

Annex A. Comparison between macro and micro concepts

The Canberra Group Handbook provides a conceptual definition of household income. This definition is in line with that as established by the International Conference of Labour Statisticians (ICLS) and reads as follows:

“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 one-time 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 disposable of its other financial or non-financial assets or an increase in its liabilities” (United Nations Economic Commission for Europe, 2011^[1]).

This conceptual income definition is, as much as possible, consistent with the income definition as used in the SNA. The operational definition is to a large degree consistent with the conceptual definition, apart from the exclusion of the value of unpaid domestic services, the value of consumer durables and social transfers in kind, due to the difficulty in valuing these components.

Appendix 2 of the Canberra Group Handbook provides an overview of the relationship between the income concept as used in micro statistics (according to the definition used in the Canberra Group Handbook) and the one used in macro statistics (as defined in the 2008 System of National Accounts (European Commission et al., 2009^[2])). The table below provides an overview of the main differences on the basis of that appendix.

Table A.1. Comparison of income according to Canberra and SNA framework

	Description	Correspondence in Canberra definition	Comments
B2R1	Operating surplus from owner occupied dwellings	Net value of housing services provided by owner-occupied dwellings and subsidised rentals	The SNA item is recorded on a gross basis, thus after deducting intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid.
B2R2	Operating surplus from leasing of dwellings	Rental income from residential properties net of operating expenses, depreciation and interest	The SNA item is recorded on a gross basis, thus after deducting intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid.
		Rental income from non-residential properties net of operating expenses, depreciation and interest	The SNA item is recorded on a gross basis, thus after deducting intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid.
B3R1	Mixed income from own account production	Goods produced for own consumption, less cost of inputs	
B3R2	Mixed income from underground production	-	
B3R3	Mixed income excluding underground and own account production	Profit/loss from unincorporated enterprises, measured net of operating costs and after deduction for the depreciation of assets used in the production, and net interest	The SNA item is recorded on a gross basis, thus after deducting employee costs and intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid. Furthermore, the micro data may include amounts related to profits by units that are treated as quasi-corporations in the SNA. The withdrawal of income of these quasi-corporations is included in distributed income of corporations in the SNA.
		Goods produced for barter, less cost of inputs	
		Royalties, i.e. from intellectual property rights, etc.	
D11R	Wages and salaries received	Direct wages and salaries for time worked and work done	In concept both the SNA and micro income measures do not include social insurance benefits paid by employers, such as sick leave or maternity leave, in wages and salaries. The Canberra Handbook explains that in practice, it may be difficult to separate these payments.
		Cash bonuses and gratuities	
		Commissions and tips	
		Directors' fees	
		Profit-sharing bonuses and other forms of profit-related pay	
		Shares offered as part of employee remuneration	
		Free or subsidised goods and services from an employer	
Severance and termination pay			
D121R	Employers' actual social contributions received	Employers' social insurance contributions	
D122R	Employers' imputed social contributions received	-	
D41R'	Interest received (not adjusted for FISIM)	Interest from financial institutions	Micro statistics reflect amounts net of expenses, e.g. interest paid on borrowings for investment purposes
D42R	Distributed income of corporations received	Dividends, including income from own incorporated business	Micro statistics may include dividends as distributed by mutual funds or other investment funds, which are included in Investment income attributable to collective investment funds shareholders (D443R) in the SNA. Micro statistics reflect amounts net of expenses, e.g. interest paid on borrowings for investment purposes. Furthermore, the micro data include withdrawal of income of quasi-corporations in income from self-employment (see B3R3).

	Description	Correspondence in Canberra definition	Comments
D43R	Reinvested earnings received on foreign direct investment	-	
D441AR	Property income received attributed to non-life insurance policy holders	-	
D441BR	Property income received attributed to life insurance policy holders	-	
D442R	Investment income payable on pension entitlements received	-	
D443R	Investment income attributable to collective investment funds shareholders received	-	
D45R	Rent received	Rental income from non-produced assets (land and subsoil assets)	Micro statistics reflect amounts net of expenses, e.g. interest paid on borrowings for investment purposes
D41'P	Interest paid (not adjusted for FISIM)	-	
D45P	Rent paid	-	
FISIM_P	Adjustment for FISIM	-	
D5P	Current taxes on income and wealth	Direct taxes (net of refunds) Compulsory fees and fines	
D611P	Employers' actual social contributions paid	Employee and employers' social insurance contributions	Employers' social insurance contributions may be separately available (see D121R)
D613P	Households' actual social contributions paid		
D612P	Employers' imputed social contributions paid	-	
D614P	Households' social contributions supplements paid	-	
D61xP	Social insurance scheme service charges paid	-	
D611R	Employers' actual social contributions received	-	
D612R	Employers' imputed social contributions received	-	
D62P	Social benefits other than STiK paid	-	
D62R	Social benefits other than STiK received	Social security pensions Pensions and other insurance benefits Social assistance benefits (excluding social transfers in kind)	Lump sum retirement benefits are not included in the micro measure
D72R	Non-life insurance claims	-	
D71P	Non-life insurance premiums	-	
D75R	Miscellaneous current transfers received	Current transfers from non-profit institutions Compulsory and quasi-compulsory inter-household transfers received	The micro items specifically relate to transfers between resident households Gambling wins and losses (net of service charge) are not part of the income concept as used in the micro measure
	Miscellaneous current	Current transfers to non-profit	

	Description	Correspondence in Canberra definition	Comments
D75P	transfers paid	institutions	
		Compulsory and quasi-compulsory inter-household transfers received	The micro items specifically relate to transfers between resident households
			Gambling wins and losses (net of service charge) are not part of the income concept as used in the micro measure
D75x	Net miscellaneous transfers received between resident households	Compulsory and quasi-compulsory inter-household transfers received	
D63R1	Social transfers in kind on education received	Social transfers in kind received	
D63R2	Social transfers in kind on health received		
D63R3	Other social transfers in kind received		
		Value of unpaid domestic services	Excluded from the SNA
		Value of services from household consumer durables	Excluded from the SNA

Source: Appendix 2 of the Canberra Group Handbook (United Nations Economic Commission for Europe, 2011^[1]).

Table A.2. Comparison of income according to ICW and SNA framework

	Description	Correspondence in ICW Framework definition	Comments
B2R1	Operating surplus from owner occupied dwellings	Net value of housing services provided by owner-occupied dwellings	The SNA item is recorded on a gross basis, thus after deducting intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid.
B2R2	Operating surplus from leasing of dwellings	Rent from real-estate other than owner-occupied dwellings, net of expenses (partly)	The SNA item is recorded on a gross basis, thus after deducting employee costs and intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid. The SNA only includes the part that relates to renting of dwelling under B2R2. The other part is recorded under B3R3.
B3R1	Mixed income from own account production		
B3R2	Mixed income from underground production		
B3R3	Mixed income excluding underground and own account production	Income from self-employment	The SNA item is recorded on a gross basis, thus after deducting employee costs and intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid. The income of "sleeping" or "silent" partners of unincorporated enterprises will be included under mixed income in the SNA, while it will be recorded as Income from shares and other equity, net of expenses in the ICW Framework. However, most household enterprises with "sleeping" or "silent" partners will concern quasi-corporations for which any withdrawal is recorded as distributed income of corporations in the SNA (see D42).
		Rent from real-estate other than owner-occupied dwellings, net of expenses (partly)	The SNA item is recorded on a gross basis, thus after deducting employee costs and intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid.

	Description	Correspondence in ICW Framework definition	Comments
			The SNA only includes the part that relates to renting of non-dwelling buildings and structures under B3R3. The other part is recorded under B2R2.
		Royalties and other income from other non-financial assets, net of expenses (partly)	The SNA item is recorded on a gross basis, thus after deducting employee costs and intermediate consumption costs (including FISIM), but before deducting consumption of fixed capital and interest paid. Rent earned from land or other natural resources (as well as rent paid) are recorded as Rent in the SNA (see D45).
D11R	Wages and salaries received	Cash wages and salaries Cash commission and piece-work payments Cash tips and gratuities Directors' fees Shared offered as part of employee remuneration Profit-sharing bonuses and other forms of profit-related pay Other cash bonuses Free or subsidised goods and services from employers Severance and termination pay	Wages and salaries paid while employee is on sick, injury or maternity leave are included in employee income items in the ICW Framework while recorded as social benefits other than STiK received (D62R) in the SNA.
D121R	Employers' actual social contributions received	Employers' social insurance contributions	
D122R	Employers' imputed social contributions received	-	
D41R'	Interest received (not adjusted for FISIM)	Interest from deposits, net of expenses Income from bonds and other debt securities, net of expenses Income from other financial assets, net of expenses (partly)	Micro statistics reflect amounts net of expenses, e.g. interest paid on borrowings for investment purposes. Micro statistics reflect amounts net of expenses, e.g. interest paid on borrowings for investment purposes. This may concern interest payments on other assets, but also other types of property income as defined in the SNA.
D42R	Distributed income of corporations received	Income from shares and other equity, net of expenses	Micro statistics reflect amounts net of expenses, e.g. interest paid on borrowings for investment purposes. The income of "sleeping" or "silent" partners of unincorporated enterprises will be included under mixed income in the SNA, while it will be recorded as Income from shares and other equity, net of expenses in the ICW Framework. However, most household enterprises with "sleeping" or "silent" partners will concern quasi-corporations for which any withdrawal is recorded as distributed income of corporations in the SNA (see D42).
D43R	Reinvested earnings received on foreign direct investment	-	
D441AR	Property income received attributed to non-life insurance policy holders	-	
D441BR	Property income received attributed to life insurance policy holders	-	
D442R	Investment income payable on pension entitlements received	-	

	Description	Correspondence in ICW Framework definition	Comments
D443R	Investment income attributable to collective investment funds shareholders received	Income from mutual funds and other investment funds, net of expenses	Micro statistics reflect the actual dividends as distributed by the funds but excludes the investment earnings made by the funds but not distributed as payments to their shareholders which is included in the SNA item. Micro statistics reflect amounts net of expenses, e.g. interest paid on borrowings for investment purposes
D45R	Rent received	Royalties and other income from other non-financial assets, net of expenses (partly)	Rent earned from land or other natural resources (as well as rent paid) are recorded as Rent in the SNA.
D41P	Interest paid (not adjusted for FISIM)	Interest paid on consumer credit	In the ICW Framework the interest paid on non-consumer credit is subtracted from the income earned from the assets associated with the loans concerned.
D45P	Rent paid		
FISIM_P	Adjustment for FISIM		
D5P	Current taxes on income and wealth	Direct taxes, net of refunds	
		Irregular taxes on wealth, including taxes on holding gains	Taxes on holding gains are not regarded as current transfer in the ICW Framework but as capital transfer
		Compulsory fees and fines (partly)	Fines imposed by courts of quasi-judicial bodies are recorded as part of miscellaneous current transfers (D75) in the SNA
D611P	Employers' actual social contributions paid	Employee and employers' social insurance contributions	Employers' social insurance contributions may be separately available (see D121R)
D613P	Households' actual social contributions paid		
D612P	Employers' imputed social contributions paid	-	
D614P	Households' social contributions supplements paid	-	
D61xP	Social insurance scheme service charges paid	-	
D611R	Employers' actual social contributions received	-	
D612R	Employers' imputed social contributions received	-	
D62P	Social benefits other than STiK paid	-	
D62R	Social benefits other than STiK received	Pensions and other cash benefits from social security	The ICW Framework treats transfers as capital if they are large and irregular.
		Pensions and other benefits from employment-related social insurance	
		Social assistance benefits in cash from government	
		Current transfers in cash received from non-profit organisations (partly)	This may relate to social benefits as well as to miscellaneous current transfers (see D75R)
D72R	Non-life insurance claims		In the ICW Framework term insurance claims are treated as part of other capital transfers received, whereas accident insurance claims are treated as negative consumption expenditure
D71P	Non-life insurance premiums		Premiums actually paid (thus excluding the premium supplements related to property income received attributed to non-life insurance policy holders (D441AR)) are recorded as part of consumption expenditure in the

	Description	Correspondence in ICW Framework definition	Comments
			ICW Framework
D75R	Miscellaneous current transfers received	Current transfers received from other households	The SNA treats transfers as current if they do not involve a disposal or acquisition of an asset (excluding cash), whereas the ICW Framework treats transfers as capital if they are large and irregular.
		Other current transfers received, excluding STiK	
		Current transfers in cash received from non-profit organisations (partly)	
D75P	Miscellaneous current transfers paid	Current transfers paid to other households	The SNA treats transfers as current if they do not involve a disposal or acquisition of an asset (excluding cash), whereas the ICW Framework treats transfers as capital if they are large and irregular.
		Current transfers paid to non-profit organisations	
		Other current transfers paid	
		Compulsory fees and fines (partly)	Fines imposed by courts of quasi-judicial bodies are recorded as part of miscellaneous current transfers (D75) in the SNA. The rest is part of current taxes on income and wealth (D5).
D75x	Net miscellaneous transfers received between resident households	Current transfers received from other households	
D63R1	Social transfers in kind on education received	Social transfers in kind	
D63R2	Social transfers in kind on health received		
D63R3	Other social transfers in kind received		
		Value of unpaid domestic services	Excluded from the SNA
		Value of services from household consumer durables	Excluded from the SNA
		Annuity and other regular payments from life insurance funds	These are included in the ICW Framework as part of property income. In the SNA these benefits are regarded as dissaving and only recorded in the financial accounts. Excluded from the SNA
		Regular payments from private pension funds	

Source: Annex B of OECD Framework for Statistics on the Distribution of Household Income, Consumption and Wealth (OECD, 2013_[3]).

Table A A.3. Comparison of consumption according to ICW and SNA framework

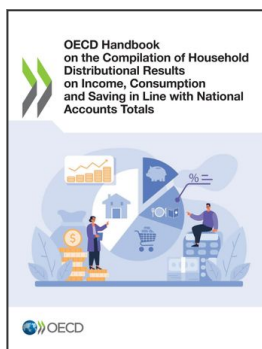
	Description	Correspondence in ICW Framework definition	Comments
CP010	Food and non-alcoholic beverages		
CP020	Alcoholic beverages, tobacco and narcotics		
CP030	Clothing and footwear		
CP040	Housing, water, electricity, gas and other fuels		
CP041	Actual rentals on housing		
CP042	Imputed rentals on housing		
CP043	Maintenance and repair of dwellings		
CP044	Water supply and miscellaneous		
CP045	Electricity, gas and other fuels		
CP050	Furnishings, household equipment and routine household maintenance		

	Description	Correspondence in ICW Framework definition	Comments
CP060	Health		
CP061	Medical products, appliances and equipment		
CP062	Out-patient services		
CP063	Hospital services		
CP070	Transport		
CP071	Purchases of vehicles		Purchases of durables are treated as purchases of assets in the ICW Framework
CP072	Operation of personal transport equipment		
CP073	Transport services		
CP080	Communication		
CP090	Recreation and culture		In the ICW Framework all payments on gambling are treated as consumption expenditure with winnings as either negative consumption expenditure or capital transfers received. The SNA only includes the service charge component imputed to have been taken by the promotor as part of consumption expenditure.
CP100	Education		
CP110	Restaurants and hotels		
CP120	Miscellaneous goods and services		
CP12x	Miscellaneous (less FISIM, less insurance)		In the ICW Framework cost related to the repair and maintenance of durables are treated as costs to income from these durables. In the ICW Framework implicit service charges by financial institutions are excluded. These charges (except FISIM and insurance expenditure) are covered under this item in the SNA.
CP1261	FISIM		FISIM charges are not included under consumption expenditure in the ICW Framework but recorded as part of interest receipts and payments.
CP125	Insurance expenditures (life and non-life)		The ICW Framework records actual insurance premiums (excluding the premium supplements related to property income received attributed to non-life insurance policy holders (D441AR)) as part of consumption expenditure, whereas accident insurance claims are treated as negative consumption expenditure (term insurance claims are treated as part of other capital transfers). In the ICW Framework costs related to the insurance of durables are treated as costs to income from these durables. For the SNA this only relates to insurance related to activities that feed into operating surplus or mixed income.
D63	Social transfers in kind		
D8	Change in net equity of households in pension funds	-	Not included in the ICW Framework as social insurance pension entitlements are not treated as financial assets.

Source: Annex B of OECD Framework for Statistics on the Distribution of Household Income, Consumption and Wealth (OECD, 2013^[3]).

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