

CES/AC.68/48

4 April 1997

Original: English

STATISTICAL COMMISSION and  
ECONOMIC COMMISSION FOR EUROPE

COMMISSION OF THE EUROPEAN  
COMMUNITIES (EUROSTAT)

CONFERENCE OF EUROPEAN STATISTICIANS

ORGANISATION FOR ECONOMIC  
CO-OPERATION AND DEVELOPMENT

Joint UNECE/Eurostat/OECD  
Meeting on National Accounts  
(Paris, 3-6 June 1997)

Item 2 of the provisional agenda

HIDDEN ECONOMY IN F.Y.R. OF MACEDONIA AND ITS TREATMENT IN  
THE STATISTICAL OFFICE

Document submitted by the Statistical Office of F.Y.R. of Macedonia

1

---

1 Prepared by Mr. Dimitar Bogov.

GE.97-

## **HIDDEN ECONOMY IN F.Y.R. OF MACEDONIA AND ITS TREATMENT IN THE STATISTICAL OFFICE**

### **1. Introduction**

Up to 1990, there was a socialist-economic system, although it had certain specific characteristics different from the other centrally-planned economies. In that period, there were about 2000 registered enterprises and some registered individual producers. The statistical information system was oriented to collect data from the enterprises, which were totally covered. The household budget survey was the only source of data on households.

The Social Product was calculated using methodology based on data from special survey conducted by the Statistical Office. The survey covered all registered enterprises. The part of the social product which was generated in the individual sector in agriculture (individual farms) was estimated on the basis of area under cultivation, average yield and average prices. The output of registered individual shops was estimated on the basis of data provided by the Regional Tax Offices and surveys conducted by the Statistical Office. In this way we provided estimates on output of individual producers for whom, in the period up to 1990, it was supposed the greatest part of informal economy was concentrated. The only production activities which were not covered in the social product were some services provided by workers as additional activity after their working hours (they were considered negligible) and the illegal activities.

At the end of 1989, the Enterprises Law was adopted which allowed the set up of new private enterprises. The new Privatisation law allowed the start of the privatisation process of social enterprises through workers shareholders.

The new conditions in the economy such as the expansion of private initiative in the terms of uncomplete institutional and legal regulation, decrease of living standards and increase of unemployment created a good climate for the expansion of that part of the economy which was not covered by the existing statistical system. It was obvious that the statistical methodology for calculation of macroeconomic aggregates should be improved, in order to follow the demands of the emerging market economy. In the same time, as a result of increasing private sector in the so-called non-productive activities (education, health, finance), the material concept of production became inadequate.

Having in mind these reasons, the Statistical Office decided to start the implementation of the 1993 System of National Accounts, instead of spending resources and time on ad-hoc solutions for changing and supplementing the current methodology for calculation of the social product. As a result of these activities, started in 1993, the Statistical Office has published the methodology and the first estimates of Gross Domestic Product (GDP) and National Accounts for the period 1990-1993. In the final stage of the work the Statistical Office received technical assistance from two IMF missions.

Although the first calculations were made by data conversion from the Social product to the Gross domestic product, our intention was to make direct calculation of GDP for 1994 based on original data sources, with certain methodological adjustments, following the changes in the economy. At the same time we started bilateral co-operation with ISTAT in the field of the unobserved economy.

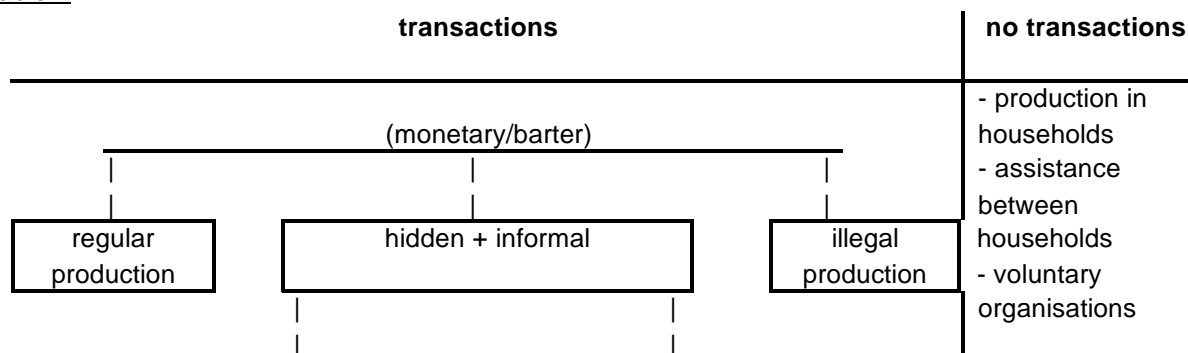
## 2. The conceptual framework for identifying the hidden economy

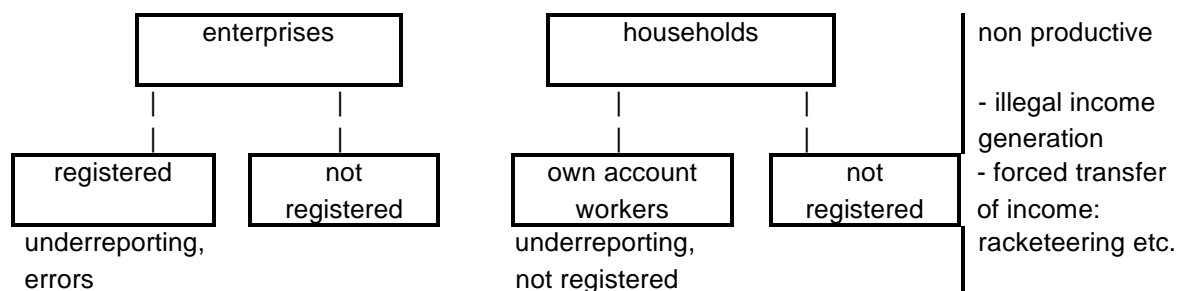
The SNA-93 recommends measuring all economic activities which fall into the production boundary of the system, whether they are registered or not registered, legal or illegal.

Having in mind the SNA recommendations our determination is to develop the business statistics, in order to enable GDP estimation through commodity flow analysis. In this way we suppose that the biggest part of hidden economy will be implicitly included in the estimation of total domestic production. Because it is a long process, we have decided to make some steps toward improving the existing methodology immediately, using the available data sources.

We first defined the areas where the present methodology did not provide total coverage of production activities, i. e. the activities which were out of statistical observation. To describe this we will use the Luttikhuizen scheme <sup>1</sup>.

Table 1





## 2.1. Registered enterprises

In 1994, estimation of value added of registered enterprises is based on their annual financial reports and balance sheets. In our country the Bureau of Payments (a specific institution) registers all transactions made through enterprises' giro accounts. Moreover, each active enterprise is obliged to submit semi-annual and annual financial reports and balance sheets to the Bureau of Payments. According to the analysis done by the Bureau, 98% of the enterprises that realise turnover on their giro accounts fulfil the obligation to submit annual financial reports. These enterprises account for almost 100% of total turnover.

The Statistical Office receives an annual financial report from Bureau of Payments and we consider the coverage of registered active enterprises to be complete.

As a consequence, we have to deal only within the problems of misreporting and underreporting. According to our findings, confirmed by accounting experts, misreporting and underreporting appear in the following two forms:

- big enterprises with social and mixed ownership pay certain part of the wages and salaries in kind and register it as material costs. The results of this practice are: underestimated compensation of employees, overestimated intermediate consumption and evaded taxes on income and employers' social contributions;
- newly created, small private enterprises do not register all transactions (sales in cash, wages and salaries in cash); also they show in their business accounts some expenses related to household consumption (use of a car, purchases of house furniture, maintenance of dwellings, communal services, meals in restaurants, travel etc.) as intermediate costs. Results of this practice are: underestimated sales, compensation of employees and net operating surplus and overestimated intermediate consumption.

## 2.2. Unregistered enterprises

According to our knowledge unregistered corporative enterprises are not typical. If there are some, their impact on economy is considered to be negligible.

### **2.3. Unincorporated enterprises**

In our statistics we make indirect estimates of the output of agricultural plots based on information about the area under cultivation, average yields and average prices. In this way we have objective estimates and total coverage of agricultural production, whether intended for sale on the market or used for own consumption.

The output estimates of registered non-agricultural unincorporated enterprises are based on tax office data supplemented with data from the regular statistical surveys. Unincorporated enterprises (excluding agricultural) have to register with the Tax office to get a licence. The Statistical Office takes information on number of self-employed persons and employees, gross wages and salaries, social contributions, profit and profit taxes from Tax authorities. Based on these data we make estimates of value added and gross output.

Here we recognise two problems: underreporting of registered unincorporated enterprises and unregistered employees engaged in unincorporated activities.

The methodology for estimating the output of unincorporated non-agricultural enterprises provides solutions for implicit estimation of underreporting. In fact, National Accounts staff compare wages and salaries paid in unincorporated enterprises with wages and salaries in corporative enterprises from the same economic branches and make the necessary adjustments. In construction, gross output estimated in the way mentioned above is compared with the value of households own-account construction estimated on the basis of the survey conducted in construction statistics. One part of the difference between the two sources represents gross output of non-registered unincorporated construction enterprises, while the rest is considered as own account and voluntary labour, which we treat like mixed income.

There is no solution in our methodology for estimating the activity of the unregistered employees in unincorporated enterprises, and they remain out of scope of GDP estimates.

### **2.4. Illegal production**

In our current methodology illegal production is not included in the GDP estimates. We do not intend to make estimates of illegal production in near future.

However, if the smuggling of cigarettes is considered as an illegal activity that affects the output measure, the situation is completely different. The distribution of tobacco until 1991 was through legal outlets, and was included in the GDP estimate. There are indications that measures taken by the government will result in narrowing the possibilities for smuggling in near future, but it is necessary to put efforts in estimating the margin realised by illegal distributors.

### 3. Methodological solutions for estimation of hidden economy

Based on above mentioned considerations the Statistical Office set a goal to develop methodological solutions for the following issues:

- adjustment for underreporting of registered enterprises;
- coverage and estimation of production generated by unregistered employees in unincorporated sector (except in agriculture and construction);
- estimation of illegal sale of non-taxed cigarettes.

#### 3.1. Adjustment for underreporting of registered enterprises

Some adjustments were made after careful and very detailed data analysis of annual financial reports. Data were disaggregated at the most detailed level according to the national classification of activities (331 branches were analysed, broken down by four kinds of ownership: social, private, co-operative and mixed) <sup>2</sup>. For most of the activities only a few enterprises at this level of disaggregation were identified, except for each of the 38 trade branches where a large number of enterprises appeared. The analysis was focused on revenues, wages and salaries and costs and was done in several steps.

First, we compared the share of intermediate consumption, value added, compensation of employees and net operating surplus in gross output for all kinds of ownership. In most branches the share of intermediate consumption was significantly higher for the private enterprises than for the social and mixed. In some cases private enterprises had negative value added and almost in all cases they had negative net operating surplus. Such cases were marked for further analysis if the number of employees was higher than 20 employees for the private enterprises.

Table 2

Structure of gross output - per cent

070226	Gross output	Inter-mediate consumption	Value added	Compensation of employees	Net operating surplus	Number of employees
total	100	71	29	28	-16	400
social	100	49	51	43	-7	29
private	100	84	16	17	-18	187
co-operative	100	0	0	0	0	0
mixed	100	51	49	45	-14	184

As a second step we analysed gross output, intermediate consumption, value added, compensation of employees, net operating surplus and monthly net wages, all expressed per employee. The general remark was that gross output per employee was most often highest in private enterprises, intermediate consumption per employee was around two times higher in private enterprises

even in cases when gross output per employee was similar for all kinds of ownership.

Table 3

in thousands of denars

070226	Gross output per employee	Intermediate consumption per employee	Value added per employee	Compensation of employees per employee	Net operating surplus per employee	Monthly net wages per employee
total	501	356	144	138	-79	5
social	561	275	286	243	-37	10
private	659	553	106	112	-116	4
co-operative	0	0	0	0	0	0
mixed	330	169	161	147	-48	6

3. Thirdly, our attention focused on a detailed breakdown of costs per employee for all kinds of ownership. Generally, all kinds of costs are the highest in private enterprises. Materials are around two times higher, while some business expenses like business lunches in restaurants and daily allowances for business trips can be even five times higher than in social and mixed enterprises. It is especially indicative that daily allowances for business trips per employee are very often higher than compensation of employees per employee in private enterprises.

Table 4

Costs per employee - in thousands of denars

070226	materials	energy	spare parts	office equipment	transport	other services	non-material costs	daily allowances for business trips	restaurants
total	48	12	1	1	68	85	139	20	25
social	10	13	2	0	46	71	133	8	18
private	88	12	1	2	78	153	215	38	42
co-operative	0	0	0	0	0	0	0	0	0
mixed	13	12	0	1	61	19	63	3	15

Finally we looked at a comparison of revenues from sales in trade and purchased value of goods sold. In a number of cases, purchased value of goods sold was higher than revenues from sales in private enterprises. This was an indication for possible sales in cash not registered in bookkeeping; later confirmed by accounting experts and auditors.

Based on this analysis we made adjustments for 122 branches out of 331. These were: 37 branches in trade, 36 in industry, 15 in business services, 13 in crafts and personal services, 9 in catering and tourism, 5 in both construction and transport and 2 in other activities. About 90% of all

adjustments were made in private enterprises. While we were doing adjustments, we tried to get answers to the following questions:

- Is it possible for small private enterprises to run losses and despite it to continue their work? If it was true, who covered their losses? Our response was that it is possible for some private enterprises to show losses and to bankrupt, but it is not realistic for whole branches to show losses. In terms of high interest rates and restrictive monetary and credit policy characteristic for the transition period, it is impossible for small private enterprises to take bank loans for covering the losses. Because "spiritus movens" of private enterprises is to realise profit, our guide for doing adjustments is that small private enterprises have to realise at least minimum net operating surplus.

- Is it logical for costs per employee in small private enterprises to be 2,3 or more times higher than in social and mixed enterprises? Partly, it can be explained by overemployment in social and mixed enterprises, especially since gross output per employee is also higher in private enterprises. However, it can not be explained why the share of intermediate consumption in gross output is much higher in private enterprises. Also, even in some cases when gross output per employee is similar in all kinds of ownership, intermediate consumption in private enterprises is far higher. Thus, our conclusion was that private enterprises show overestimated intermediate consumption and underestimated value added and net operating surplus.

- How can extremely high expenses for business lunches in restaurants and daily allowances for business trips be explained? Very often their value is higher than compensation of employees. Consultations with accounting experts and auditors confirmed our doubts that these items were real. But it is very hard to prove that enterprises submit invoices for food in restaurants for higher amounts than the actual costs, and warrants for fictitious business trips, in order to withdraw money from their giro accounts. (The money is then used for paying the unregistered workers, or one part of wages of registered employees, in order to avoid employers social contributions.)

- Is it logical that revenues from sales in private trade enterprises are lower than purchased value of goods sold? Again, after consultations with accounting experts and auditors we found sales in cash (not registered on giro accounts) to be the reason.

The adjustments are entirely based on the above considerations. In cases when certain type of costs in private enterprises were enormously high comparing with other kinds of ownership, we decreased them and we increased value added by the same amount. One part of value added we allocated to wages and salaries, while the bigger part was left in net operating surplus. After decreasing, costs still remained higher than in social and mixed enterprises, but net operating surplus was made positive. When revenues from sales in private trade enterprises were lower than purchased value of goods sold, we increased sales to the level that provided for some minimum positive margin.

Beside these, we made adjustments in selected social and mixed

enterprises too. Using our findings for successful enterprises, we increased a little bit the wages and salaries as provision for payments in kind.

All adjustments for underreporting were done very carefully so the results should be considered as the lowest level of underreporting in registered enterprises. They resulted in 6.3% increase of GDP.

### **3.2. Coverage and estimation of production generated by unregistered employees in unincorporated sector**

Data about the number of employees engaged in the unincorporated sector are obtained from the Tax Office and Pension insurance fund. However, these data are biased for unregistered employees in unincorporated enterprises and unregistered self-employed persons.

In April 1996, the Statistical Office for the first time conducted a Labour force survey that produced very interesting data for the unregistered work force, particularly useful in the analyses of informal economy. At the beginning this survey will be annual, it will possibly be quarterly in the future. The intention of National Accounts staff is to do detailed analyses of labour force data from at least two sources, and to supplement methodology for estimation of production and value added in unincorporated sector. In fact, by comparing data for employees in unincorporated enterprises taken from Tax Office and Pension insurance fund with data from Labour force survey, it is possible to estimate the number of workers which do main or second activity in informal sector.

In meantime, we use data for number of employees taken from "The census of population, households, dwellings and agriculture holdings in 1994". We have already made a first comparison of number of employees from census and from other data sources. First findings show certain discrepancies in the number of employees between two sources. The biggest difference appears in agriculture, but due to the characteristics of the methods of value added estimation in unincorporated sector, it does not have any impact on the level of GDP. But the number of employees in trade, catering and crafts obtained from census is 10-20% higher than the number used in GDP estimates. More detailed analyses are necessary before deciding whether adjustments are possible and plausible.

### **3.3 Estimation of illegal trading of non-taxed cigarettes (smuggling of tobacco)**

We have estimated the trade margin realised by unauthorised traders of cigarettes (without paid excise duty). As a starting point in our estimation we used data available from Ministry of Finance, about the number of labels distributed to the producers of cigarettes in accordance with their orders for 1997. Taking into account statistical data for sales of cigarettes in the country before the smuggling started, and data from household budget survey in 1994, we estimated the quantities of cigarettes sold on the domestic market. Then we used structure of consumption of cigarettes by brand and the structure of the price (producers price, trade margin and excises for each brand), to estimate what would be the legal turnover and the

corresponding value of excise duty. Comparing the amount of excises duty paid, and excises duty that should be paid in legal sales, we estimated the value of cigarettes distributed by illegal traders (smugglers). Finally, using the information for prices in the illegal market we estimated realised margin and value added that we included in value added of trade. This adjustment resulted in increase of GDP by 0.2%.

Table 5

in thousands of denars

value of cigarettes available for selling on domestic market	4149293
excise duty that should be collected	2015058
collected excise duty	851340
non-collected excise duty	1163718
non-realised trade margin	287551
producers price of the cigarettes sold on illegal market	944993
assessed sales value on the illegal market	1198131
<b>assessed realised margin of illegal traders with cigarettes</b>	<b>253138</b>

#### 4. Final remarks

Having in mind the nature of hidden economy and the position of the Statistical Office as an independent institution producing objective and reliable data, based on statistical surveys, methodologies and models, we excluded the possibility for ad hoc solution of this serious issue and the use of subjective estimates based on assumptions.

Instead of that, the Statistical Office preferred a methodological and all-inclusive solution for the estimation of hidden economy, through its implicit introduction in the regular estimation of GDP. Thus, the Statistical Office began to develop a commodity flow approach and supply and use tables. Our first findings show that, beside the biases of existing business statistics surveys which are not created for the needs of National Accounts, the commodity flow approach can provide supplementary information and significant improvement in data for some branches.

In the Statistical Office there is ongoing transformation of existing statistical surveys. Changes and improvements in the quarterly household budget survey are already done. Besides the main questionnaire, additional specific sub-questionnaires for tourism, health services, transfers from abroad, are introduced in this survey and will be conducted occasionally. For next year, the Statistical Office will introduce changes in current business statistics surveys for purposes of National Accounts. We are aware of the importance of reliable business statistics for quality National Accounts figures. Due to the lack of practical experience in National Accounting we take a very careful approach to this serious task. It would be especially useful if technical assistance directed to our Statistical Office in the near future focuses on the transformation of business statistics for the purposes

of National Accounts.

Together with the successive enrichment of data base, with new surveys, and continuous improving of the existing surveys, National Accounts staff will work continuously improve the methodology for estimation of GDP and National Accounts.

Table 1

**Elements of gross output in registered corporative enterprises before adjustment**

thousands , denars

activity	gross output	intermediate consumption	value added	compensation of employees	gross operating surplus	net operating surplus
industry and mining	885560	6429966	242564	269359	-	-
social	284906	1969232	879827	101897	-	-
private	384894	3566094	282848	111492	-	-
mixed	562119	4103786	151741	156273	-	-
forestry	164740	738688	908718	694546	214172	134288
private	62129	36030	26099	7277	18822	14359
construction	163770	1180610	457096	513030	-	-
private	209098	1846758	244222	250843	-6621	-30201
co-operative	501637	377364	124272	122996	1276	-6568
transport and	139889	8470964	551802	468044	837579	-
private	115111	1072731	78382	157705	-79323	-
co-operative	55367	46653	8714	5318	3396	2486
trade	143238	1144249	288135	609224	-	-
private	897303	8387343	585689	245840	-	-
co-operative	65708	45355	20353	58029	-37676	-42691
mixed	446838	2527225	194116	309149	-	-
catering and tourism	303635	2070140	966218	954943	11275	-
social	701288	471725	229562	309431	-79869	-
private	493504	430992	62511	135632	-73121	-85497
mixed	184156	1167422	674144	509880	164264	75841
crafts and services	205258	1368846	683735	676805	6930	-35838
private	752447	653745	98702	150511	-51809	-65313
finance and business	702325	4999801	202345	153436	489088	374790
private	214635	1788487	357865	358451	-586	-41256
co-operative	25076	24601	475	9852	-9377	-10550
mixed	364226	2446875	119538	778233	417152	370753
education, culture and	342966	1424314	200534	103833	967015	889497
private	299135	216756	82379	53190	29189	23419
<b>TOTAL-all activities</b>	170567	1182658	523015	549547	-	-
<b>social</b>	670932	4166421	254290	245460	883057	-
<b>private</b>	210432	1880933	223390	504756	-	-
<b>co-operative</b>	166601	1178925	487088	675461	-	-
<b>mixed</b>	807647	5661333	241514	246856	-	-

Table 2

**Value of adjustments for underreporting made at registered corporative enterprises**

in thousands of denars

activity	gross output	intermediate consumption	value added	compensation of employees	gross operating surplus	net operating surplus
industry and mining	401850	-	166175	16535	1496404	14964
social	0	-503368	503368	7924	495444	49544
private	325050	-398005	723055	60950	662105	66210
mixed	76800	-358535	435335	96480	338855	33885
forestry	0	-9900	9900	2700	7200	7200
private	0	-9900	9900	2700	7200	7200
construction	0	-513300	513300	33920	479380	47938
private	0	-508260	508260	33500	474760	47476
co-operative	0	-5040	5040	420	4620	4620
transport and	22180	-158070	180250	25700	154550	15455
private	21830	-152430	174260	22530	151730	15173
co-operative	350	-5640	5990	3170	2820	2820
trade	3026188	-	489230	43253	4459778	44597
private	2970288	-	480939	43253	4376868	43768
co-operative	700	-1260	1960	0	1960	1960
mixed	55200	-25750	80950	0	80950	80950
catering and tourism	151940	-53385	205325	42050	163275	16327
social	3870	0	3870	3870	0	0
private	142040	-53385	195425	32150	163275	16327
mixed	6030	0	6030	6030	0	0
crafts and services	72800	-96580	169380	30810	138570	13857
private	72800	-96580	169380	30810	138570	13857
finance and business	97700	-158610	256310	86160	170150	17015
private	90800	-158610	249410	84430	164980	16498
co-operative	0	0	0	120	-120	-120
mixed	6900	0	6900	1610	5290	5290
education, culture and	0	-9600	9600	3000	6600	6600
private	0	-9600	9600	3000	6600	6600
<b>TOTAL-all activities</b>	<b>3772658</b>	<b>-</b>	<b>789813</b>	<b>82222</b>	<b>7075907</b>	<b>70759</b>
<b>social</b>	<b>3870</b>	<b>-503368</b>	<b>507238</b>	<b>11794</b>	<b>495444</b>	<b>49544</b>
<b>private</b>	<b>3622808</b>	<b>-</b>	<b>684868</b>	<b>70260</b>	<b>6146088</b>	<b>61460</b>
<b>co-operative</b>	<b>1050</b>	<b>-11940</b>	<b>12990</b>	<b>3710</b>	<b>9280</b>	<b>9280</b>
<b>mixed</b>	<b>144930</b>	<b>-384285</b>	<b>529215</b>	<b>10412</b>	<b>425095</b>	<b>42509</b>

Table 3

**Share of adjustments for underreporting in the non adjusted values at registered corporate enterprises**

per cent

activity	gross output	intermediate consumption	value added	compensation of employees	gross operating surplus	net operating surplus
industry and social	0.45	-1.96	6.85	0.61	-55.85	-13.24
private	8.45	-11.16	255.63	5.47	-79.57	-66.56
mixed	0.14	-0.87	2.87	0.62	-74.76	-7.68
forestry	0.00	-1.34	1.09	0.39	3.36	5.36
private	0.00	-27.48	37.93	37.10	38.25	50.14
construction	0.00	-4.35	11.23	0.66	-85.71	-43.38
private	0.00	-27.52	208.11	13.35	-	-
co-operative	0.00	-1.34	4.06	0.34	362.04	-70.34
transport and	0.16	-1.87	3.27	0.55	18.45	-23.28
private	1.90	-14.21	222.32	14.29	-191.28	-104.42
co-operative	0.63	-12.09	68.74	59.61	83.03	113.43
trade	21.13	-16.31	169.79	7.10	-138.90	-111.72
private	33.10	-21.93	821.15	17.59	-233.72	-195.62
co-operative	1.07	-2.78	9.63	0.00	-5.20	-4.59
mixed	1.24	-1.02	4.17	0.00	-7.04	-5.38
catering and	5.00	-2.58	21.25	4.40	1448.1	-142.27
social	0.55	0.00	1.69	1.25	0.00	0.00
private	28.78	-12.39	312.62	23.70	-223.30	-190.97
mixed	0.33	0.00	0.89	1.18	0.00	0.00
crafts and	3.55	-7.06	24.77	4.55	1999.4	-386.66
private	9.68	-14.77	171.61	20.47	-267.46	-212.16
finance and	1.39	-3.17	12.67	5.62	34.79	45.40
private	4.23	-8.87	69.69	23.55	-	-399.90
co-operative	0.00	0.00	0.00	1.22	1.28	1.14
mixed	0.19	0.00	0.58	0.21	1.27	1.43
education,	0.00	-0.67	0.48	0.29	0.68	0.74
private	0.00	-4.43	11.65	5.64	22.61	28.18
<b>TOTAL-all</b>	2.21	-3.49	15.10	1.50	-266.69	-43.20
<b>social</b>	0.01	-1.21	1.99	0.05	56.11	-7.62
<b>private</b>	17.22	-17.15	306.58	13.92	-218.44	-172.76
<b>co-operative</b>	0.06	-1.01	2.67	0.55	-4.93	-3.23
<b>mixed</b>	0.18	-0.68	2.19	0.42	-79.57	-7.04

**Notes:**

1. Roland Luttikhuizen "Views on the hidden and informal economies" the papers of Statistics Netherlands, Luxembourg, 29-30 January 1997

2. **Social ownership** - Specific kind of ownership characteristic for the previous socialist system of Republic of Macedonia. It was different from state enterprises in the other socialist countries. Formally there was not owner of such enterprises, but workers were managers of them. In social enterprises was functioning so-called selfmanagement system.

**Mixed ownership** - It is characteristic for transition period in our country. Enterprises that started the process of privatisation, a part of them is privatised by means of shares, but more than 51 % are still in social ownership.

**Private ownership** - In 1994, almost all private enterprises were new created. In 1995 and further we can distinguish privatised and new created private enterprises.

**Individual enterprise** - It correspond to unincorporated enterprise in SNA terms.

**Bibliography:**

1. Janos Arvay, Andras Vertes "The share of the private sector and the hidden economy in Hungary" GKI 1995

2. ISTAT "The underground economy in Italian economic accounts" Roma 1993

3. Robert Van Eck, Brught Kazemier "Features of the hidden economy in the Netherlands" occasional paper

