

## DESCRIPTION OF DANISH REGISTERS

## Danish registers on personal income and transfer payments

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**Abstract**

**Introduction:** The Income Statistics Register provided by Statistics Denmark is the key register describing the income composition of the entire Danish population starting in 1970. **Content:** The register contains more than 160 variables including salaries, entrepreneurial income, taxes, public transfer payments, capital income, private pension contributions, and payouts. In addition, Statistics Denmark provide more detailed registers on specific income transfers, including sickness benefit, old age pension, disability pension, and cash and unemployment benefits. **Validity and coverage:** The income data are generally of high quality, but for variables not relevant for administrators the quality may be lower. **Conclusion: The registers on income and transfer payments include many variables on the income composition.**

**Key Words:** Denmark, disability benefits, income, living conditions, public transfers, socioeconomic status

**Introduction**

The purpose of the Danish registers on personal income and transfer payments provided by Statistics Denmark [1–3] is to provide a statistical overview of the population's income and allowance which can not only show the development in, but also the composition of, income for different sections of the population. To achieve this Statistics Denmark draws on the Income Statistics Register, which has been available since 1970 and is comparable over time from 1976.

This register builds on a variety of smaller registers, the main sources being the Central Taxpayers' Register and the Salary Information Register, containing the main income variables based on final tax assessments (Table I).

**Content**

The population of the Income Statistics Register includes anyone who has submitted a tax return to the Tax Administration, and as such the register covers anyone who is economically active, with or without residence in Denmark. However, in

publications and data released for research purposes, the population is often limited to people above the age of 14 who reside in Denmark and are liable to pay taxes in Denmark the entire year.

The Income Statistics Register contains in excess of 160 variables describing all available information related to wages, entrepreneurial income, taxes, public transfer payments, public pensions, capital income, private pension contributions and payouts, home ownership, fortunes, and socioeconomic status. Furthermore, a series of demographic variables have been added, describing age, gender, and family relations.

Approximately 100 of these variables have been submitted for high-quality documentation. All variables here will be consistent across time, although subject to legal changes which will be thoroughly documented. This documentation is now available on Statistics Denmark's web site [3], where you can access detailed descriptions of the income variables (in Danish).

The Income Statistics Register is published annually with a delay of approximately 14 month (from the last day in the calendar year). The register does not currently allow analysis of within-year

Table I. Data sources used to form the Income Statistics Register.

Register	Acronym	Source
Central Taxpayers' Register	CSR	Tax Administration
Salary Information Register	COR	Tax Administration
Central Pension Register	CPS	Tax Administration
Pension Tax Register	PAF	Tax Administration
Register for Labour market	RAM	Ministry of Employment
Central Business Register	CVR	Danish Commerce and Business Agency
Persons who are not in ordinary employment	PUOB	National Directorate of Labour
Register of Population Statistics	–	Central Personal Register
Employment Classification Module	AKM	Statistics Denmark/Tax Administration
Statistics Denmark's Register of Child Allowance Statistics	–	Municipalities
Register of Pension Statistics	–	Tax Administration
Register of Housing Allowance Statistics	–	Municipalities
Register on Social Security	–	Municipalities

income dynamics. This will however become possible with the implementation of the new E-income Register in 2011, which will contain aggregated variables on salaries, public transfers, and tax payments on a monthly basis.

Another interesting register regarding public health and income is the Register of Social Pension Statistics. This register contains information about benefit levels for anyone receiving disability pensions and retirement pensions on 1 January in a given year. This register can be combined with the register on judgements regarding disability pension which is maintained by the National Social Appeals Board (Ankestyrelsen) to provide a range of variables regarding the reasons that individuals are granted disability pension.

Additionally, Statistics Denmark maintains the register of benefits during sickness or in connection with childbirth. The variables of this register provides detailed information as to how an individual qualified for sickness benefits or maternity leave payments as well as information regarding the length of the periods in which they received these benefits. The data for this register is provided by the Danish municipalities.

An interesting survey related to income is the Household Budget Survey. The purpose of the survey is to give information on the economic conditions of the private households, e.g. incomes, savings, and consumption. Consequently, the survey can be characterised as a survey of living standards and of general economic conditions.

The survey has been conducted at varying intervals since 1887. From 1994, the survey was subject to substantial methodological changes and is now conducted on an annual basis in a way that makes comparisons possible. The survey is based on a stratified sample, and the number of participating

households is around 2500. The survey can be merged with other relevant registers for supplement research.

Finally Statistics Denmark carry out the Danish EU-SILC panel survey, which contains a range of variables concerning income, labour market status, material deprivation, and health for a weighted sample of approximately 5000 households. The survey is partly based on public registers and partly on interviews. This survey has been conducted on an annual basis since 2004.

### Validity and coverage

The income data from the Tax Administration's registers is assumed to equal the real income. However, undeclared work and defective and faulty reports to the tax authorities will imply that the income figures in the provisional income statistics cannot completely equal real incomes.

The income data are generally of high quality as they come from administrative registers. However, the use of administrative registers for statistical purposes only may cause problems concerning the accuracy of the statistics. Information and data of direct importance to the administrative authority are more reliable than information and data without that kind of importance. For example, the breakdown of the earned income into various types of income is based on a code in the salary information slip but is of little or no interest to the administrative authority. This may lead to data filings of poor quality for some types of income. This has particularly been a problem for the delimitation of benefits from unemployment funds, which therefore are estimated in a separate model. The same reason causes estimation in a separate model of the public servant's pensions

and other labour market pensions. All estimations in the register have been done by Statistics Denmark.

The estimation of the total benefits from unemployment funds is based on the Salary Information Register. The distribution of these benefits into various types of unemployment benefits is based on the Register for Labour Market. This register holds more detailed information about payments from the Danish unemployment funds. The result of an estimation model is by nature connected with some uncertainty. It also has an effect in connection with public servant's pensions and other labour market pensions.

The Central Customs and Tax Administration's registers are continuously updated and are never or not until a very late date assumed to be final. The data used in these statistics and assumed to be final may contain information that is changed at a later date. These late revisions are not considered essential to the income statistics. However, statistics for a small number of persons must be interpreted cautiously.

The data in the income statistics register is available from 1976. However, a change of several social benefits from net sum into gross sum (taxable) in connection with the tax reform of 1 January 1994 has caused smaller problems concerning data comparability over time. The tax reform particularly influences the level of social pensions to single persons where the total amount paid out was raised and personal income tax allowance was reduced. At the same time a range of tax-free incomes became

taxable, for example supplements to social pensions and cash benefits. The tax reform also imposes social security pension payments on employees and self-employed.

### Conclusion

The Income Statistics Register contains high-quality data on the income composition of the Danish population. Therefore, the register is highly relevant in analysis on economic conditions and health. In addition, the more detailed registers on specific income transfers are also relevant in relation to health analysis, especially the Register on Sickness Benefits and Disability Pensions and the EU-SILC survey.

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### References

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