

## New version of the classification system in the CPI

### COICOP 2018

The consumption classification system used to categorise goods and services for the Consumer Price Index is an international classification known as COICOP (*Classification of Individual Consumption According to Purpose*). Its role is to define groups of goods and services that are homogeneous and reflect the purpose or function of household consumption expenditure. This means that the classification is not based solely on the origin of a product or service, but also on how it is used. For example, electricity falls into different categories depending on whether it is used for household consumption or for charging an electric vehicle. Likewise, chicken is classified differently depending on whether it is bought raw in a store or prepared and served at a restaurant.

The latest version of COICOP, known as COICOP 2018, was approved in March 2018 by the United Nations Statistical Commission (UNSD). In January 2026, it will replace the versions previously used in the Consumer Price Index (CPI) and in the Harmonised Index of Consumer Prices (HICP) in Iceland. These older versions were based on an earlier UN edition, along with additional categories defined specifically for Iceland (ISLCOICOP) and for Europe (ECOICOP). [Here](#) is a link to a description of COICOP 2018.

The reasons for updating the system include, among other things, the need to modernise the classification, add an additional layer to the classification structure, harmonise the system with other international classifications and distinguish between categories containing goods and those containing services. All categories at the lowest level of the classification tree are now assigned one of the following labels: Services, Durable goods, Semi-durable goods or Non-durable goods.

There are several improvements in this new version, but it should be kept in mind that it is an international system and therefore does not always fit Icelandic circumstances perfectly. One advantage that Icelandic users will notice, however, is that the same version will now be used for both the CPI and the HICP.

## Main changes to COICOP

In COICOP 2018 there are thirteen categories used in the CPI:

- 01 Food and non-alcoholic beverages
- 02 Alcoholic beverages, tobacco, and narcotics
- 03 Clothing and footwear
- 04 Housing, water, electricity, gas, and other fuels
- 05 Furniture, household equipment, and routine household maintenance
- 06 Health
- 07 Transport
- 08 Information and communication
- 09 Recreation, sport, and culture
- 10 Education services
- 11 Restaurants and accommodation services
- 12 Insurance and financial services
- 13 Personal care, social services, and miscellaneous goods and services

Divisions 01–05 are largely unchanged from the previous version, but division 06 has been reorganised to align with the International Classification for Health Accounts (ICHA). An attempt has been made to distinguish health services according to whether they involve prevention or treatment, however, this distinction is difficult to apply in practice. It is often challenging to define the precise boundary between treatment and prevention (for example, treatment of one condition may prevent another), and detailed cost breakdowns are not always available. As a result, the classification within division 06 is partly approximate and, in practice, not very different from the previous version.

Division 07 previously covered only the transport of people, but it now also includes the transport of goods. Postal services therefore move from division 08 to 07 and a new category has been added for home delivery of goods purchased in stores. Safety equipment (such as helmets and child car seats) has also been moved into division 07 from other divisions.

Division 08 has been renamed as Information and communication to emphasise its revised scope. Equipment and services related to information technology now belong to this division, meaning that computers, mobile phones and subscription fees have been moved from division 09 to division 08.

Divisions 10 and 11 remain broadly similar to the previous structure, but additional effort has been made to distinguish student-related expenses from those of other households. As a result, dedicated categories have been introduced for school uniforms in division 03, schoolbooks in division 09 and school canteens and student accommodation/rent in division 11.

Division 12 was considered too heterogeneous and has therefore been split into two separate divisions, 12 and 13.

There may also be considerable changes within subcategories, either in their content or in the reassignment of codes. An overview of how ISLCOICOP categories map to COICOP 2018 categories can be found [here](#).

## Changes to tables

The changes to the classification system will not affect the following tables:

### CPI

- VIS01000 Consumer price index and changes, base 1988=100
- VIS01002 CPI, timeseries for previous bases
- VIS01004 Indices for financial indexation
- VIS01005 CPI, annual averages

### Indices for analysis

- VIS01106 Residential property market price index

Other tables present a breakdown to the COICOP level and therefore a new version of these tables will be released:

### Subindices

- VIS01302 CPI breakdown and contribution to monthly price changes from 2025
- VIS01306 Weights for CPI subindices from 2025

### Analytical indices

- VIS01101 CPI by expenditure groups from 2025
- VIS01103 CPI, constant taxes from 2025

Previously, two tables were published for sub-indices that partly showed the same data. These will be merged into a single table, while other tables will remain similar in structure as before. From January 2026 onwards, data in these tables will be published with a base of December 2025 = 100.

To give users an idea of how sub-indices according to COICOP2018 would have looked in 2025, data collected under ISLCOICOP were mapped to COICOP2018, and sub-indices were calculated based on this mapping. These sub-indices are published in the table with the reservation that data coverage for individual categories varies in quality and in some cases approximations had to be used.

There are several changes to the categories presented in the table for CPI by expenditure groups. The current classification had become outdated and was often unclear in terms of its underlying basis. To increase transparency regarding the information in the table, an additional table has been published showing which COICOP categories are assigned to which categories by expenditure groups. A document containing this table can be found [here](#).

The classification into goods/services and the classification of goods by durability are derived from the new COICOP 2018 standard. In the calculation of the CPI, individual price observations are not labelled by origin, so the classification into domestic and imported goods is always based on a rough assessment. Categories that consist largely or entirely of domestic goods (e.g. dairy products and lamb meat) are classified as domestic, categories that consist largely or entirely of imported goods (e.g. fruit and cars) are classified as imported, while other categories are classified as mixed.

Please note that this classification is partly based on judgement, as a precise analysis is not available. If anyone has information that could improve the classification, comments or suggestions may be sent to the email address [neysluverd@hagstofa.is](mailto:neysluverd@hagstofa.is).