13.1 Overall accuracy	<p>In 2014, the new European System of National Accounts (ESA 2010) was adopted. During the preparation, various methods and estimates were reviewed and changed if required, increasing the overall accuracy of the national accounts. Same goes for regular major revisions, like benchmark revisions performed every five years (see 17.2), which will enhance the overall accuracy and the consistent handling of data.</p> <p>The overall accuracy of the national accounts depends on the quality of data of other statistical activities used as input. Inaccuracy in the various source data that are used can affect the accuracy of the national accounts figures. However, the conceptual consistency and, over time, the uniform adaptation of the sources and systematic balancing contribute to reducing the inaccuracy of the national accounts figures.</p>
13.2 Sampling errors	Not applicable
13.3 Non-sampling errors	Statistics Iceland, along with Eurostat, tries to reduce non-sampling errors through continuous methodological improvements.

14. Timeliness and punctuality

14.1 Timeliness	<p>National account data should be made available to users as soon as possible. The ESA 2010 transmission programme defines the required timeliness for all national account statistics, where quarterly data should be made available 2-3 months after the end of the quarter.</p> <p>Statistics Iceland publishes data on each quarter 60 days after the end of the quarter. When each quarter is published, the most recent quarters are revised. Quarterly national accounts data is as well revised when revising annual data.</p> <p>The first results for annual data are published as provisional data 60 days after the end of the reference year. Revised figures are published as preliminary data at the end of August, i.e. 8 months after the end of the reference year. Figures are marked as preliminary until end of February, 26 months after the end of the reference year.</p>
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14.2 Punctuality

The National Accounts are published according to Statistics Iceland advance release calendar. In recent times, no delay has been on the schedule of dissemination.

15. Coherence and comparability

15.1 Comparability – geographical

There is a high degree of comparability with the national accounts of other countries, especially those of EU and EEA member states, as they all follow the same standards (ESA2010). Worldwide geographical comparison is also possible as most non-European countries apply the SNA2008 guidelines, and SNA2008 is consistent with ESA 2010.

The Icelandic national accounts are compiled according to ESA 2010 and comparability is therefore ensured as long as the comparative countries follow the same standards. However, comparability cannot always be fully ensured due to differences in source data used and compilation methods.

15.2 Comparability – over time

One of the fundamental ideas of national accounts is to follow harmonized procedures from year to year in order to make time series as comparable over time as possible.

However, fundamental changes of sources or classifications can upset the comparability. In cases where this happens the solution is to calculate one year according to both methods and connect the results on that year by chain-linking.

Time series breaks can occur when major revisions are underway, as when ESA 2010 was adopted. It should be emphasised that the occurrence of a time series break may not necessarily imperil the reliability of time series.

15.3 Coherence – cross domain

In the case of national accounting the comparison with other statistics is limited by the fact that in many cases national accounts figures are based on various primary statistics. Therefore, comparison is more frequently done during the working process rather than at the final stage. An example is financial accounts of all enterprises in a certain activity compared with production accounts of the same activity and gross fixed capital formation compared with similar concept from the financial accounts of the enterprises.



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15.4 Coherence – internal

Not applicable.

16. Cost and burden

16. Cost and burden

Mostly, the national accounts are based on register information and other data that is collected for other purposes. In exceptional cases data is requested directly from companies, however never from individuals. In general the data that is requested directly from companies are information they already have available. Response burden is therefore kept at minimal.

17. Data revision

17.1 Data revision - policy

See Statistics Iceland [revision policy](#).

17.2 Data revision - practice

For official statistics, there are two quality dimensions that are of the utmost importance; timeliness and accuracy of results. It is common for official statistics, including national accounts, for the results to be revised as it is often based on provisional data, due to the importance of timeliness. The reliability and accuracy of the results usually increases over time as newer and better data becomes available. Therefore, in the case of dissemination of preliminary results, users need to be informed and interpret preliminary results according to its nature.

Revisions, in other words altered data relating to a period which has already been published, are a natural part of national accounts work. A distinction is made between two kinds of revisions:

- Current or routine revisions
- Major or occasional revisions

The current revisions of annual figures are normally released twice a year. In short the cycle of current revisions can be described as follows:

- Version 1, named provisional data, is now published in the end of February of the following year ($t + 60$ days). The 4th quarter of that year is published on the same day.
- Version 2, named preliminary data, is published in the end of August ($t+8$ months) and the 2nd quarter of the year on the same day.
- Version 3, not explicitly marked, is published in the end of February a year later ($t+14$ months).

Strictly speaking Statistics Iceland never considers national accounts figures to be final. Other revisions, covering longer periods, named occasional or major revisions may arise for a number of reasons. The most common reasons are new sources, new methods or classifications, amended procedures for the application of ESA2010 and alike. Such revisions relate to a longer period and are generally undertaken at less frequent intervals.

Iceland is set to implement a benchmark revision, coordinated major European revision carried out at least once every five years, in 2020 to incorporate new data sources and major changes in international statistical methodology. Benchmark revisions ensure a maximum degree of consistency within national accounts: the longest possible time series as well as



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consistency across EU Member States and between domains. As data sources and statistical methods evolve, improvements must be introduced in national accounts in a coherent and systematic way. It also helps to ensure stability of key macroeconomic indicators for policy and business analysis.

National revisions are coordinated between different data sets of national accounts, although temporary differences may occur (due to different publication timelines of data sets).

18. Statistical processing



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18.1 Source data

The Icelandic national accounts compilation builds mainly on statistics and data that are primarily collected for other purposes. A wide variety of sources are used for the compilation of the national accounts, largely administrative data. Among the most important sources are (non-exhaustive list):

- External trade (expenditure approach)
- Balance of payments (expenditure approach)
- Customs database (expenditure approach)
- Financial accounts of enterprises and institutions (expenditure and production approach)
- Enterprise Accounts Register (production approach)
- Pay-as-you-earn Register (expenditure and production approach)
- Personal income tax returns (production approach)
- The financial accounts of central and local governments (expenditure accounts)
- Production statistic (expenditure and production approach)
- VAT Register (expenditure and production approach)
- Information from the Registers Iceland (expenditure approach)
- Household expenditure survey (expenditure approach)
- Consumer price index and Building cost index (expenditure approach)
- Wage index (expenditure approach)

18.2 Frequency of data collection

The national accounts are compiled on an annual or quarterly basis from other primary statistics. Due to the nature of data sources, the frequency of data collection of primary statistics can vary. The frequency and timing of the compilation of national accounts are not necessary aligned with the frequency and timing of (all) primary statistics data.

18.3 Data collection

The data collection process occurs through several transmission protocols:

- Statistic's Iceland Online Data Collection Portal
- Database mirroring between institutions
- Cloud services
- Email

The transmission protocols vary between source data and intra data, external sources and internal sources. Statistics Iceland receives data from the aforementioned sources (18.1). Further information is sought if needed.

18.4 Data validation

In addition to the quality and verification tests performed on the data received and used in the compilation of national accounts, data and results are validated through out and in all areas of the compilation process. Among other things, it is done to ensure internal consistency in the results and minimise the risk of errors. In some cases, data validation is done by using corresponding time series (criterion variables) to capture possible deviations or signs of items that need further examination. The scope and depth of the data validation process is highly dependent on the time limits set for processing, which is narrower in terms of dissemination of quartely national accounts than annual ones.

18.5 Data compilation

The data compilation process of national accounts takes place in several steps. The scope of the process depends in part on the data sources available and the time frame within which the data compilation is made.

The quarterly national accounts are based on a variety of sources that are either collected in the form of surveys, direct inquiries or are obtained from public records. These public records are as mentioned in 18.1. When available, the data is collected, quality tested and adapted into the process of data compilation. For example, data and information on credit card turnover, VAT turnover and imports of goods are used in assessing the development of household consumption expenditure and capital stock, data from Registers Iceland on construction progress is used in assessing the development of housing investment and data from the Financial Management Authority is used to assess government consumption expenditure and public investment. In all cases, the data collected is adapted to the definitions and conceptual framework of national accounts as well as being quality tested. Data on foreign trade is obtained from official statistics published by Statistics Iceland.

The annual national accounts of the past year are first published about 60 days after the end of the reference year, and this processing is largely based on aggregate quarterly measurements. Later, when the main data sources for the year are available, the annual figures can change and the quarter results are adjusted where appropriate. These data sources include sources such as the financial accounts of central and local governments, tax turnover and annual accounts of enterprises and government agencies. Even though version 3 of annual national account figures (of the cycle of current revisions (see 17.2)), published 14 months after the end of the reference year, is not presented as preliminary, minor changes can take place up to 26 months after the end of the year (version 5) when definite data is received from Iceland Revenue and Customs. As mentioned in 17.2 the figures of national accounts are by their nature never final, as standards and methodologies can evolve and change.



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18.6 Adjustment

Seasonal adjustments of national accounts time series seek to identify and remove seasonal fluctuations in data. The main aim of seasonal adjustments is to ease the comparability of data between years and adjacent quarters. Statistics Iceland uses indirect seasonal adjustment techniques. When using the indirect adjustment technique the individual time series (private consumption, government consumption expenditure, etc.) are seasonally adjusted and linked together to obtain the seasonally adjusted main aggregates such as GDP or national income. When preliminary data is revised, changes will also affect the seasonally adjusted results.

19. Comment

19. Comment