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Task Force on Statistical Units

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Eurostat, Bech Building,
5 rue Alphonse Weicker, Luxembourg
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Room BECH B2/404

Chairperson: Martina Hahn

Item 4a of the agenda

Operational rule for ancillary legal units/operating segments

Operational rule for serving legal units/operating segments

Operational rule for vertically integrated legal units/operating segments

as revised by the Task Force

(6) Operational rule: Ancillary legal units¹/~~ancillary operating segments~~

If a legal unit ~~or an operating segment~~ performs one or more ancillary activities for other legal units ~~or operating segments~~ within the same enterprise group, it has to be considered as an ancillary legal unit ~~or operating segment~~. In this case it is not considered an enterprise. The outputs of the ancillary legal unit ~~or operating segment~~ have to be considered as ~~intermediate consumption~~ inputs for the other ~~enterprises~~ units of the enterprise group and its data have to be consolidated within the enterprises which consume these outputs.

In case the output of the legal unit ~~or segment~~, which performs one or more ancillary activities, is only partly consumed by other legal units ~~or segments~~, and the legal unit ~~or segment~~ sells to a third party on a regular basis, it may be treated as an enterprise.

~~In case data availability (including reliable estimations) does not allow for consolidating the output of serving units or segments within the enterprises, the ancillary units or segments have to be treated as enterprises.~~

A legal unit ~~or a segment~~ or part thereof located in one country may carry out exclusively ancillary activities inside an enterprise group and deliver its services to more than one enterprise of the enterprise group it belongs to. If the enterprises that receive the ancillary services have locations in one or more other countries the legal unit ~~or segment~~ providing these services is by convention treated as an enterprise and is classified according to the activity it is performing.

~~(7) Operational rule: Serving legal units/operating segments~~

~~If a legal unit or an operating segment manages only factors of production such as land, buildings, equipment or staff for other legal units or operating segments it has to be considered as a serving legal unit or a serving operating segment within the same enterprise group. In this case it is not considered an enterprise. The data on the factors of production have to be consolidated within the enterprise(s).~~

~~In case data availability (including reliable estimations) does not allow for consolidating the output of serving units or segments within the enterprises, the serving units or segments have to be treated as enterprises.~~

~~In case the output of a legal unit or segment, which performs one or more serving activities, is only partly consumed within an enterprise, whereas the legal unit or operating segment also sells some part of its output to third parties on a regular basis, it may be treated as an enterprise.~~

~~A legal unit or a segment or part thereof located in one country may carry out exclusively serving activities inside an enterprise group and deliver its services to more than one enterprise of the enterprise group it belongs. If the enterprises that receive the services have locations in one or more other countries the legal unit or segment providing these services is by convention treated as an enterprise and is classified according to the activity it is performing.~~

¹ This operational rule may also apply to operating segments by analogy. It applies also to legal units managing only factors of production, such as land, buildings, equipment or staff for other legal units.

(78) Operational rule: Vertically integrated legal units²/~~vertical integrated operating segments~~

A vertically integrated enterprise is one in which different stages of production, ~~which are usually carried out by different enterprises,~~ are carried out in succession by different parts of the same enterprise. The output of one stage becomes an input for the next stage, only the output from the final stage being actually sold on the market³.

A legal unit ~~or operating segment~~ is vertically integrated, if its output is used as a pre-product in another legal unit ~~or operating segment~~ of the same enterprise group. In this case, the vertically integrated legal unit ~~or operating segment~~ is merged inside the group with the legal unit ~~or operating segment~~ using the output. The merged ~~segments or~~ legal units have to be considered as one enterprise⁴.

² [This operational rule may also apply to operating segments by analogy.](#)

³ Source SNA 2008 paragraph 5.23.

⁴ The rule should be seen in connection with the other rules; in case not all the output is absorbed by the other unit, it still has to be checked, whether the unit delivering the output has autonomy or not and forms an organisational unit with the unit using the output.