

Article

Economic statistics sector classification – classification update and forward work plan: January 2024

Classification of units, transactions and assets for the purposes of economic statistics.

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1 . Overview of the economic statistics sector classification update

Our economic statistics are produced in accordance with international rules and guidance. Central to this are the rules set out in the [United Nations System of National Accounts \(SNA\) 2008](#), the [European System of Accounts \(ESA\) 2010](#) and the accompanying [Manual on Government Deficit and Debt \(MGDD\) 2022](#). These include rules on classifying statistical units (organisations or bodies) and the transactions they engage in. A summary of these, and our approach to their application, can be found on our [Economic statistics classifications web page](#).

Our [Forward work plan dataset \(XLSX, 130KB\)](#) sets out the organisations and transactions that we expect to assess and classify in the next 12 to 18 months. Please note that classification priorities can change quickly, and the expected dates of completion are only indicative at the time of publication.

There is high demand for classification assessments, and we progress many active cases at the same time, with new cases often arising. These include confidential assessments of government and devolved administration policy proposals, as explained in our [Classification process methodology](#).

We do not announce or discuss such policy proposal assessments to give policymakers the space to develop policy. However, in each December publication, we provide the number of policy proposal reviews that were carried out during the preceding calendar year. As with other classification decisions, when a policy is implemented, it will be classified and included in the [Public sector classification guide dataset \(XLSX, 670.3KB\)](#).

The forward work plan does not cover all cases that will arise over the next 12 to 18 months. Cases that are likely to have a smaller statistical and policy impact will be assessed as resources allow. The cases scheduled in this article have been prioritised because of the impact they will have on important statistics, and their importance to public policy.

Adoption of Updated International Statistical Guidance

The National Statistician has approved the recommendation of the National Statistician's Committee for Advice on Standards for Economic Statistics (NSCASE) to adopt the 2022 edition of the MGDD. This is with the provision that any emerging evidence of a clear diversion from UK methodology and international best practice can be brought to NSCASE meetings as separate agenda items. Classification decisions have previously referred to the 2019 edition of the MGDD.

For reference, the [UK Statistics Authority published the decision on 22 September 2023 \(PDF, 103KB\)](#), which is located on their [webpage recording committee minutes](#).

2 . Forward work plan

There have been no additions to the forward work plan this month.

3 . Classification update

Multinational top-up tax

The UK government introduced the multinational top-up tax on multinational enterprise groups with annual global revenues exceeding €750 million in the [Finance \(No.2\) Act 2023](#). It is payable when a UK parent member has an interest in entities located in a non-UK jurisdiction, and the multinational enterprise group's profits arising in that jurisdiction are taxed at below the minimum rate of 15%.

The assessment concluded that the multinational top-up tax is compulsory and unrequited, as all eligible companies must pay under the legislation and do not receive anything in exchange for the payment.

As such, the multinational top-up tax has been classified as a tax on income (D.51), paid by non-financial corporations (S.11) and financial corporations (S.12) to the central government subsector (S.1311). This classification is effective from 31 December 2023, the date from which the Finance (No. 2) Act 2023 states the multinational top-up tax applies.

Domestic top-up tax

The UK government introduced the domestic top-up tax on multinational enterprise groups with annual global revenues exceeding €750 million in the Finance (No.2) Act 2023. It is payable when a multinational enterprise group's profits arising in the UK are taxed at below the minimum rate of 15%.

The assessment concluded that the domestic top-up tax is compulsory and unrequited, as all eligible companies must pay under the legislation and do not receive anything in exchange for the payment.

As such, the domestic top-up tax has been classified as a tax on income (D.51), paid by non-financial corporations (S.11) and financial corporations (S.12) to the central government subsector (S.1311). This classification is effective from 31 December 2023, the date from which the Finance (No. 2) Act 2023 states the domestic top-up tax applies.

Cumberland Council, and Westmorland and Furness Council

Cumbria County Council, which previously encompassed six district councils, has now been geographically divided between two new unitary councils: Cumberland Council, and Westmorland and Furness Council. We assessed the classification status of both of these new councils, which were established by the [Cumbria \(Structural Changes\) Order 2022 No. 331](#) on 1 April 2023. Both councils cover a large geographic area and are responsible for most of the functions previously carried out by their predecessors.

Cumberland Council replaced Allerdale Borough Council, Copeland Borough Council, Carlisle City Council and Cumbria County Council. Westmorland and Furness Council replaced Barrow Borough Council, Eden District Council, South Lakeland District Council and Cumbria County Council.

The classification assessment concluded that both Cumberland Council, and Westmorland and Furness Council are institutional units under public sector control and are non-market producers.

As such, Cumberland Council, and Westmorland and Furness Council are classified to the local government subsector (S.1313), effective from 1 April 2023. All the replaced councils will be listed as Disbanded or Deleted Entities on the PSCG, also from 1 April 2023.

4 . Related links

[Economic statistics classifications](#)

Web page | Updated periodically

Classification decisions taken in recent years, documentation on the classification process and a list of entities and their classification in the UK National Accounts.

[Forward work plan \(XLSX, 130KB\)](#)

Dataset | Updated monthly

A plan which sets out the organisations and transactions that the Office for National Statistics (ONS) expects to assess and classify in the next 12 to 18 months.

[Public Sector Classification Guide \(XLSX, 670.3KB\)](#)

Dataset | Updated monthly

An updated guide providing a list of bodies that have been classified by the Office for National Statistics (ONS) as public sector bodies within the National Accounts.

5 . Cite this article

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