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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 for income distributions and http://www.hmrc.gov.uk/stats/income_tax/menu.htm for projections.

Introduction

Welcome to the third 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.

2006/07 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 two months later than normal at the end of December 2008, with the sub-regional tables (3.11 to 3.15a) published at the end of January 2009.

This delay was caused by changes to the imputation process involving the contracted in/out indicator and relief on personal and occupational pension contributions. The delay was necessary as the new process took more time to run and to allow additional quality assurance.

Consolidation of income on P14s

As part of the MPPC project there was a change in the way P14 information was passed from NIRS2 to COP. The P14 figures for income earned in main and sub sources were consolidated into a single figure, which resulted in the loss of detail about whether that income was from employment, occupational pension or other taxable social security benefits.

A solution was developed using an auxiliary NIRS2 dataset to mitigate the loss of detail caused by this change.

Public Use Tape

The PUT was supplied to the UK data archive on the 4 June 2009 and went live on 3 August 2009. This was a couple of months later than usual due to the delay in the publication of our National Statistics.



2007/08 Survey of Personal Incomes

Alternative source of auxiliary data for P14 income consolidation

Consolidated P14 records were again delivered from COP but due to a hardware failure the auxiliary dataset was not available to allocate income to the relevant streams (employment, pension etc.) as was done for 2006-07 data. An alternative auxiliary dataset was used for 2007-08 only. This should be unnecessary for 2008-09 when income data will be received from the new PAYE service.

Changes to Self Assessment (SA) data

In response to Lord Carter of Coles' Review there has been a complete redesign of the individual Main SA Tax Return and associated schedules for 2007/08. By undertaking a mapping exercise between the 2006/07 and 2007/08 forms we have aimed to ensure maximum consistency between both years. However a one to one mapping has not always been possible. In some areas we now have more information than previously - for example we can now more accurately split foreign income between different income categories. However in other areas we have less information than previously - for example we can no longer split UK interest by source nor separately identify bank or building society interest from other sources.

Some small changes to SA grossing methodology have been implemented for 2007/08 SPI to improve estimates.

Changes to the imputation process

It has been necessary to slightly amend some of the imputation processes due to the unavailability of NIRS data. For instance the imputation process for the contracted in/out indicator has reverted to the previous method used before the NIRS data was available. These changes are likely to have only a small impact on the data being imputed.

National Statistics Tables

Due to the time taken to acquire an alternative source for the auxiliary NIRS2 data, we have had to announce a delay to our publication timetable. The tables will be published two months later than first announced. The additional time is required to develop a method to use this alternative data. Therefore, UK level tables (3.1-3.10) will be published at the end of December 2009 and sub-UK tables (3.11-3.15) at the end of January 2010. There are no plans to make any additions or amendments to the published tables for the 2007/08 survey.



*SPI National Statistics
covering tax year 2007/08
will be released on the
following dates:*

**Tables 3.1 to 3.10 –
Wednesday 31st December**

**Tables 3.11 to 3.15a –
Friday 29th January**

IMPORTANT ANNOUNCEMENTS

MPPC and delay for 2008-09 SPI

MPPC is an on-going project undertaken to improve the way that HMRC interacts with its customers.

The PAYE data is being migrated from the COP system onto the National Insurance & PAYE System (NPS, formerly NIRS2). This affects both data availability 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.

With this new data we will need to undertake an extensive quality assurance exercise. We have been unable to build in any lead time to investigate this new data prior to the usual extraction date of April 2010. This means that we have taken the decision of announcing a **delay to the 2008-09 SPI of at least 3 months**. This means that our National Statistics would not be released until end January 2011 (National) and end February 2011 (Regional) at the earliest.

Longitudinal SPI

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

However, resource constraints since this time have not allowed the progression of this work. Currently there are **no plans to progress the creation of a Longitudinal SPI**, though this is something we will review periodically.

We realize that this will not come as welcome news but our focus must remain on bringing in the new PAYE data and ensuring the continuation of an accurate Survey of Personal Incomes.

Closing Remarks and Feedback

If there are any further questions, or if you have any comments on the content or quality of this Bulletin then please feel free to contact us using the contact details opposite.

Additionally, 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.

Finally, I would urge you to send us any thoughts that you may have and let us know if you feel it would be worthwhile to reinstate a face to face group meeting.

Many Thanks,
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Annex

SPI Sample Numbers

Survey Year	SA ¹	Non-SA COP	Claims	Total
1990/91 to 1995/96	20	50	5	75
1996/97 ²	45	25	5	75
1997/98	50	25	5	80
1998/99 ³	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	220	290	10	525
2005/06	220	310	10	540
2006/07	230	330	10	570
2007/08	245	340	10	595

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.

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 name of the business system that administered National Insurance prior to the migration of employee PAYE data from COP under MPPC
<i>NPS</i>	National Insurance & PAYE System - the new name for NIRS2 since employee PAYE data has migrated from COP under MPPC
<i>P14</i>	Form P14 End of year summary is completed by employers to show employee's pay, income tax and national insurance contribution details.
<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