

Technical notes for Questionnaire 2: Data item inventory

The concepts and definition of household income preferred as standards of reference for the completion of this questionnaire are those adopted by the Seventeenth International Conference of Labour Statisticians (ICLS), and outlined in '*Resolution 1:Resolution concerning household income and expenditure statistics*' (2004). An extract of the resolution is attached at the end of this note.

Characteristics of the data set

This section is at the top of the spreadsheet. It is designed to collect information about the name and characteristics of the data set selected for responding to the data item inventory.

Please select the most comprehensive data set available for income distribution analyses in your country or complete a separate data item inventory for each data set.

Codes & columns

Columns 1 and 2

The components and subcomponents of income are consistent with those contained in the ICLS resolution. An extract is provided at the end of this document.

Column 3

This column indicates whether the item is added (+) or subtracted (-) when deriving total or disposable income.

Column 4

Information is sought on the 'completeness' of each income component, i.e. whether it is collected 'Completely', 'Partially' or 'Not collected' at all (or is collected only in a catch-all question).

Column 5

If an income component is collected either completely or partially (if 'C' or 'P' in column 4), please note in this column whether the component is observed 'Separately', 'Jointly' with some other component, or if it is 'Imputed'.

Column 6

If an income component is collected jointly with another component (if 'J' in column 5), please note in this column which income components were collected together.

Column 7 and 8

Please note whether the income component is collected at an individual level or at household level.

Column 9 and 10

Please note whether the income components are measured gross or net.

Column 11

This column is reserved for comments, for example if there are any known difference between national definitions and International Standards.

**Resolution I:
Resolution concerning household income and expenditure statistics**

Income concept and definition

4. **Household income** consists of all receipts whether monetary or in kind (goods and services) that are received by the household or by individual members of the household at annual or more frequent intervals, but excludes windfall gains and other such irregular and typically onetime receipts. Household income receipts are available for current consumption and do not reduce the net worth of the household through a reduction of its cash, the disposal of its other financial or non-financial assets or an increase in its liabilities.

5. Household income may be defined to cover: (i) income from employment (both paid and self-employment); (ii) property income; (iii) income from the production of household services for own consumption; and (iv) current transfers received.

(i) Income from employment

6. Income from employment comprises receipts for participation in economic activities in a strictly employment-related capacity, as defined in the resolution adopted by the Thirteenth International Conference of Labour Statisticians (1982) concerning statistics of the economically active population, employment, unemployment and underemployment. It consists of: (a) employee income; and (b) income from self-employment.

7. **Employee income** comprises direct wages and salaries for time worked and work done, cash bonuses and gratuities, commissions and tips, directors' fees, profit-sharing bonuses and other forms of profit-related pay, remuneration for time not worked as well as free or subsidized goods and services from an employer. It may include severance and termination pay as well as employers' social insurance contributions. These items should be reported separately, when included. The definition of these terms is consistent with their use in the resolution concerning statistics of employment-related income adopted by the Sixteenth International Conference of Labour Statisticians (1998).

8. Employee income may be received in cash (monetary) or in kind as goods or services. Those receipts in kind that are outputs of the employer's production process should be included only in so far as they are in line with the recommendations contained in the Protection of Wages Convention, 1949 (No. 95), of the International Labour Organization. Otherwise, they are imposed payments in kind that should be excluded from employee income or valued at zero.

9. **Income from self-employment** is income received by individuals, over a given reference period, as a result of their involvement in self-employment jobs as defined in the resolution concerning the International Classification of Status in Employment adopted by the Fifteenth International Conference of Labour Statisticians (1993). In particular, income from self-employment concerns primarily owners of unincorporated enterprises who work in these enterprises. It excludes profits from capital investment of partners who do not work in these enterprises ("sleeping partners"), dividends and directors' fees paid to owners of incorporated enterprises. Income from self-employment includes the estimated value of goods and services produced for barter as well as goods produced for own consumption, less expenses.

10. The basis for the measurement of income from self-employment is the concept of mixed income defined by the System of National Accounts. Mixed income consists of the value of gross output less operating costs and after adjustment for depreciation of assets used in production, where these terms are as defined in the resolution concerning the measurement of employment-related income adopted by the Sixteenth International Conference of Labour Statisticians (1998).

(ii) Property income

11. Property income is defined as receipts that arise from the ownership of assets (return for use of assets) that are provided to others for their use. These are returns, usually monetary, from financial assets (interests, dividends), from non-financial assets (rents) and from royalties (return for services of patented or copyright material).

12. Interest receipts are payments received from accounts with banks, building societies, credit unions and other financial institutions, certificates of deposit, government bonds/loans, securities, debentures and loans to non-household members.

13. Dividends are receipts from investment in an enterprise in which the investor does not work. Pensions and annuities in the form of dividends from voluntary private insurance schemes are also included.

14. Rents are payments received for the use of both unproduced assets (i.e. natural resources), such as land, and for produced assets, such as houses. Rents should be recorded net of expenses.

15. Royalties are receipts from writings, right to make use of inventions, etc. (i.e. patented or copyright materials).

(iii) Income from household production of services for own consumption

16. Income from household production of services for own consumption consists of the net estimated value of housing services provided by owner-occupied dwellings, of unpaid domestic services and of services from household consumer durables. These are services that fall under the general production boundary of the system of national accounts. Because of measurement issues, owner-occupied dwellings may be the only part of this component that could be included for now. The operational definition of this component should be clearly described when estimates for it are presented or included in estimates of the total income of households. The net estimated values of housing services from owner-occupied dwellings should be presented separately from the estimates for other services. Estimates of the values of these services should be made in a consistent manner in producing household income and household expenditure statistics when these are to be analysed jointly.

(iv) Transfer incomes

17. Transfers are receipts for which the recipient does not give anything to the donor in direct return for the receipts. Transfers can consist of cash (in the monetary sense), of goods or of services. Current transfers are those that usually recur regularly (relative to the reference period used for income), tend to be small and are also mostly available for use during the reference period.

18. Regarded as income are all current transfers received in cash and as goods as follows:

(a) social security pensions, insurance benefits and allowances generated from governmentsponsored social insurance schemes (compulsory/legal schemes) such as pensions (including military and overseas pensions), unemployment benefits, sickness benefits;

(b) pensions and other insurance benefits from employer-sponsored social insurance schemes not covered by social security legislation (both funded and unfunded) such as education allowance, medical expenses;

(c) social assistance benefits from governments (universal or means-tested) which provide the same benefits as social security schemes but which are not provided for under such schemes;

(d) current transfers from non-profit institutions (e.g. charities, trade unions, religious bodies) in the form of regular gifts and financial support such as scholarships, union strike pay, union's sickness benefits, relief payments;

(e) current transfers from other households in the form of family support payments (such as alimony, child and parental support), regular receipts from inheritances and trust funds, regular gifts, financial support or transfer in kind of goods.

19. Transfer of housing services between households should be considered as income for the recipient household. Although income includes current transfers received in the form of services from governments and non-profit institutions (social transfers in kind) and in the form of other services from households, the operational definition of income should exclude such transfers until methods exist for valuing them that are widely acceptable.

Exclusions

20. Holding gains/losses, resulting from changes in the value of financial and non-financial assets and liabilities, should be excluded from the operational definition of income.

21. All irregular, non-recurring receipts are excluded from the definition of income. They include lottery prizes, gambling winnings, non-life insurance claims, inheritances, lump-sum retirement benefits, life insurance claims (except annuities), windfall gains, legal/injury compensation (except those in lieu of foregone earnings) and loan repayments.

22. Other receipts that result from a reduction in net worth are excluded from income. These include sale of assets, withdrawals from savings and loans obtained.

23. For analytical and other purposes, data may be collected wherever possible on receipts that are excluded from the concept of income as well as from the operational definition of income.

Aggregation

24. The sum of income from employment and income from household production of services for own consumption is referred to as **income from production**. When this is added to property income and transfer income, the sum is **total income**. **Disposable income** is total income less direct taxes (net of refunds), compulsory fees and fines, social security contributions as well as compulsory and quasi-compulsory inter-household transfers paid. Whenever it is possible to also compute social transfers in kind, the sum of these receipts and disposable income constitutes **adjusted disposable income**. Total income, if aggregated across households, leads to double counting.

Reference:

International Labour Organisation 2004, *Resolution 1: Resolution concerning household income and expenditure statistics*, 17th International Conference of Labour Statisticians, December 2003.

Web address:

http://www.ilo.org/global/What_we_do/Statistics/standards/resolutions/lang--en/docName--WCMS_087503/index.htm