

## National Accounts for 2023: Notes on Use

1. The current Japanese System of National Accounts (JSNA) is compiled based on the System of National Accounts 2008 (2008SNA), the international standard adopted by the United Nations in 2009.

2. In the annual compilation of the JSNA, the figures for the latest year (both fiscal and calendar) are estimated as “First Annual Estimates,” while the figures for the preceding year (both fiscal and calendar) are estimated reflecting newly available source data as “Second Annual Estimates.” In addition, the figures for the year before the “Second Annual Estimates” (both fiscal and calendar) are re-estimated as the “Third Annual Estimates” through a balancing process between the production side and the expenditure side under the framework of Supply and Use Tables (SUTs).

3. In the “National Accounts for 2023,” in addition to incorporating newly available source data, the following changes to the estimation methods have been introduced.

### **(1) Accounting for major budget-related and other measures in FY2023<sup>1,2</sup>**

- (i) Special Grant for Regional Revitalization for COVID-19 Response (local grants to help mitigate the price hikes in electricity, gas and food, etc.)

This grant is recorded as “other current transfers” from general government (central government) to general government (local governments), with the part allocated to the “low-income household support frame” specifically recorded as “social assistance benefits” from general government (local governments) to households and the remaining

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<sup>1</sup> Measures mainly launched in FY2023. For the main measures for FY2020, please refer to “National Accounts for 2020: Notes on Use” (November 22, 2021), for the main measures for FY2021, please refer to “National Accounts for 2021: Notes on Use” (November 29, 2022), and for the main measures for FY2022, please refer to “National Accounts for 2022: Notes on Use” (November 28, 2023).

(<https://www.esri.cao.go.jp/en/sna/data/kakuhou/files/2020/pdf/notice.pdf>)

(<https://www.esri.cao.go.jp/en/sna/data/kakuhou/files/2021/pdf/notice.pdf>)

(<https://www.esri.cao.go.jp/en/sna/data/kakuhou/files/2022/pdf/notice.pdf>)

<sup>2</sup> The term “enterprises” in the recording method of each measure may include private unincorporated enterprises (households) in addition to non-financial corporations.

part recorded as “other current transfers,” etc. from general government (local governments) to enterprises, depending on the nature of the project in local governments.

- (ii) Non-tax revenue for defense buildup based on the Act on Special Measures for Securing Financial Resources Necessary for Fundamental Reinforcement of Defense Capabilities, etc.

Transfers from the Fiscal Investment and Loan Special Account (Fiscal Loan Fund Account) to the General Account, and payment to national treasury by the *National Hospital Organization* are recorded as withdrawals of “equity” (decrease in financial assets) in public corporations by general government (central government) and a corresponding increase in “cash and deposits” (increase in financial assets).

Payment to national treasury by the *Japan Community Healthcare Organization* are recorded as withdrawals of “equity” (decrease in financial assets) in public corporations by general government (social security fund) and a corresponding increase in “cash and deposits” (increase in financial assets), and further recorded as “capital transfers” from general government (social security fund) to general government (central government). Transfers from the Fiscal Investment and Loan Special Account (Investment Account) to the General Account are recorded as “capital transfers” from enterprises to general government (central government).

Return to national treasury related to grant funds are recorded as “other current transfers” from general governments (local governments), enterprises, etc. to general government (central government, etc.), depending on the nature of the grant funds.

Revenue from land sales is deducted as a sale in the “purchase of land” by general government (central government).

- (iii) Special Grant for Regional Revitalization to help mitigate the price hikes

This grant is recorded as “other current transfers” from general government (central government) to general government (local governments), with the part allocated to the “low-income household support frame” and the “benefits supplementing low-income support and flat-amount tax cuts” specifically recorded as “social assistance benefits” from general government (local governments) to households, and the remaining part recorded as “other current transfers,” etc. from general government (local governments) to enterprises, etc., depending on the nature of the project in each local government.

## **(2) Adjustment of allocation ratios in the Second Annual Estimates for 2022 and the First Annual Estimates for 2023**

In the commodity flow method, the allocation ratios for demand items by commodity are, in

principle, obtained from the most recent Third Annual Estimates (in the National Accounts for 2023, these are the estimates for 2021). However, for the Second Annual Estimates for 2022, in view of the impact of the COVID-19 pandemic, the allocation ratios for some commodities have been adjusted by making use of source statistics and data to reflect recent changes in the economic structure that cannot be captured by the fixed allocation ratios<sup>3</sup>. In addition, the ratios obtained from the Second Annual Estimates for 2022 are used for the First Annual Estimates for 2023.

### **(3) Reflection of changes in various statistics, etc.**

(i) Response to the retroactive revision of the *Quick Estimate of Construction Investment*

In the retroactive revision of the *Quick Estimate of Construction Investment* (Ministry of Land, Infrastructure, Transport and Tourism) conducted in June 2024, revisions were made to the figures from FY2020 onwards.

As a result, the National Accounts already reflect retroactive revisions back to 2020 in the revised Quarterly Estimates of GDP for January-March 2024 (Second Preliminary, released on July 1, 2024). In the National Accounts for 2023, the revision is incorporated to estimate the series including fixed assets, consumption of fixed capital and operating surplus and mixed income (net) after 2020.

(ii) Reflecting the retroactive revision of the *Flow of Funds Accounts*

In the revision of the *Flow of Funds Accounts* (the Bank of Japan) in June 2024, the figures from FY2004 were retroactively revised.

As a result, the corresponding data series in the National Accounts for 2023 has been revised retroactively up to FY2004.

### **(4) Classification of Government Affiliated Organizations (FY2023)**

The classification of government-affiliated organizations reflects the establishment, abolishment, and consolidation of government agencies during FY2023. The following is a major example:

- *Fukushima Institute for Research, Education and Innovation* is classified as “central government.”

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<sup>3</sup> Specifically, for slaughter and livestock food products, frozen seafood, milled rice, frozen prepared foods, and alcoholic beverages, the allocation ratios are adjusted using the growth in final consumption expenditure of households, which is estimated by utilizing various source data, including private sector statistics.