Labour market and pensions in the tax sources

Introduction

INTRODUCTION AND OBJECTIVES

The Labour Market and Pensions in the Tax Sources statistics study the labour market from a dual perspective: that of the company that employs and pays, and that of the person whose wages, pensions and unemployment benefits are withheld or received.

These statistics rely on the relationship of the persons who receive income, and who the employers and entities paying pensions or unemployment benefits present, through the Annual Summary of Withholdings and Advance Payments on Work Revenue.

This is based on the annual statements of Model 190, presented by all those individuals, companies and other entities, including the Public Administrations, which are obligated to withhold or pay the Income Tax, pursuant to article 71 of the Tax regulation, satisfy or pay some income referring to the year of the statistics, providing a quantification and description of the amount of work income received and/or generated in the Common Tax System Territory.

POPULATION SCOPE

This is census research whose population framework is comprised of all of the companies and entities that pay in the form of wages, pensions and unemployment benefits, and by the relation of payments and recipients of this type.

GEOGRAPHICAL SCOPE

The existence of independent tax schemes in the Provincial Councils of the Basque provinces and Navarra limits the geographical scope of these statistics to the so-called Common Tax System Territory, which excludes, at first, the cited provincial territories. Nevertheless, the companies or entities that operate or maintain establishments in both territories are obligated to pay the withholdings and to present the corresponding annual statement in the Treasury administrations of both territories.
**Groups under study**

**WAGE EARNERS**

This is the group comprised of those recipients whose payments (employed persons who work for others, in general) include all those payments, in cash or in kind, that have been paid by the person or entity liable, as revenue for work. This study is carried out from two perspectives: that of the paying or withholding entity, and that of the employee or recipient.

The annual reference for the definition of the wage-earning population and the existence of situations of having more than one job, of part-time work and of labour relations of a duration shorter than one year, allows for a wage-earner to obtain, over the year, wage payments from two or more companies or entities. Thus, the operating variables, total annual wages and annual wages paid by a specific entity, are defined as follows:

Annual wages are obtained as the sum of the wage payments paid to the set of persons comprising the list of recipients of wages paid by said entity.

The total annual wages are the sum of the annual wages received by each one of the wage-earners, or rather the sum of the total annual wages paid by the entities.

Average annual wages: for any sub-group of wage-earners created by the crossing of the classification variables, such as the sum of the annual wages divided by the number of wage-earners of said sub-group.

**UNEMPLOYED PERSONS**

This is the group comprised of the recipients whose payments are stated in the Unemployment benefits or subsidies and the Unemployment Benefits paid in a single-payment, that is, it includes the entirety of those payments corresponding to unemployment benefits or subsidies, irregardless of the form of payment.

Within this group, however, there is no phenomenon of plurality, as unemployment benefits are unique and are always paid by the same withholder.

**PENSIONERS**

These are the persons who have received throughout those benefits that are not exempt from income tax, corresponding to the pensions and passive assets from the public Social Security schemes, and passive types that are benefits due to permanent disability or great disability that are exempt, and the pensions due to permanent disability of passive types. Likewise, in Pensioners, we find the phenomenon of plurality of payments.
The annual pension of a pensioner is the sum of all of the pensions received. Thus, the average annual pension is the sum of the annual pensions of said group, divided by the number of pensioners of the sub-group.

Operating variables

These operating variables are different in each one of the groups treated. Thus, we have:

WAGE-EARNERS

From the perspective of the recipients:

Wage-earners: persons who receive a monetary payment for work revenue, counted alone, regardless of whether they have worked for one or several companies or entities.

The number of wage remunerations received by a person and paid by different entities are the payments per person (on average).

If the wages are the sum of the annual wages received by each one of the wage-earners, the average annual wages are calculated as the quotient between the total wages and the total number of wage-earners.

From the perspective of the payers:

The payers are the paying entities or companies with the obligation of withholding or paying.

The recipients are the number of persons earning wages from the company.

Total wages: this is the sum of the total annual wages paid by the entities.

Total withholdings: these are the withholdings or payments that the companies or entities are obligated to withhold from the total of their wage-earners.

Average rate of withholdings: the average percentage rate of withholdings is calculated as the quotient between the total withholdings and the total wages.

UNEMPLOYED PERSONS

This is the number of different persons who, throughout an exercise, have received some unemployment benefit.

They receive the average annual benefit, which is calculated as the quotient between the total annual benefits and the number of unemployed persons.
PENSIONERS

This is the number of different persons who, throughout an exercise, have received some monetary payment as a pension.

The pensions per person are the number of remunerations as a pension received by a person, and the average annual pension is calculated as the quotient between the total pensions paid and the number of pensioners.

Classification variables

TERRITORIAL

The information is broken down by Autonomous Community. Depending on the perspective from which the three different groups are studied, a distinction is made between the fiscal domicile of the recipient and that of the withholder.

THE RECIPIENT

Sex of the recipient

Annual remuneration brackets: these have been determined as multiples of the annual interprofessional minimum payments, taking as a reference the Interprofessional Minimum Wage (IMW) for the calculation in the groups of Wage-earners and Unemployed persons, and the Annual Minimum Retirement Pension (MRP) in the case of Pensioners.

THE WITHHOLDER

Type of entity: Companies, Public Administration and Non-profit Entities.

Activity sectors: each one of the paying companies is classified into one of the following sectors, according to the sectoral activity to which it is dedicated: Energy and water, Industry, Construction and Real Estate Services, Trade, Transport and communications, Accommodation and catering, Services provided to companies, Education and Health, Other, Unclassified.