

New data source for Wage Statistics



ANNOUNCEMENT

The Statistical Office of the Republic of Serbia changes data source and methodology for calculation of average wages.

From January 2018, in order to calculate average wages, Statistical Office of the Republic of Serbia, instead of conducting Monthly survey on wages and salaries (RAD-1), will be provided with data from the Tax Administration, which are collected in electronic form for tax return (PPP-PD). Data on average wages will be available within 55 days after the expiration of the reference month and average wages will represent calculated wages for the reference month. Average wages by municipalities will relate to the municipality of residence (not to the municipality of work) of employees. It will be possible to obtain wage distribution, median wage, gender pay gap, and other statistical indicators.

Definition of Wages

Wages and salaries, in the survey on wages and salaries (in accordance with the Law on Labour and the Law on Personal Income Tax), are all payments to employees to which the corresponding taxes and social security contributions are paid.

Wages and salaries include:

- payments to employees under fixed-term and indefinite-term employment contracts, including remuneration for work in shifts, work at night, for weekends and holidays; remuneration for food allowances during the work and for not executed work hours (annual vacations, paid leave, legal holidays, sick leave up to 30 days, absence due to professional development, a stand-still in work that was not caused by workers' guilt); holiday allowances, awards, bonuses etc.
- remuneration for work of employees under temporary employment contracts.

Wages and salaries do not include remuneration according to work contracts, remuneration for sick leave longer than 30 days, monetary compensations for to and from work commuting fees, for time spent on business trips in the country and/or abroad, food and accommodation remuneration for work in field, retirement or discharge severance packages, one-time benefits according to the social programs, funeral costs and compensations for occupational injuries or diseases, jubilees, solidarity aids, as well as other income to employees to which the corresponding taxes and social security contributions are not paid.



Importance of Average Wage Statistics

For employers wages represent the largest part of the labour costs; On the other hand, the impact of wages is significant both for achieving and preserving the living standards and social security of employees, as well as for the use and consumption of commodity funds. Average wages are a significant indicator of economic development, and are used for calculating a number of financial categories:

- the basis for the personal income tax,
- the lowest and the highest base for calculating contributions for compulsory social security,
- annual personal coefficient of employees for retirement,
- the lowest and the highest pension base,
- minimum age and disability pension,
- amount of monetary compensation for unemployed persons,
- reimbursement,
- base for the purchase of apartments,
- criteria for exercising the right to maternity and child allowance,
- criteria for exercising the right to social assistance and accommodation in centres for social work,
- monetary compensation for foster families, etc.



Average Wage Statistics in legislation



Law on Pension and Disability Insurance



Law on Employment and Unemployment Insurance



Law on Labour



Law on Dwelling



Law on Personal Income Tax



Law on Social Protection and Compulsory Social Security



Law on Social Care of Children



Law on Regional Development



Law on the Serbian Armed Forces



Regulation on national pensions

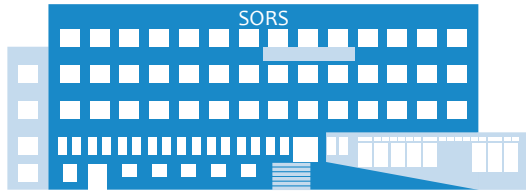


Government Regulation defining costs and severance payments to civil servants and general service employees



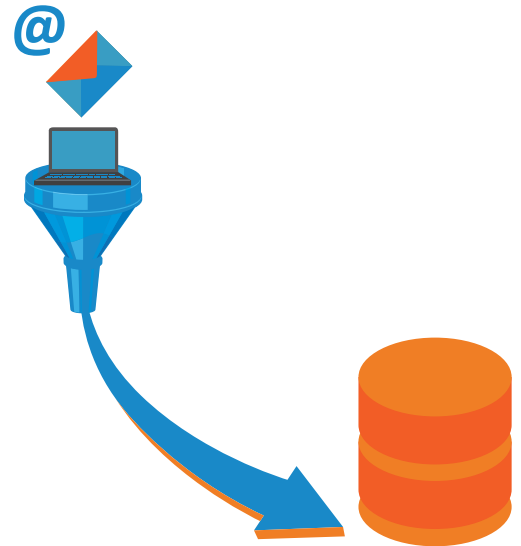
Government Decision on social programmes and severance pay calculation

Wage Statistics until 2018



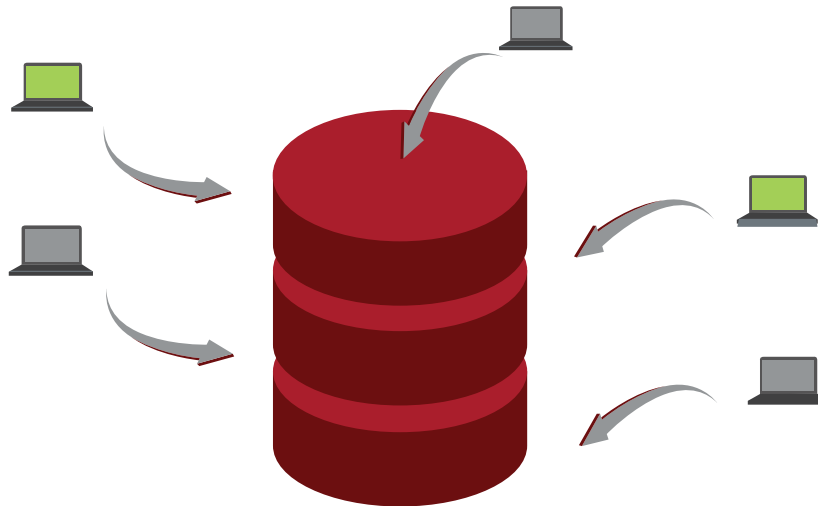
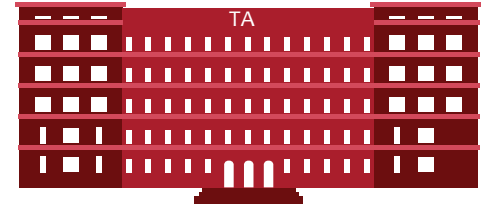
By 2018, Statistical Office of the Republic of Serbia has carried out the Monthly survey on wages and salaries – RAD-1. The survey was conducted on the sample of legal entities and involved about 800,000 employees; the aggregate data on the number of employees and the total mass of paid wages at the level of the reporting unit were obtained. The data on wages for employees of unincorporated enterprises were provided by the Tax Administration and were joined to the data obtained by the survey.

- So far, the calculation of average wages:
 - included wages paid during the reporting month (regardless of the month in which they were realized)
 - did not include wages of employees in the Ministry of the Interior and the Ministry of Defence, as well as salaries of employees under temporary employment contracts
- Average monthly wages reports were available 25 days after the end of the reference month.



Administrative data from Tax Administration

Starting from 2014 the Tax Administration uses the electronic form PPP-PD for the Tax return as regards tax deduction. By this form, among other things, all calculated and payable wages/salaries for which the employer submitted tax form are recorded.



Legal basis

Official Statistics Law (“Official Gazette of the Republic of Serbia”, no. 104/09)

- **Administrative data sources and burden on respondents**

Article 24, paragraph 1.

If administrative data sources are available, statistical survey shall not be undertaken.

- **Right to access individual data of other authorized producers of official statistics**

Article 30, paragraph 1.

The Office shall have the right to access individual data resulting from the surveys of other authorized producers of official statistics, in case these data are essential for conducting the activities of official statistics or for the evaluation of data quality.

- **Right to access administrative data sources**

Article 31, paragraph 1.

The Office shall have the right to access all administrative data sources in charge of government authorities, including identification codes, if necessary, as well as the right to access the data collected by constant monitoring and observation method, unless their statistical use is explicitly prohibited by law.

Law on Personal Data Protection (“Official Gazette of the Republic of Serbia”, no. 97/08, 104/09 – 68/12 – CC’s decision and 107/12)

- **Processing for Historical, Statistical or Research and Development Purposes**

Article 6, paragraph 1

Data collected and processed for other purposes can be processed exclusively for historical, statistical or research purposes, provided they are not used in decision – making or in taking measures against a particular person and only if appropriate protection measures are provided.

Official Statistics Law (“Official Gazette of the Republic of Serbia”, no. 104/09)

- **Confidential data protection**

Article 46.

The authorized producers of official statistics are obligated to take all relevant administrative, technical and organizational measures required to protect confidential data from illegal access, disclosure or use.

In a special set of regulations or other legal act, the authorized producers of official statistics shall define in more details the measures and procedures of data confidentiality protection, in accordance with this law.

Memorandum of Understanding (MoU) between Statistical Office of the Republic of Serbia and Tax Administration signed on 21 February 2017.

- The agreement regulates the rights and obligations of the contracting parties in accordance with applicable legal regulations regarding data collection, transmission, use and protection.

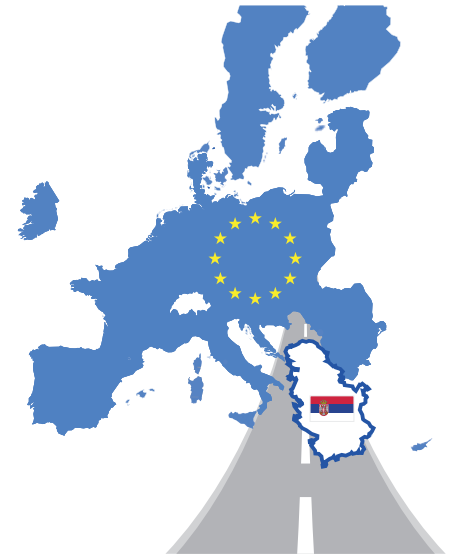
Importance of the cooperation between Tax Administration and Statistical Office of the Republic of Serbia

Considering that the use of administrative data for statistical purposes is regulated by the Official Statistics Law and the Law on Personal Data Protection, since 2015 Statistical Office of the Republic of Serbia has been analyzing the possibilities for using data from the Tax Administration.



The MoU, signed by the Statistical Office of the Republic of Serbia and the Tax Administration (21 February 2017), created the formal basis for undertaking data from the forms PPP-PD. During 2017, the Statistical Office of the Republic of Serbia developed the new methodology ensuring the conditions for the transfer to the new calculation of wages/salaries.

The importance of using administrative data for statistical purposes is also emphasized in the Programme of Official Statistics Development Strategy. The transition to the use of administrative sources for the calculation of average wages represents a significant improvement in the harmonization of wages statistics with European Statistical System (ESS).



Advantages of using Tax Administration data in the statistical production



cost effectiveness



reduced burden on data providers



better data coverage



improved data quality



more efficient statistical production process



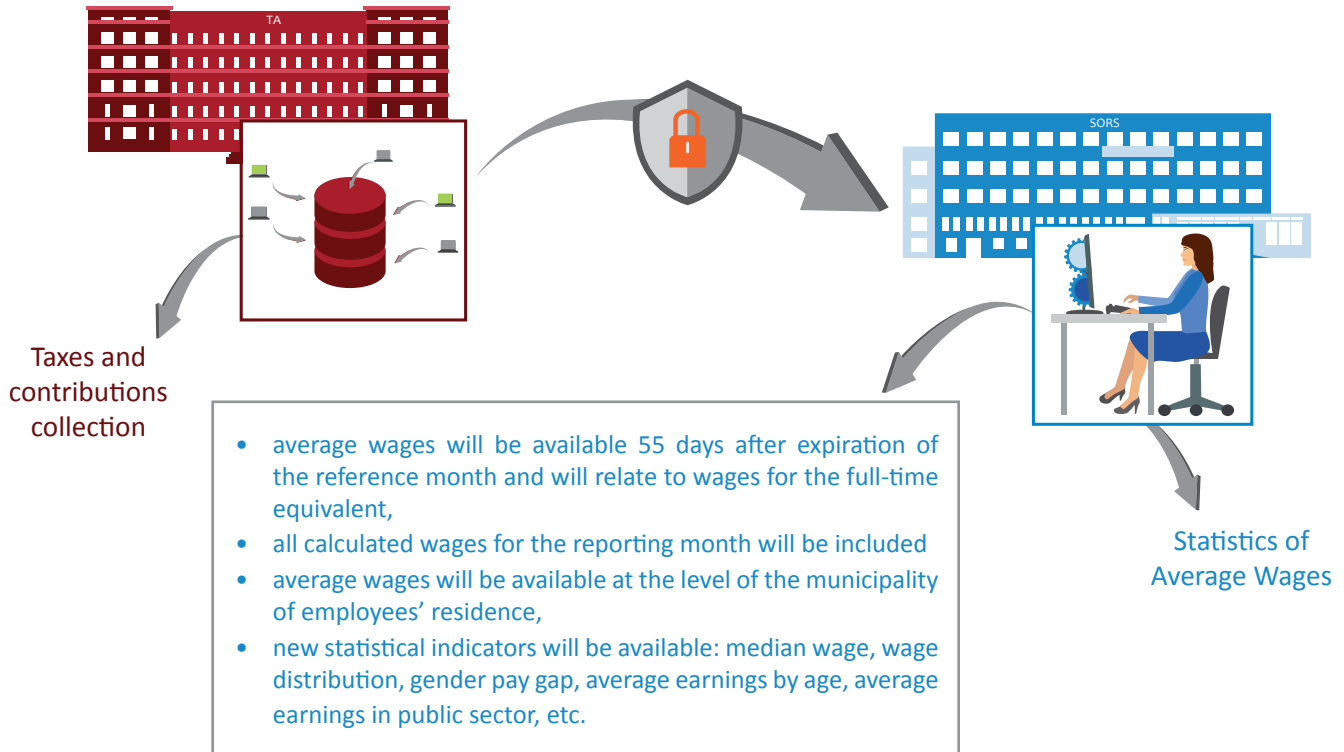
modernization of statistical production



possibility of providing a large number of statistical indicators

Wage Statistics from 2018

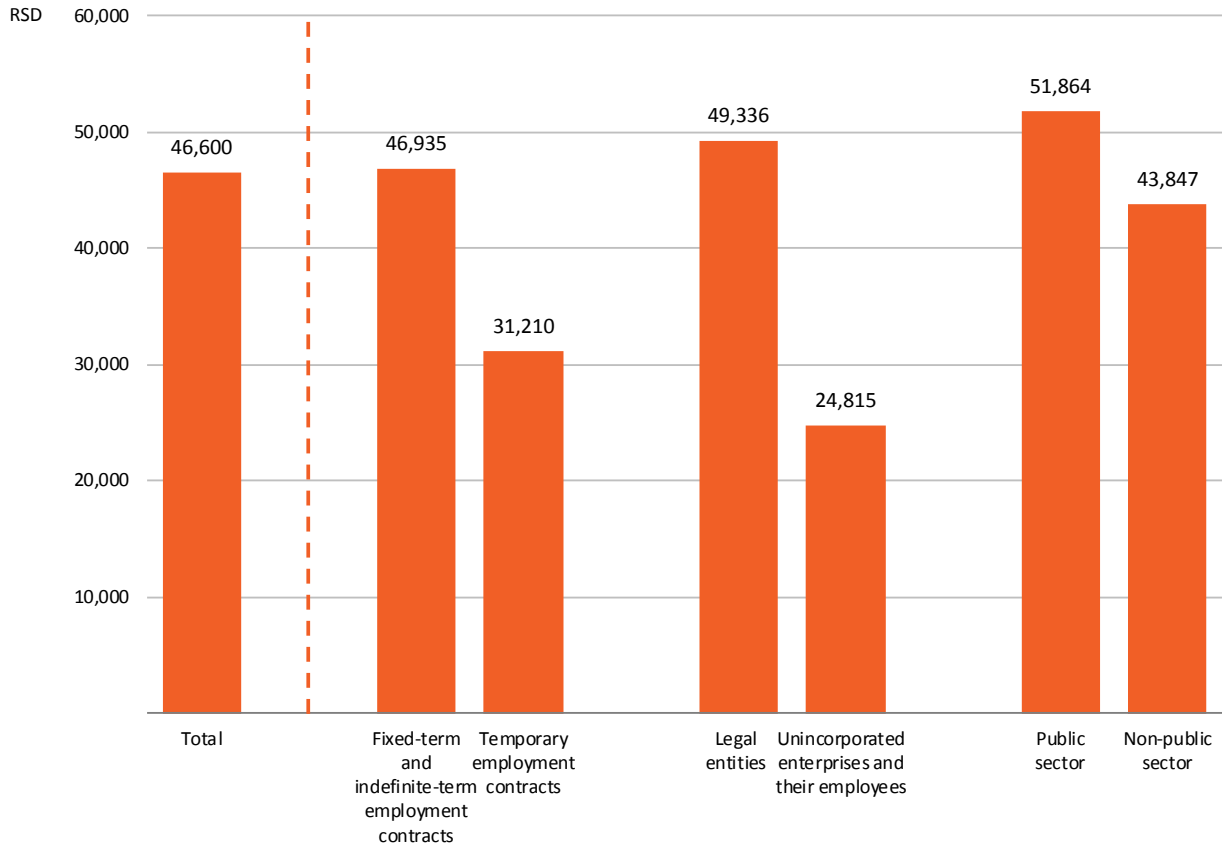
From January 2018, the Statistical Office of the Republic of Serbia discontinued the monthly survey RAD-1 and starts to use administrative data from the Tax Administration for the calculation of average wages.



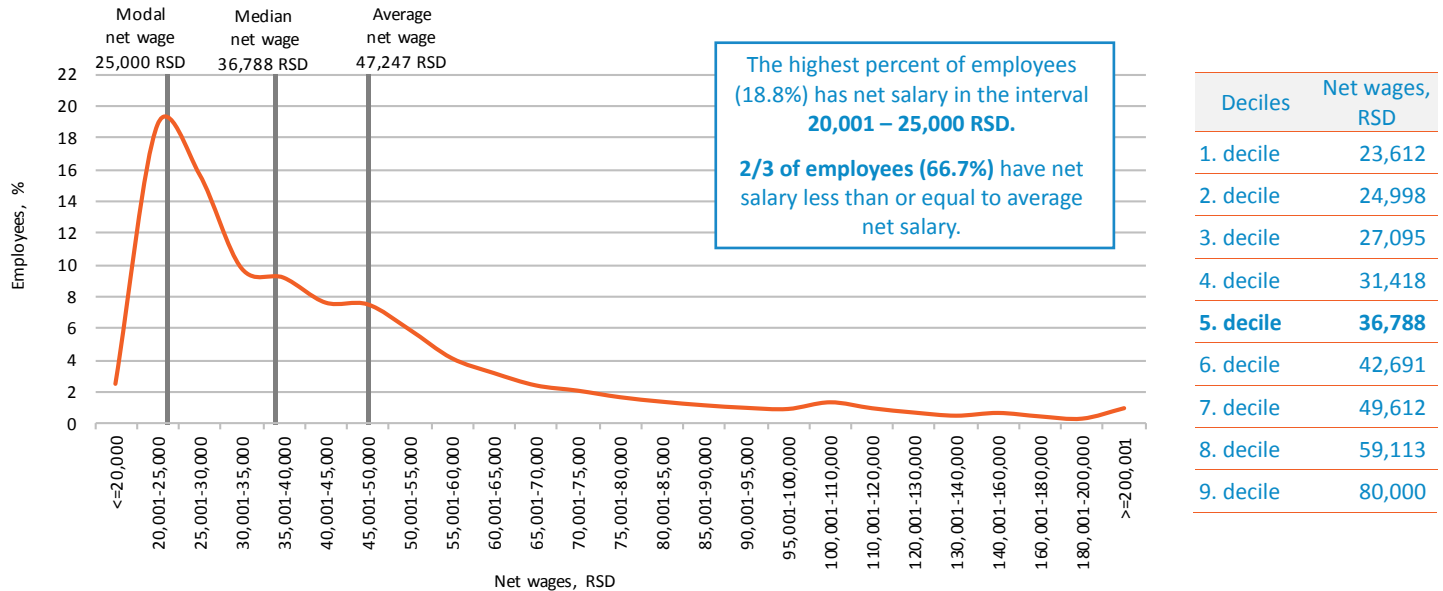
Average net wages – comparison between TA and RAD-1 data, 2017

	Average net wages		
	TA (RSD)	RAD-1 (RSD)	TA/RAD-1 (%)
2017	46,600	47,893	-2.7
January	46,667	41,508	12.4
February	45,116	46,990	-4.0
March	47,789	47,814	-0.1
April	46,036	49,635	-7.3
May	47,147	47,136	0.0
June	46,540	49,238	-5.5
July	45,614	48,101	-5.2
August	46,618	47,220	-1.3
September	45,435	48,212	-5.8
October	46,208	46,879	-1.4
November	47,247	47,575	-0.7
December	48,743	54,344	-10.3

Average net wages, 2017



Net wages distribution for the full-time equivalent, November 2017



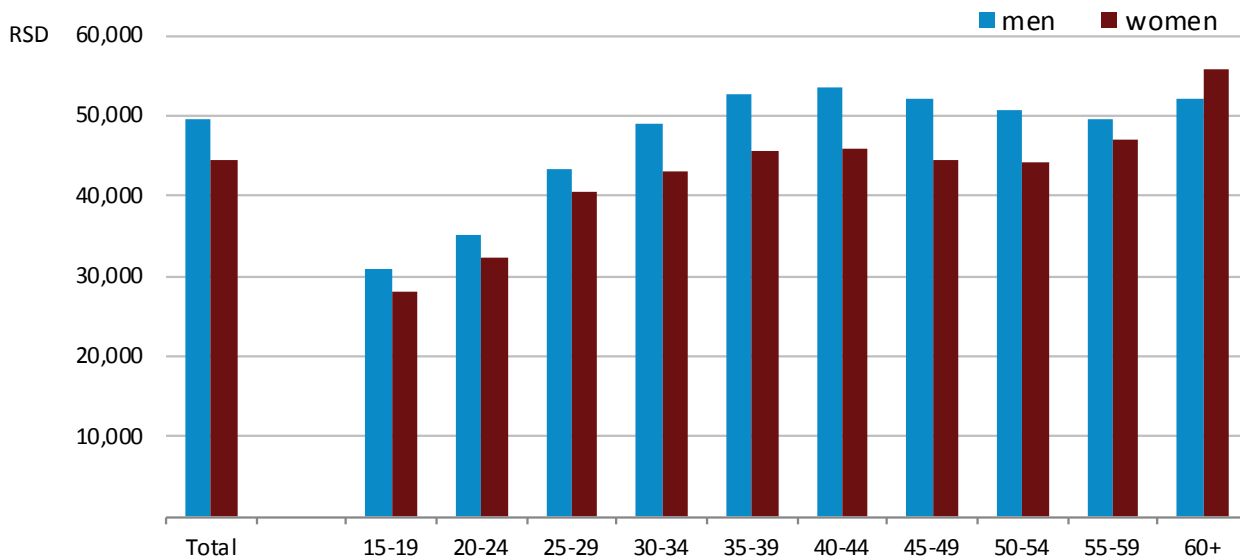
Average wage is obtained by dividing the total mass of wages by total number of employees expressed as the full-time equivalent.

Median wage (5. decile) represents the wage value that separates the set of employees in two equal parts, so one half of employees receive wage less than, and another half of employees receive wage larger than the median.

Modal wage represents the wage value which the largest number of employees receives.

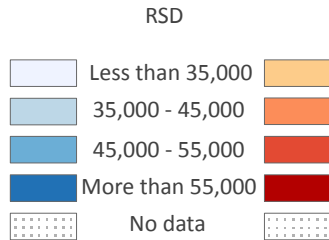
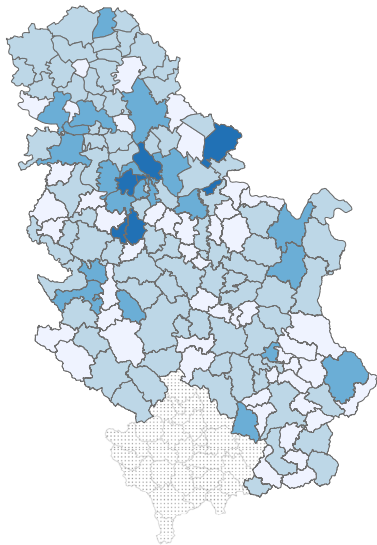
Deciles groups are obtained when the total number of employees, ranked in ascending order according to value of net wage, is divided into ten equal groups, where each group contains 10% of employees.

Average net wages by age and sex, November 2017

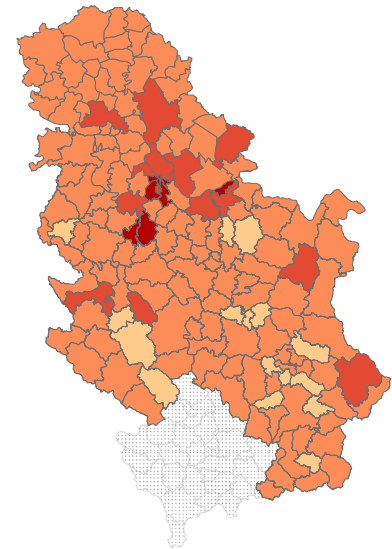


$$\left[\begin{array}{l} \text{Average hourly net pay for men} \\ 281.7 \text{ RSD} \end{array} \right] - \left[\begin{array}{l} \text{Average hourly net pay for women} \\ 252.4 \text{ RSD} \end{array} \right] \div \left[\begin{array}{l} \text{Average hourly net pay for men} \\ 281.7 \text{ RSD} \end{array} \right] \times 100 = \text{Gender Pay Gap} \\ 10.4\%$$

Average net wages by municipality of work, 2017
(RAD-1 survey)



Average net wages by municipality of residence, 2017
(Tax Authority Register)



The largest change in the values of average wages, due to changes in data source and methodology, was noted in the following municipalities:

Surčin	Trgovište	Ub	Crveni Krst - Niš	Pećinci	Ljig
83,797	25,309	32,573	49,417	52,990	32,543
41,481	38,225	43,476	37,875	41,460	43,048

Average net wages by sections of economic activity – comparison between TA and RAD-1 data, 2017

Sections of Economic Activity (CA 2010/ NACE Rev.2)	TA (RSD)	RAD-1 (RSD)	TA/RAD-1 (%)
TOTAL	46,600	47,893	-2.7
Agriculture, forestry, and fishing	40,559	42,078	-3.6
Mining	75,917	75,078	1.1
Manufacturing	42,525	45,949	-7.5
Electricity, gas steam and air conditioning supply	80,120	78,423	2.2
Water supply; Sewerage, waste management and remediation activities	41,175	41,787	-1.5
Construction	40,840	43,148	-5.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	38,485	37,810	1.8
Transportation and storage	42,965	49,095	-12.5
Accommodation and food service activities	29,180	29,507	-1.1
Information and communication	76,853	93,512	-17.8
Financial and insurance activities	88,197	87,009	1.4
Real estate activities	48,837	54,101	-9.7
Professional, scientific and technical activities	56,878	73,755	-22.9
Administrative and support service activities	40,748	39,171	4.0
Public administration and defence; compulsory social insurance	54,030	49,789	8.5
Education	48,369	42,423	14.0
Human health and social work activities	45,051	42,560	5.9
Arts, entertainment and recreation	38,739	39,158	-1.1
Other service activities	37,125	35,218	5.4

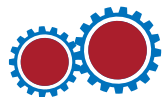
Survey RAD-1/G

Considering that the Tax Administration doesn't have all the information necessary for wage statistics, once a year survey RAD-1/G will be carried out. Data on wages for September every year will be collected by this survey.

The aim of survey RAD-1/G is to obtain data on:

- ✓ average wages by economic activities and educational attainment
- ✓ executed and not executed work hours
- ✓ bonuses





New data source for Wage Statistics

www.stat.gov.rs
zarade@stat.gov.rs