



Czech approach to compiling valuation matrices

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SUTs valuation

- Resources – basic prices
- Uses – purchasers' prices
=> Convert to basic prices

	Current prices		Constant prices	
		Purchasers' prices	=	
	-	VAT	+	
	-	trade margin	+	
	-	transport margin	+	
	-	subsidies on products	+	
	-	taxes on products	+	
	=	basic prices		

Value Added Tax (VAT)

➤ Formula:

$$VAT = \left(U^{PP} - \frac{U^{PP}}{1+r} \right) s$$

where U^{PP} is use in purchasers' prices,
 s is a share of non-payers on total users,
 r is the rate of VAT on product and type of use

➤ USE file:

- Compilation of input data is run partially automatically based on previous year tax rates
- Rates are applied on current year base
- Final level of margins are adjusted by coefficients to the total level of current year taken from MoF

Trade margin (TRD)

➤ Formula:

$$TRD = \left(U^{PP} - VAT - \frac{U^{PP} - VAT}{1 + r} \right)$$

where U^{PP} is use in purchasers' prices,
 VAT is value added tax,
 r is the rate of TRD on product and type of use.

➤ USE file:

- Compilation of input data is run automatically based on previous year rates
- Rates are applied on current year base
- Final level of margins are adjusted by coefficients to the total level of current year.

Transport margin (TRA)

➤ Formula:

$$TRA = \left(U^{PP} - VAT - \frac{U^{PP} - VAT}{1 + r} \right)$$

where U^{PP} is use in purchasers' prices,
 VAT is value added tax,
 r is the rate of TRA on product and type of use.

➤ USE file:

- Compilation of input data is run automatically based on previous year rates
- Rates are applied on current year base
- Final level of margins are adjusted by coefficients to the total level of current year.

Other taxes on products (TAX)

- Vector of taxes on products is taken over from MoF in breakdown to CPA
- Allocation into use table is made by type of tax, mainly:
 - Customs duties - allocated proportionally to use matrix of import of goods
 - Excise taxes - allocated proportionally to total use matrix, mainly to HFCE and consumption of non-residents (foreign tourists)
 - Real property transfer tax - allocated to GFCF

Subsidies on products (SUB)

- Vector of subsidies on products is taken over from MoF in breakdown to CPA
- Allocation into USE table is made proportionally to uses (except export, changes in inventories and valuables), mainly to HFCE and foreign tourists
- Allocation into SUP table is made on diagonal



**Thank you for your
attention**