Methodological Notes

GDP - Income approach - national level, quarterly data

GDP by income approach is calculated in parallel with the production approach and shows the creation of primary income by participants in the production process. Gross value added at basic prices, created as a result of the participation in production process is a resource for compensation of employees and taxes on production and imports with balancing item gross operating surplus / gross mixed income.

Scheme for the calculation of GDP by income approach is as follows:

Gross domestic product (market prices) =

+ Compensation of employees (labor costs and social security contributions)

+ Other net taxes on production and imports (taxes less subsidies on production and import)

+ Gross operating surplus / gross mixed income

+ Adjustments

The components of the income approach, grouped according to economic sectors and industries, are estimated only at current prices as follows:

Compensation of employees, comprising two main components:

- *Wages and salaries*

- *Social security contributions payable by the employer.*

Wages and salaries includes all expenses of employer in value and in kind and any additional payments according to the present labour legislation by reason of the employees work during the period prior to the payments made for income tax.

The employers' social contributions are payments for social security programs to ensure funds for pensions and social benefits. These payments include social security contributions (actual and imputed) and the contributions payable by the employer including health insurance contributions. Their size is determined as a percentage of gross salary.

Other taxes on production, net represents unrequited payments of the employers to the state budget less subsidies granted by the state budget to the economic units. Until 2000 this item consists only of subsidies granted, while since 2001 onwards other taxes on production are included as well.

Gross operating surplus and/or mixed income is a balancing item in frem of the income approach. This item is a measure of the outcome of the productive activity of economic units. For unincorporated enterprises owned by households, the balancing item is called mixed income and contains both profits and remuneration for work by the owner himself or by his family members. The item can be represented in the gross or net terms to the consumption of fixed capital (depreciation).