

Metadata

Experimental statistics: Taxable payments

Individuals' income includes payments such as wages, benefits, pension and capital gains. Most of these payments are taxable, [with a few exceptions \(such as child benefits\)](#). Statistics Iceland publishes annually [statistics on average income](#) based on individuals' tax returns. However, timely information on individuals' income base is available in monthly pay as you earn data. The data is based on declarations from employers to The Icelandic Revenue and Customs for taxes and duties. All those who are considered an employer according to the [Act on the Withholding of Public Levies at Source no. 45/1987](#) must turn in a specification of wages to The Icelandic Revenue and Customs for all individuals who receive a taxable payment. Statistics Iceland then enhances the data with information from other data sources, to make it more suitable for statistical publication.

Users should note that the data may be subject to changes due to possible late transfers of some payers' specification of payments to The Icelandic Revenue and Customs. Those changes usually result in a slight increase in the total sum of payments by months, if and once they are turned in. The data can also change if enterprise primary economic activity is reclassified in the Icelandic business register or if an individual changes residence in the National register. Those changes can in some cases be retroactive.

Taxable payments (total sums) are preliminary data presented in Icelandic krona (ISK) in current price for each month and based on the pay as you earn data. The total [pay as your earn taxable payments](#) are divided into seven different types of payments. The type of payment is based on the payer.

0. Total taxable payments

1. **Taxable wages** contain the majority of wage income from employment paid monthly to workers. Wages include remuneration for any kind of work or service, for example wages, benefits, December and holiday bonuses, lump sums, allowances and vehicle subsidies.
2. **Childbirth leave** contain all taxable payments from the Maternity/Paternity Leave Fund including maternity/paternity benefits.
3. **Unemployment benefits** contain all taxable payments to individuals for unemployment benefits.
4. **Pension fund payments** contain taxable pension and private pension payments (including special payments of private pension savings) paid to individuals by pension funds, banks and funds.
5. **Social Insurance Administration and Icelandic Health Insurance payments** contain all taxable payments to individuals from the Social Insurance Administration and the Icelandic Health Insurance, including old-age rehabilitation and disability pensions, accident benefits and income insurances. Payments that are not taxable are not included such as child support and pension and child pensions as well as various grants.
6. **Municipalities financial assistance** contain all taxable payments to individuals on the basis of the Municipal Social Services Act no. 20/1991, for example subsistence allowance. The part of financial assistance that is not taxable is not included in the statistics, including various source payments, such as for kindergartens.
7. **Other non-wage payments** contain other payments to individuals not listed above, for example labour union grants, wage guarantee fund payments, insurance compensation and other non-wage payments.

Excluded are payments that are non-taxable (pay as you earn monthly tax) according to regulations as well as taxable payments from self-employed, who receive payments on their own social identity and pay themselves calculated remuneration and payments related to capital gains.

Sum of individual's annual income according to tax returns is published to show a more in-depth look into individual income regardless of whether their income is taxable or not. The data includes all annual income of those who have tax residency in Iceland and have turned in tax reports for the time period 2005 to 2019, in current price. Data include all those that have estimated and hand calculated income statements. The totals are published by municipalities and divided into the categories of income from work, income from self-employed calculated remuneration, income from capital gains and other income. The data is based on tax returns status in June each year, before any changes or revisions. Note that the definition of residency is not quite the same in statistical data on individuals' income according to tax return as in taxable payments.

Types of taxable income (total sum) is published by sex, age, residence and immigrant status. **Sex** is based on the gender recorded in the National Registry. The publication does not include the gender-neutral sex due to few individuals. Instead, neutral sex registrations are arbitrarily placed as either a male or a female.

Age is published in five-year age ranges, 15 to 19 years, 20 to 24 years ... 65 to 69 years, 70 years and older. Age is also published for 16 to 24 years, 25 to 54 years, 55 to 74 years and 75 years and older.

Residence is based on each individuals' residence according to population data from Statistics Iceland. The data is based on the National Registers of Persons and include individuals with legal residency in a municipality during the same month as they receive taxable payments. The first letter of the municipality number indicates which region it belongs to: Capital region (0 and 1), Southwest region (2), West region (3), Westfjords region (4), Northwest region (5), Northeast region (6), East region (7) and South region (8). Definition of residency in statistical data on individuals' income according to tax return is however based on estimated residency linked to municipal tax.

Legal residence is defined by whether an individual has a legal residence in Iceland or abroad in the month of receiving payments. Legal residence of an individual is the place where he has a permanent residence. Everyone who resides or intends to reside in Iceland for six months or more shall have legal residence in Iceland in accordance with Act no. 21/1990. One who stays or intends to stay in the country for employment for three months or longer is however allowed to have a legal residence in Iceland.

Immigrant status is divided into two migration status groups; immigrants and Icelandic background. Individuals who are born abroad and have parents who are also born abroad, as well as both their grandparents, are considered immigrants according to the methods of Statistics Iceland. Others are considered to have an Icelandic background.

Economic activity is based on the primary economic activity of the employers according to Statistics Iceland's Business Registry which is classified according the Icelandic standard industrial classification [ÍSAT2008](#) (compatible with the NACE Rev. 2 classification). Information on employers is published by business sections, divisions and groups of sections, some divisions will include employers that are registered with more than one economic activity. See note on those divisions in the sheet "About NACE" in the [statistical data about taxable wages](#). Note that the published groups of economic activities can overlap, therefore if all economic activity groups are summed up it will not match the published sums of totals.

Number of employers paying taxable wages are all those who turn in specification of wages and salaries to The Icelandic Revenue and Customs for at least one person. The count of employers is based on the identity of the legal entity, which is based on the entities' identification number. Therefore, each identification number counts as one employer. Note that the published groups of economic activities can overlap, therefore if all economic activity groups are summed up it will not match the published sums of totals. In total each employer is only counted once.

Number of employees receiving taxable wages is a tally of all those who receive taxable wages from an employer. There is no distinction made based on whether employees are employed full-time or part-time. There is no set minimum payment for wages in the data which means that in some cases the payment an employee receives can be substantially minimal. Note that the published groups of economic activities can overlap, therefore if all economic activity groups are summed up it will not match the published sums of totals. The total sum of employees will however only count each individual once.