**EU-SILC Methodological Workshop**
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**Net/gross conversion in the Spanish EU-SILC**

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**Objective: gross amounts**

- The aim is to provide gross income figures by component.
- But since respondents are often unaware of their gross income, it is necessary to build a model to convert net figures to gross for the various components.
- The concept of net used is ‘net of tax on income at source and, if applicable, of social contributions’. This amount is known and usually reported by the respondent.

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**Spanish situation**

- Difficulties in delivering gross amounts. No experience in INE about these models. Commission Regulation permit not to deliver gross amounts until 2007.
- Help to solve the problem: Documentation generated by Eurostat. Experts in the Ministry.
- First variable to develop: Gross monthly earnings

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**First steps**

- How to calculate gross monthly earnings for employees?

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Net amount (reported by household) → Unknown model → Gross amount (unknown)

Gross amount (unknown) → Known Model → Withholding tax and social contribution rules → Net amount (reported by household)
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**Iterative approach**
- Calculation of gross monthly earnings for employees. With an initial value of the gross amount (an incremented value of the net available) the iterations begin.

Withholding tax and social contribution rules

- Gross amount
- Net amount

- Gross amount updated in function of the difference between 'Net amount obtained by the model' and 'Net amount reported by household'

**Future steps**
- To adapt the developed model to other income components and to the income reference period.
- End of 2006. First version of gross income components.

**Future steps**
- Net of tax on income at source and social contributions (reported by household)

- Gross

- Final Net