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## **THE IMPLEMENTATION OF THE ACCRUAL METHOD OF RECORDING TAX REVENUES**

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### **INTRODUCTION**

1. This paper focuses on the methodology used for estimating general government tax revenues in Italian national accounts and assesses the difference between cash-based figures and accrual-based figures (by tax type).
2. One of the major concerns in recent years is the widening of the gap between accrual estimates and cash estimates. This is particularly important in National accounts, where the difference may give rise to a discrepancy between net lending (net borrowing) of institutional sectors estimated by economic accounts and net lending (net borrowing) of the same sectors estimated by financial accounts. In the changeover from cash to accrual based methodologies suggested by ESA95, not too much time has been devoted to assess the impact on balances and the correct amount of these differences. In recent years, the accrual methods have been reconsidered, their application to some transaction has been limited (see EC Regulation 2516/2000). However, the main reasons that justified the move from cash to accrual at the EU level still hold: the superiority of the economic significance of the accrual and the fact that cash revenues can be easily manipulated by policy maker. As regard to tax, for example, it is easy to influence cash receipts in a certain period by only changing the deadline for the payment, or by asking tax collectors to make some prepayments of taxes that will be collected in the future. However, on the opposite, while cash figures are easier to implement and of more immediate comprehension, accrual estimates are based on a complex methodology and the results need to be explained.
3. Moreover, accrual principles can be applied in ways that vary greatly from country to country. For example, in General Government accounts the application of the accrual principle relies on

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information provided by public accounts and on the availability of additional information. Some countries decided to approximate accrual by only using time-shifted cash data.

4. In general, it is necessary to make a distinction, from a conceptual point of view, between the time of recording transactions and the amount to be recorded. The two elements represent two different aspects of the process of evaluation and, even if it is better to keep them conceptually separated, they cannot be separated in practice. The problem of the time of recording can be easily identified and solved if there is sufficient information to shift of some time-lag (one month or a different period), flows registered by public accounts. The best situation, from a practical point of view, is when daily information is available, thereby making it possible to calculate very precise adjustments in the flows to be registered.

5. The problem of the amount to record is much more a delicate problem and deals with knowing the content of the figures provided by public accounts and adapting the methodologies of recording. In short, when using public accounts data, national accountants must use “cash” or “assessments”? Looking carefully, this question is misleading. In fact, the answer cannot be either “pure cash” or “pure assessments”, because neither fulfils the rules of national accounts. The answer cannot be “pure cash” because cash represents only the financial settlement of a transaction that occurred time ahead, of a credit/debt relationship established time ago. A tax can be claimed as being due by the Tax Authority, but its payment can be delayed for many reasons. One is that it can be paid in instalments; another is that the system of tax collection can introduce a delay in payment. In some cases there is sufficient information to shift cash data for the time lag necessary to approximate the accrual principle; in some other cases cash data cannot be shifted. In any case, it has been largely proved that no country has all the detailed basic information needed to make time adjustments. In particular for taxes, it is very difficult to reconstruct accrued amounts using cash payments broken down by the year in which they accrued. Moreover, cash data should be re-evaluated in order to take into account the many factors affecting the present value of cash revenues. Adjusted cash is not a methodology easy to implement and it can't be used without introducing excessive doses of subjectivity that would make the cure worse than the sickness one wants to eliminate. The solution to these problems is the use and treatment of basic data, for any given transaction, which give the most robust and complete estimate and that allow a full evaluation of the real value of debts and credits arising in any given period. The treatment of the basic data provided by public accounts must be combined with other significant and reliable information. Data drawn from public accounts must be treated so as to guarantee that the estimation procedure represents the true relationship between creditor and debtor, recorded at the time in which they are established. In all cases in which public registrations cannot be supplied with all information necessary to assess the exact time and amount of the credit/debt, the methodology of estimation should be cash based.

6. However, the point is that, in addition to accrual estimates, also cash estimates should be produced, so that the discrepancy between the two can be assessed and explained.

#### **THE APPLICATION OF THE ACCRUAL METHOD OF RECORDING GENERAL GOVERNMENT TAX REVENUES**

7. The application of ESA95 implies the implementation of the accrual principle of recording transactions : “an economic transaction has to be recorded at the time in which the economic effects are produced; that is, when the economic value is created, transformed or extinguished, or when claims and obligations arise, or are transformed or are cancelled” (ESA95, par. 1.57).

8. In many cases, this point in time is not the same in which the transaction is regulated by cash or it is due for payment. This is particularly true for the transactions carried out by general government, for which the basic information is substantially represented by data coming from administrative sources, recorded according to public accounts rules and influenced greatly by changes in current legislation.

9. The task of national accounting should be making use of such information as much as possible and adapting them in order to satisfy to the greatest possible extent the accrual basic principle. The accrual principle of recording economic transactions must be applied carefully in order to avoid the introduction of systematic biases into the estimates that would affect, on the one hand, the overall coherence and consistency, and on the other hand, the economic significance. The coherence would be affected whenever the same transaction recorded in a unit's accounts would be recorded in the counterpart's unit accounts in a completely different way (or for a different amount). The economic significance would be affected whenever the accounts' balances would be very different from each other and therefore have ambiguous or uncertain meaning.

10. The application of the accrual principle to the major general government revenues is by no means straightforward. The following aspects should be guaranteed:

- reliability of data sources;
- coherence with the counterpart flow and counterpart sectors' accounts;
- Economic significance of the balance (net lending/net borrowing) estimated by economic accounts and financial accounts (net lending/net borrowing).

11. It is necessary to consider that basic information is of different degrees of reliability. Therefore, it is essential that basic information are classified by reliability and selected in order to satisfy, to the highest degree, the general principles. This will allow to limit -as far as possible- the reasons for discrepancies stemming from the lack of conformity with the general principles, and to explain discrepancies only in terms of statistical errors (sampling and non sampling).

#### **AMOUNTS ASSESSED AND CASH RECEIPTS IN PUBLIC ACCOUNTS**

12. In Italian public accounts there are two different methods of determining, collecting and recording tax revenues: the "*ordinary way*" and the "*roll procedure*".

13. The "*ordinary way*" consists in determining the amounts due on the basis of the tax payers' self-declarations to the administrative Authority.

14. The "*roll procedure*" is an autonomous action of the tax authority that assesses amounts due by the taxpayer but not declared. The administration communicates the amounts due to the taxpayer and at the same time begins a procedure in order to recover the credit by following the necessary administrative steps. (Accountancy Regulation 1973, n. 602).

15. For all tax revenues, whether determined by following the ordinary way or through the rolls, there are two different amounts recorded in public accounts: "assessments" and "cash".

16. Assessments correspond to the amounts recorded at the moment in which the reason of the credit, the identity of the debtor and the amount of the credit are known (art. 222 of the Regulation of State general accounting). Therefore, it is the time at which a credit position of the State is identified as substantially funded from a legal point of view (in general such a position corresponds to the last date in which the payment can be made without incurring in penalties). Cash receipts correspond instead to the amounts effectively accrued in cash at the Treasuries' accounts.

17. In some cases legal arrangements defines assessments in such a way that the accrual criterion of Esa95 is completely satisfied. In other cases assessments defined by the current legislation may represent

only the base on which estimates can be made, and they need to be supplied by additional information. In other cases, assessments that do not meet some requirements cannot be used at all.

18. In Italian national accounts accrual estimates of tax revenues are based on amounts assessed *in the ordinary way*. Amounts *assessed through rolls* are not considered at all, because there is not certainty about their recoverability.

19. Given the many typologies of revenue, the many collection practices - whose timing and procedures are governed by laws - the amounts assessed that are effectively cashed by the general government in the same period can vary greatly. Some revenues accrue directly to the Provincial Treasuries or to the Central Treasury; some others are acquired by the State through collecting agents appointed by law for this purpose. The collecting agents are in charge of transferring funds to the Treasuries, but their timing in doing so varies according to the different regimes under which they operate. Moreover, delays in the payments of concessionaires can be due to other different reasons and in some cases a time tolerance is also provided by law. This determines that cash amounts represent with certainty the moment in which the funds are available at the general government accounts, but do not represent in any way the moment in which the economic value is created, transformed or extinguished, nor the moment in which claims and obligations arise, are transformed or are cancelled. They do not even represent the moment in which the income of the debtor is affected by the government levies and his economic decisions are taken.

20. Therefore, in several cases amounts cashed in each period can only provide a poor estimate of the amounts effectively accrued in the same period. On the opposite, amounts assessed represent much better the moment in which the credit arises from a National accounts point of view. However, assessed amounts recorded in Public Accounts cannot be used indiscriminately. In fact, given the multiplicity of the registration mechanisms and of the collection practices, a careful analysis should be conducted by type of revenue. The assessed amounts can only be used in those cases in which they furnish a reliable estimate of the true credit, or they can be used as good base for reliable estimates. In all other cases, cash amounts should be used. Therefore, it is necessary to define a specific estimation procedure for each kind of receipts, in order to produce estimates strongly anchored to reality.

21. In Italian National accounts total tax revenues are estimated by adding the amounts assessed for taxes collected in the *ordinary way* to the cash receipts for taxes collected through the procedure of *tax-rolls*.

22. This calculation method derives from the extremely different characteristics of the two typologies of assessments in the case of taxes: the assessments carried out in the ordinary way represent true credits (in fact the cash amounts differ just a little from the assessed amounts and sometimes they are even greater because of time discrepancies), while the assessments carried out through *tax-rolls* are credits with a low probability of being recovered.

23. The taxes assessed (and collected) in the *ordinary way* are represented by all the taxes for which there are no legal controversies with the tax authority and for which are not expected missing payments. For the major part of taxes, assessments correspond to the amounts self-declared by the tax payer. In this case, amounts assessed are in principle equal to amounts cashed. The two amounts, however, cannot be equal in each accounting period, insofar they can be paid in instalments or there can be delays in the payments made by concessionaires.

24. For *tax-rolls*, instead, even if the tax credit is evidenced by an assessment, the risk of non recovering the credit is high. In fact, the procedure of registration in the tax-rolls implies an autonomous assessment by the part of the Administration that, in general, does not agree with the amount declared by the tax payer. With regard to the tax-rolls there are controversies that go on for many years and that result in the credits of the Administration becoming very uncertain in nature.

25. Even if a new procedure, in force from 1993 provides more restrictive practices for recording the tax-rolls<sup>2</sup>, in general, a current procedure of cancellation of unrecoverable credits is not activated. Following a survey carried out by the Ministry of Finance at the collection agencies it was verified that even for the principal and special tax-rolls, which can be considered less risky, the share of recovered credits is approximately 50% of the total.

26. In short, the Italian methodology for the application of the accrual principle to tax revenues is based on two basic sources:

- assessments in the “ordinary way”;
- cash receipts for taxes collected “through rolls”.

## TAXES ON PRODUCTION AND IMPORTS

27. As for taxes on production and imports, ESA95 provides that the time of registration is when the activities, transactions or other events occur which create the liabilities to pay taxes (par. 4.26). The amount to be registered, determined on the basis of the procedures mentioned above, therefore must be modified in order to take into account the lag between the time of production, consumption or imports and the due date.

28. In order to implement an efficient system of time-lags adjustments, an in depth analysis on the times due for payment for each tax has been carried out. The adjustments for time lags are decided tax by tax, on the base of the average time-lag occurring between the time due for payment and the moment in which the production, the transactions and other events which created the liability to pay occurred. Moreover, effects of changes in the due date for payment, resulting from current legislation, are taken into account and whenever it is the case, they are neutralised.

29. For Value Added Taxes (D211) the time of recording takes into account the fact that there are prepayments and settlements which are due at different times for monthly and quarterly tax payers, as well as declarations and liquidation. The time adjustments are operated using an adjustment coefficient estimated on the base of the treasury daily cash receipts.

30. In particular, for VAT all kinds of payments (monthly declarations, quarterly, annual etc.) are available monthly with reference to the month in which they accrue, so that it is possible to shift in a very precise the amounts assessed.

31. As for taxes and duties on imports excluding VAT (D.212) and other taxes on products (D.214), the tax obligation arises at the time of manufacture, consumption or import of the product (Legal excises' act : “D.Lgs 26.10.,1995, n. 504”). The practices for registration of the amounts due in public accounts allow calculating the lag occurring between the time of consumption<sup>3</sup> and the time of assessment<sup>4</sup>. Moreover, in the case of taxes on manufacturing and consumption, in general, the amounts assessed are equal to the amounts cashed<sup>5</sup>. Time adjustments are usually made only in order to

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<sup>2</sup> The assessment made by the administration is communicated to the tax payer, who has 30 days to appeal. In this case, only 1/3 of the amount is registered in the tax rolls and the usual penalties are not applied; only the interests are requested.

<sup>3</sup> The consumption occurs when the product comes out from *fiscal deposits* (mineral oil refineries, plants for the treatments of petroleum products, alcohol distilleries, plants for the production of strong liquors, liquors and other alcoholic beverages, bonded warehouses authorized to be managed in the fiscal deposit treatment, etc.) or at the moment of the redemption from one of the customs treatments bringing the suspension of the tax.

<sup>4</sup> Assessments in the case of manufacturing taxes is estimated by applying to the quantity of product placed on the market for consumption the tax rate in force at that date of placement.

<sup>5</sup> In fact, the tax has anyway to be paid: in case of lack of payment within 5 days from the term there is the block of the fiscal deposit.

neutralize changes in due for payment dates, and are based on monthly assessments made by the Ministry of Finance<sup>6</sup>.

### **CURRENT TAXES ON INCOME AND WEALTH**

32. As for direct taxes, ESA95 provides that the time of recording must be the time in which they are due by law, meaning the last date to pay without penalties.

33. However, in particular for IRPEF (personal income tax), the fact that the employers, who pay the tax on behalf of the employees, pays it with a month lag with respect to the moment in which it pays the wages, is considered. Therefore, IRPEF assessments are time-shifted of one month as regard to the withholding tax paid by the employers on behalf of their employees.

34. These adjustments are not compulsory according to ESA, but it is appropriate to do so in order to make the tax flow estimates more significant and more coherent with the profile of the taxable income accruing to the employees. In fact, the employer that deducts the tax on the compensation of employees one month before he makes the payment to the State, introduces a time discrepancy between the tax burden on the employee's income and the payment to the State. It is as if the State would grant the employers a monthly interest-free loan. But, of course, this loan does not have anything to do with the principal relationship between the State and the tax-payer/employee. Moreover, in the case of yearly estimates, it has been proved that the time-lag adjustment avoids further distortions due to the fact that the employee's income is reduced in December even if the tax is actually collected in January.

### **TREATMENT OF FINES AND INTERESTS**

35. Following ESA95, the total amount of taxes to be registered should not include fines and interests charged on arrears of taxes due applied by the Tax Authority (ESA 4.28 and 4.81). All the fines and interests for late payment of taxes should be excluded as far as possible from the amount of taxes but included, respectively, in "miscellaneous current transfers" (D75) and Interests (D.41).

36. Fines and interest arrears, at least for principal categories of taxes, are recorded, in public accounts, in a separate entry. In national accounts, the amounts assessed of fines and interests are excluded from taxes and classified as transfer and interests. However, since amounts assessed are affected by a non-negligible component of subjectivity (assessments carried out in an autonomous way by the Administration), only cash amounts are recorded in national accounts.

### **TREATMENT OF TAX RELIEVES AND TAX REBATES**

37. At very irregular time intervals, with an "ad hoc" legislative act tax, Authorities decides tax relieves or amnesties, i.e., they are ready to cancel part of the taxpayer liability if the taxpayer makes a self-declaration of the amounts of taxes evaded and pays a residual amount. In practice, the taxpayer has a discount in paying past tax liabilities. Revenues from tax relieves are recorded as capital taxes (D91), since they are of an extraordinary nature and should be considered as paid out of the taxpayer's net worth (cumulated saving), not of the taxpayer's current income (see Esa 95 par. 4.184).

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<sup>6</sup> cf. Ministry of Finance, 'Observatory on revenues' - 'Fiscal revenues' - monthly data.

38. These amounts, recovered in a specific year, represent an appearance of taxable base, because they were not included in the assessments. Therefore, whenever there are large amnesties, like in 2003, even if they refer to past fiscal liabilities, they are impacting on the tax revenues estimated on an accrual base at the moment in which the taxpayer makes the declaration. For all taxes amnestied in 2003 there is a noticeable difference between accrual and cash figures and, at the moment, it is impossible to estimate a breakdown by type of tax (IRPEF, VAT, etc.). This difference is due to the fact that for some typologies of taxes amnestied it was allowed to pay in instalment. While accrual estimates are based on the total debt declared by the taxpayer to the tax authorities recorded at the moment in which the debt arise, cash amounts recorded at the same moment represent only the part of debt already paid by the taxpayer and exclude the future payments.

39. Tax rebates are, on the opposite, reimbursement of the tax authority of taxes already paid. In national accounts we use rebates assessed, that correspond to amounts asked for refunds by the taxpayer that are approved by the Tax authorities, even if not yet paid. They are considered as negative tax and subtracted from the tax revenues. It is important to determine the moment in which the debt of the Fiscal Authority arise. The source used is the Ministry of Finance assessments, which surveys the reimbursement entries acquired by the Tax authority through the tax declarations. Amounts assessed are determined on the basis of the requests presented by the tax payers which are validated by the Tax Authority<sup>7</sup>.

40. The database provided by the Fiscal Ministry contains tax rebates by tax type, recorded on an assessment base and on a cash base, and amounts cleared. A clearance mechanism was established in 1998: all credits accrued to the taxpayer during the current accounting period with reference to certain types of taxes (for example VAT) can be "compensated" with all tax liability accrued in the same period with reference to other types of tax (e.g. IRPEF, IRPEG, etc.). Cleared amounts represent tax credits reimbursed to the taxpayer when paying taxes.

41. It has to be said that there is usually a big difference between the amounts assessed (due by the tax Authorities) and the amounts actually carried out by cash by the fiscal Authority in any period. The tax rebates in cash are systematically lower than those assessed because they reflect the tendency of the Tax Authority to delay payments. Sometimes delays are more than five years and determine the accumulation of big stocks of tax credits of the taxpayers. They are liquidated (paid by the fiscal Authority) at irregular interval, for the past, even by issuing government bonds given in payment to tax payers. This situation represents an anomaly that may affect also national account estimates as long as we use cash based methods of recording.

#### **THE DIFFERENCE BETWEEN TAX REVENUES ESTIMATED ON AN ACCRUAL BASIS AND ON A CASH BASIS**

42. In the Tables attached (Tables 1a, 1b, 2a, 2b, 3a, 3b) we show the accrual and cash estimate for direct, indirect and capital taxes, as they are recorded in General Government Accounts. The discrepancy between cash and accrual figures is due to time-lag adjustment, to the impact of rebates and to other minor causes. In Italian national accounts tax revenues are considered net of tax rebates and, whenever accrual-cash difference of rebates is negative, this add up to the normal difference between tax revenues estimated on an accrual basis and tax revenues estimated on a cash basis.

43. Other causes are principally determined by the specific arrangements between the State and collecting agents (concessionaires), that may delay or anticipate payments. Another cause is the specific accounting cash settlements between some Italian regions (Sicily and Sardinia) and the treasury of the

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<sup>7</sup> The amounts declared by the taxpayer but not approved by the authority are excluded because there is no mutual agreement on the existence of the credit. Fiscal authority may not recognize the credit for many reasons, like for example a lack of documentation, errors, incompleteness of declarations, etc.

State.

## CONCLUSIONS

44. A wide application of the accrual principle to the economic accounts of the General Government is essential in order to guarantee the significance of the net lending/net borrowing of the sector. Only the amounts accrued give the actual measure of the impact of the transaction on the income of the units involved and can be used to represent their economic behaviour. However, general rules and principles have to be applied to the available sources of information for each statistical unit and this implies to solve that many problems of coherence and consistency.

45. An economic transaction has to be recorded four times: twice in the balance sheet of each economic agent involved. That is, it is necessary to record an entry in the economic account of the economic agent who initiates the transaction, a counterpart flow in his financial account, and the same transactions (of opposite sign) in the corresponding accounts of the counterpart agent. The rigorous application of this general principle of quadruple entry guarantees the system's coherence and consistency and the unambiguous representation of economic activity, avoiding confusion between the amounts paid (that can be in part or for the whole amount) in any period and the amounts effectively accrued in the same period.

46. It would be advisable that national accounts estimates were not affected by elements of subjectivity contained in data from administrative sources. It is necessary that each flow represents an economic value whose amount is equal to the corresponding credit/debt relationships generated between the two economic agents and is registered for the same amount and at the same time in both the economic and the financial accounts. To this end, administrative sources should be analyzed in detail and the different recording methodologies used in public accounts should be adapted. The difference between accrual and cash registration should be known and assessed, insofar it generates a corresponding credit /debt that should find a registration in financial accounts.



Table 1.a - Accrual and cash estimates (millions of euro)								
Current taxes on income and wealth	2000		2001		2002		2003	
	accrual	cash	accrual	cash	accrual	cash	accrual	cash
Personal income tax (IRPEF)	106.575	105.001	111.861	108.395	112.137	110.612	112.856	112.547
Corporation tax (IRPEG)	25.421	25.070	28.010	27.136	25.448	24.558	23.089	23.269
Local income tax -	161	63	189	83	139	137	49	47
Withholding tax on interests and capital gains tax	18.973	18.578	16.225	15.378	13.794	13.202	11.202	11.214
Municipal capital gains tax on buildings	1.120	1.017	799	796	176	139	100	106
Withholding tax on company dividends	267	238	241	235	302	285	280	242
Firm's net wealth tax	263	283	51	51	14	14	3	3
Withholding tax on revaluation of firm's assets	-	-	5.041	5.034	3.230	3.208	2.492	2.668
Tax on games	467	433	460	455	248	244	419	251
Tax on concessionaires	-	-	-	-	-	1.072	-	1
Regional tax on productive activities (IRAP)	-	-	-	3.540	-	-	-	-
Other current taxes on income and wealth	307	567	591	587	728	800	993	815
<b>Total</b>	<b>153.554</b>	<b>151.248</b>	<b>163.468</b>	<b>161.690</b>	<b>156.216</b>	<b>154.271</b>	<b>151.483</b>	<b>151.163</b>

Table 1.b - Difference cash-accrual (millions of euro)				
Current taxes on income and wealth	2000	2001	2002	2003
Personal income tax (IRPEF)	1.574	3.466	1.525	309
Corporation tax (IRPEG)	351	874	890	- 180
Local income tax -	98	106	2	2
Withholding tax on interests and capital gains tax	395	847	592	- 12
Municipal capital gains tax on buildings	103	3	37	- 6
Withholding tax on company dividends	29	6	17	38
Firm's net wealth tax	- 20	-	-	-
Withholding tax on revaluation of firm's assets	-	7	22	- 176
Tax on games	34	5	4	168
Tax on concessionaires	-	-	- 1.072	- 1
Regional tax on productive activities (IRAP)	-	- 3.540	-	-
Other current taxes on income and wealth	- 260	4	- 72	178
<b>Total</b>	<b>2.306</b>	<b>1.778</b>	<b>1945</b>	<b>320</b>

Table 2.a - Accrual and cash estimates (millions of euro)	2000		2001		2002		2003	
	accrual	cash	accrual	cash	accrual	cash	accrual	cash
<b>Taxes on production</b>								
VAT total	69.486	68.790	69.551	68.632	74.902	74.502	73.855	80.421
In-bond surcharge on liquefied petroleum gases and other surcharges	81	79	77	70	56	57	48	47
In-bond surcharge on mineral oils	88	93	71	68	95	93	78	77
Excise duty on mineral oils	19.028	19.328	19.338	19.354	19.681	20.246	20.615	20.620
Excise duty on beer	191	196	156	160	139	116	130	130
Excise duty on liquefied petroleum gases	591	625	557	553	647	620	646	590
Excise duty on electricity	1.767	1.647	1.056	1.119	1.006	981	1.058	1.067
Excise duty on methane	3.842	3.791	3.551	3.272	2.780	2.918	3.889	3.854
Registration tax	3.486	3.389	3.493	3.419	4.243	3.808	4.226	3.920
Stamp duties	3.697	3.605	3.512	3.531	3.416	3.245	3.188	3.188
Register tax and stamp duties	3.050	2.825	2.429	2.627	2.513	2.595	2.569	2.693
Mortgage taxes	991	947	926	927	1.171	1.044	1.162	990
Excise duty on spirits	455	439	551	474	514	443	497	446
Receipts from sale of denaturing agents and government seals	11	11	11	11	13	13	13	11
Excise duty on tobacco	7.252	7.503	7.067	7.091	7.563	7.488	7.641	7.576
Surcharges accruing on cadastral acts	549	515	505	512	633	530	637	571
Entertainment tax	109	100	77	75	54	51	62	63
Single tax on games	96	97	76	90	99	88	82	89
Tax on lotto, lotteries, etc.	3.743	3.835	3.230	3.207	3.729	2.529	3.057	995
Tax on Totip game and horse races bets	306	306	387	387	268	268	339	339
Tax on Totocalcio game	420	420	335	335	215	215	216	216
Other special duties on production	181	214	217	217	184	-	-	-
Duty on official franchises	827	846	859	1.017	2.422	2.532	905	1.075
SO2 and NOx pollution tax	50	50	33	33	32	34	25	20
Telecommunication licences tax	959	958	713	713	238	238	170	170
Regional tax on productive activities (IRAP)	28	28	636	636	-	-	-	210
Taxes on concessionaires	-	-	-	-	-	-	2.691	2.691
Other taxes on production	455	444	421	240	154	111	287	627
<b>Total</b>	<b>121.739</b>	<b>121.080</b>	<b>119.835</b>	<b>118.770</b>	<b>126.767</b>	<b>124.765</b>	<b>128.086</b>	<b>132.696</b>

Table 2.b - Difference cash-accrual (millions of euro)				
<b>Taxes on production</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
VAT total	696	919	400	- 6.566
In-bond surcharge on liquefied petroleum gases and other surcharges	2	7	- 1	1
In-bond surcharge on mineral oils	- 5	3	2	1
Excise duty on mineral oils	- 300	- 16	- 565	- 5
Excise duty on beer	- 5	- 4	23	-
Excise duty on liquefied petroleum gases	- 34	4	27	56
Excise duty on electricity	120	- 63	25	- 9
Excise duty on methane	51	279	- 138	35
Registration tax	97	74	435	306
Stamp duties	92	- 19	171	-
Register tax and stamp duties	225	- 198	- 82	- 124
Mortgage taxes	44	- 1	127	172
Excise duty on spirits	16	77	71	51
Receipts from sale of denaturing agents and government seals	- 0	-	-	2
Excise duty on tobacco	- 251	- 24	75	65
Surcharges accruing on cadastral acts	34	- 7	103	66
Entertainment tax	9	2	3	- 1
Single tax on games	- 1	- 14	11	- 7
Tax on lotto, lotteries, etc.	- 92	23	1.200	2.062
Tax on Totip game and horse races bets	-	-	-	-
Tax on Totocalcio game	-	-	-	-
Other special duties on production	- 33	-	184	-
Duty on official franchises	- 19	- 158	- 110	- 170
SO2 and NOx pollution tax	-	-	- 2	5
Telecommunication licences tax	1	-	-	-
Regional tax on productive activities (IRAP)	-	-	-	- 210
Taxes on concessionaires	-	-	-	-
Other taxes on production	11	181	43	- 340
<b>Total</b>	<b>659</b>	<b>1.065</b>	<b>2.002</b>	<b>- 4.610</b>

Table 3.a - Accrual and cash estimates (millions of euro)		2000		2001		2002		2003	
<b>Capital taxes</b>		<b>accrual</b>	<b>cash</b>	<b>accrual</b>	<b>cash</b>	<b>accrual</b>	<b>cash</b>	<b>accrual</b>	<b>cash</b>
Tax amnesty 2003		-	-	-	-	-	-	17.440	10.914
Tax shield		-	-	-	-	2.162	2.091	-	-
Other capital tax		1.065	990	1.017	996	756	756	737	835
<b>Total</b>		<b>1.065</b>	<b>990</b>	<b>1.017</b>	<b>996</b>	<b>2.918</b>	<b>2.847</b>	<b>18.177</b>	<b>11.749</b>

Table 3.b - Difference cash-accrual (millions of euro)				
<b>Capital taxes</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Tax amnesty 2003	-	-	-	6.526
Tax shield	-	-	71	-
Other capital taxes	75	21	-	98
<b>Total</b>	<b>75</b>	<b>21</b>	<b>71</b>	<b>6.428</b>