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*Don't forget that you can access the published SPI National Statistics at*

[http://www.hmrc.gov.uk/stats/income\\_distribution/menu.htm](http://www.hmrc.gov.uk/stats/income_distribution/menu.htm) for income distributions and [http://www.hmrc.gov.uk/stats/income\\_tax/menu.htm](http://www.hmrc.gov.uk/stats/income_tax/menu.htm) for projections.

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## Introduction

Welcome to the second edition of the Survey of Personal Incomes Bulletin.

Our intention is that this Bulletin, which has been circulated to all members of the SPI User Group and SPI users, will provide detailed information on the latest Survey. We are circulating this more widely than just the User Group members.

## 2005/06 Survey of Personal Incomes

### National Statistics Tables

There was a delay in releasing the National Statistics tables. The UK level tables (3.1 to 3.10) were released three months later than normal at the end of January, with the sub-regional tables (3.11 to 3.15a) published at the end of February.

Following the introduction in 2003-04 we have continued to provide confidence interval estimates for three of the sub-regional tables, namely 3.13, 3.14 and 3.15 in the associated "a" tables.

### Improving the income estimates

As part of the ongoing methodological improvements to the SPI, we made one change to the process of attributing income to an individual. The result is that we are making better use of our administrative data from all available systems and reducing our reliance on imputation methods.

Cases are removed from the sample where income information from COP is found to be incomplete (e.g. P14s not processed in time for data extract). We have reduced the number and proportion of cases requiring removal by complementing the COP data with information from NIRS2.

The characteristics of the removed cases are taken into account in recalculating the grossing factors for the achieved sample cases to minimise potential non-response bias.

The result is more accurate and complete income estimates for the PAYE (COP) records.

### Changes to the Self Assessment (SA) Data

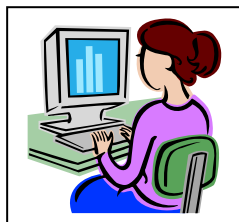
The grossing factors of the Self-Assessment cases have been adjusted to better reflect the predicted income of those yet to file a return. A relatively higher proportion are now assumed to have non zero tax liabilities which leads to an increase in Self-Assessment taxpayer numbers of about half a million. This has contributed to the change in taxpayer numbers and incomes, particularly in the higher income bands above £30k.

### Changes to the Imputation Process

There were a couple of changes to the imputation process for the 2005/06 survey: a change to the imputing of dividend income and a change to the method for estimating the level of superannuation contributions.

Compared to 2004-05, the dividend imputation process has had the effect of allocating lower amounts of dividends to fewer taxpayers in income bands below £30k.

New methods to estimate the level of superannuation contributions will have affected the distribution of employment income, earned income, total income and deductions.



### Public Use Tape

The PUT was supplied to the UK data archive on the 31 July 2008. This was a couple of months later than usual due partly to the delay in publishing our National Statistics tables but also because of delays experienced after the introduction of new procedures to tighten up data transfers both into and out of HMRC.



### Data Dictionary

No changes have been made to the contents of the data dictionary for 2005-06.

## 2006/07 Survey of Personal Incomes

### Consolidation of income on P14s

As part of the MPPC project (see Planned Developments for more details) there has been a change in the way P14 information is passed from NIRS2 to COP. The P14 income earned in main and sub sources is consolidated into a single figure, resulting in the loss of detail about whether that income is from employment, occupational pension or other taxable social security benefits. Steps have been taken to minimise the impact of this, but it will continue to be an issue for the SPI until our data deliveries move onto the MPPC solution, currently scheduled for the 2008-09 SPI due for release at the end of 2010.

### Changes to the Self Assessment (SA) data

There have been no significant changes to the SA data in 2006-07.

### Changes to the imputation process

There have been some amendments to the imputation process (resulting in a delay in publishing NS tables, see below) including the use of data from other business systems. There have also been some changes to the methods used such as using Hot-Decking to identify individuals with similar characteristics to sample cases in order to inform about their missing information.

The areas with changes in imputation methodology are contracted in/out indicator, relief on personal pension contributions and occupational pension contributions.

### National Statistics Tables

There are no plans to make any additions or amendments to the published tables for the 2006/07 survey. The tables will be published one month later than first announced due to the additional time required for the new imputation steps and to quality assure these methods which are being used for the first time. Therefore, UK level tables (3.1-3.10) will be published at the end of November and sub-UK tables (3.11-3.15) at the end of December.



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*SPI National Statistics  
covering tax year 2006/07  
will be released on the  
following dates:*

**Tables 3.1 to 3.10 –  
Friday 28<sup>th</sup> November**

**Tables 3.11 to 3.15a –  
Wednesday 31<sup>st</sup> December**

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## Planned Developments

### Self Assessment

There has been a complete redesign of the individual main SA tax form and associated schedules for tax year 2007-08.

### Thematic Mapping

Thematic Mapping was first suggested as a useful way to help customers' understanding of the regional and sub-regional tables in the July 2006 user group meeting.

Due to other priorities and work commitments I have been unable to progress this for 2005-06. I am currently progressing this and hope to produce some based on the 2006-07 data for tables 3.13, 3.14 & 3.15. However, it is unlikely that these will be available when the geographical tables are released in December.

### MPPC

Modernising PAYE Processes for Customers (MPPC) is a currently on-going project to improve the way that HMRC interacts with its customers.

The PAYE data is being migrated from the COP system onto NIRS2. This affects what data is available and how it is delivered. We are currently working with MPPC experts to ensure that we continue to get the necessary data required to produce the SPI. This transition is currently planned for our extract due to be taken in April 2010, from which we produce the 2008-09 SPI.

### Longitudinal SPI

The Statistics Commission's ([www.statscom.org.uk](http://www.statscom.org.uk)) report, released on 14<sup>th</sup> November 2007 recommended that HMRC should consider developing a longitudinal version of the SPI.

We have begun to look into what this will entail, specifically looking at the availability of data, data coverage, sample sizes, potential uses and costs etc.

## Closing Remarks and Feedback

We hope that you have found this Bulletin of interest. The aim was to replicate the information that would have been provided if a User Group meeting had been called.

If there is anything that you have not found the answer to, or if you have any comments on the content or quality of this Bulletin then please feel free to contact us at the address on the following page.

Alternatively if you have any requests for information or analysis from the Survey of Personal Incomes or if you would like to make some suggestions about the coverage of the SPI or the published National Statistics tables, then please contact us as well.

Finally, we have always had user discussions at the end of each meeting and I would urge you to send us any thoughts that you may have voiced at a meeting.

Many Thanks,  
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## Annex

### SPI Sample Numbers

Survey Year	SA <sup>1</sup>	Non-SA COP	Claims	Total
1990-91	20	50	5	75
1991-92	20	50	5	75
1992-93	20	50	5	75
1993-94	20	50	5	75
1994-95	20	50	5	75
1995-96	20	50	5	75
1996-97 <sup>2</sup>	45	25	5	75
1997-98	50	25	5	80
1998-99 <sup>3</sup>	75	45	10	130
1999-00	100	50	10	160
2000-01	100	100	10	210
2001-02	200	100	10	310
2002-03	200	200	10	410
2003-04	205	220	10	435
2004-05 <sup>4</sup>	220	290	10	525
2005-06 <sup>4</sup>	220	310	10	540
2006-07	230	330	10	570

1 SA was introduced in 1996/97. Prior to this its equivalent was called CODA.

2 SA sample has been electronic since 1996/97.

3 Non-SA COP sample has been electronic since 1998/99.

4 Revised since 2007 bulletin.

### Acronyms

<i>CODA</i>	Computerisation of Schedule D Assessing
<i>COP</i>	Computerisation of Pay-as-you-earn - the business system that administers the PAYE system
<i>HMRC</i>	Her Majesty's Revenue & Customs
<i>MPPC</i>	Modernising PAYE Processing for Customers'
<i>NIRS2</i>	National Insurance Recording System 2 - the business system that administers the National Insurance system
<i>PAYE</i>	Pay-as-you-earn
<i>PUT</i>	Public Use Tape - anonymised version of SPI lodged with UK Data Archive.
<i>SA</i>	Self Assessment
<i>SPI</i>	Survey of Personal Incomes