Approved by the order of the Chairman of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

dated March 31, 2017 55

**Methodology for calculating income based on the results of a sample survey of households to assess the standard of living**

**Chapter 1. General Provisions**

1. The methodology for calculating income based on the results of a sample survey of households to assess the standard of living (hereinafter - the Methodology) refers to the statistical methodology approved in accordance with the Law of the Republic of Kazakhstan dated March 19, 2010 "On State Statistics" (hereinafter - Law).

2. The purpose of this Methodology is to determine the main aspects of calculating household income based on the results of a sample survey.

3. This Methodology is intended for use by the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter - the Committee).

4. The following definitions are used in the Methodology:

1) alimony - monetary or material maintenance, which one person is obliged to provide to another person who has the right to receive it;

2) social transfers - pensions, targeted social and housing assistance, allowances and scholarships;

3) income from employment - wages, all types of incentive pay, wage supplements, fees, bonuses and benefits received by employees at the place of work;

4) property income - dividends and winnings on shares and other securities, interest on deposits, for the use of amounts provided in the form of debt, winnings on deposits, cash income from renting housing, vehicles, equipment, land, and also rentier income in the form of in-kind receipts in monetary terms;

5) income from self-employment - income in cash and in kind received from the production of goods and services on the basis of self-employment;

6) household - an economic entity consisting of one or more individuals living together, pooling all or part of their income and property and jointly consuming goods and services;

7) cash income of households - the amount of money received by members of households in the form of wages, business income, social payments (pensions, scholarships, allowances and other payments), interest, dividends and other income from property, other cash receipts ;

8) the income of the population used for consumption includes consumer spending (without capital investment in production activities and accumulation) and the value (in monetary terms) of consumed in-kind products of own production and transfers.

Chapter 2 . Types of calculation of household income indicators

5. Statistics on the standard of living of the population includes the following types of calculations of household income indicators:

per capita nominal and real monetary incomes of the population;

household income used for consumption;

cash income of the population.

6. Average per capita nominal and real monetary incomes of the population are estimated using macro-level data by comparing the results of surveys with the data of the system of national accounts and their calculation algorithm is described in the Methodology for calculating (estimating) the nominal cash income of the population, approved by order of the Chairman of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan dated September 21, 2016 No. 214, registered in the State Registration Register normative legal acts No. 14350.

7. The income of the population used for consumption is calculated based on the results of a sample survey of households in terms of living standards (hereinafter - a sample survey of households). To objectively reflect the material level of the population's well-being, an assessment of the population's monetary income through their expenses is used.

This approach is used in order to exclude false information about income, due to the variety of income sources that do not take into account income from self-employment and "shadow" economic activity and the gap in time between the activities carried out and their payment, as well as the presence of not only the monetary form of income , but also in-kind receipts in the form of food, other goods and benefits provided to the population.

8. Monetary incomes of the population are calculated based on the results of a sample survey of households and include income from hired and self-employment, social transfers and other receipts.

Income tracked in household sample surveys includes all cash and in-kind cash receipts received on a regular basis, net of tax deductions and mandatory payments.

Chapter 3. Aggregation of Income Measures from Household Sample Surveys

9. Values for summarizing household income indicators are determined for each household based on the merged array of all data obtained during the survey. Data aggregation is based on the principle of reduction to a single time period and is performed by combining diary entries for two weekly periods, journal entries and quarterly questionnaire indicators. The conversion of weekly diary entries to a quarterly period is carried out by multiplying the values of the indicators by the recalculation coefficient Kz, which is calculated by the formula:

$$Kz=\frac{N\_{k}}{N\_{d}P}$$

where, N k - number of days in a quarter;

N d - the number of days of keeping a diary;

P - the number of diary periods, P = 2.

10. Aggregation of income indicators of the population based on the results of a sample survey of households:

cash income includes income from employment, current transfers received and other income;

employment income - income from employment and income from self-employment;

income from employment - wages, including wages in kind;

income from self-employment - income from the sale of agricultural products and income from entrepreneurial activities;

received current transfers - transfers from the state, old-age pensions, scholarships, targeted social assistance, housing assistance;

state benefits and other types of social assistance - state benefits to families with children, state social benefits, special state benefits and other types of transfers from the state;

transfers from other households - cash assistance and alimony;

other income - income from property (dividends, interest on deposits, fees), material assistance from relatives and friends, alimony and other cash receipts.

Chapter 4 Methods for measuring household income

 11. The following methods are used to measure household income:

direct method of income measurement;

indirect method of income measurement.

12. The direct method of measuring household income determines the conduct of a separate statistical survey of household budgets, the object of which is the income and expenditure of household members, the structure of their consumption, as well as the main characteristics of living conditions.

13. An indirect method of measuring household income is based on data from tax authorities (information on income, ownership of real estate and vehicles of the population), banking sector reports (cash on customer accounts), monetary statistics (data on deposits and savings of the population), analysis of the volume of retail trade.

Using the indirect method of measuring income, an assessment of “human capital” or wealth is determined, represented by the level of upbringing and education, experience gained, as well as individual talent of a person. These attributes of human capital contribute to the increase in the physical and financial wealth of a person. Based on the significant influence of the degree of education of a person on his material well-being, the level of education of the respondents is used as an object of study by the method of indirect assessment of the income of the population.

Chapter 5. Analysis of the inclusion of high-income families in sample surveys

14. In order to analyze the income aggregate obtained from the sample household survey for the presence of income of high-income families, indirect comparisons are used on available indicators. The results of the latest available population census and a sample survey of households to assess the standard of living are used as a basis for comparative analysis.

To identify the dependence, the correlation coefficient of the basic variables is calculated:

level of education (higher and postgraduate);

material well-being (in the context of decile groups of the population).

In the course of a comparative analysis, when discrepancies are obtained based on the results of two statistical observations in the direction of less or more highly educated households, the results of a sample survey of households are subjected to a more detailed classification by type of location and level of household income.