**Coherence with average wages and salaries from the The survey on earnings**

Differences between variable D11 - Wages and salaries and gross wages and salaries from The survey on earnings can be explained by differences in methodology, i.e. definitions and coverage of the survey.

* **Definitions of the variables being compared.**
  + The survey on earnings, (gross) wages and salaries, as laid down in Article 105 of the Law on Labour, are wages and salaries including taxes and contributions payable from the earnings/wages and salaries realised by the employees for work done during the working time, then enhanced wages and salaries, remunerations and other income (except: allowances for travel costs to and from work, for time spent on business trips in the country or abroad, retirement severance pay, solidarity aid, jubilees, funeral costs and compensations for occupational injuries or disease).
  + Wages and salaries (D11) have a broader definition and, unlike (gross) wages and salaries defined by The survey on earnings, also include allowances for employees' travel costs to and from work if they are cash transactions paid in each pay period, jubilee awards, cost-of-living allowance, stock options and share purchase schemes, payments in kind and other payments to employees which are not regarded as earnings, such as gifts for children of employees (up to 15 years old for Christmas and New Year) in value up to non-taxable amount which are excluded from earnings (gifts on March 8th and other holidays, gifts for children over 15 years old, etc.) and all other cost allowances which are excluded from earnings. In addition, given the different definition of employees, remuneration for performing temporary and occasional jobs is also included. On the other hand, allowance for sick leave/for the period of absence from work due to temporary inability to work up to 30 days, which is included in gross wages and salaries in The survey on earnings, in LCS it is regarded as employers' imputed social contributions (D122).
* **Coverage of the survey and sample methodology.**
  + The survey on earnings is based on data from the Tax Administration records, from the Individual tax return on accrued taxes and contributions (PPP-PD form).

Average earnings are calculated on the basis of the total amount of accrued salaries and wages for the reporting month and the number of full-time equivalent (FTE) employees.

All business entities from the Statistical Business Register (SBR) that submitted an electronically filled-in tax return form (PPP-PD form) with accrued salaries and wages to the Tax Administration are included in the survey.

* + LCS is a survey based on the random sample, which includes enterprises (legal entities and entrepreneurs) with 10 or more employees.
* **Other differences.**

O When calculating the average salary, all data from the tax return forms submitted within 45 days after the end of the month to which the average salary refers are included.

Average wages are obtained by dividing the total mass of calculated wages by the total number of employees, expressed in full-time equivalent. The number of employees whose salary was calculated, is calculated from the number of paid working hours.

Depending on the number of hours spent at work, each employee is assigned a coefficient of 0-1.5. The sum of the coefficients gives the total number of employees.

* + Only those employees who received earnings or wage compensation are taken into account in the LCS, while the total wages and salaries (D11), referring to calendar year, are divided by the number of employees expressed in full-time equivalents (FTE).

**Graph:** Gross wages and salaries (The survey on earnings) and Wages and salaries (LCS)

- Average monthly amounts in the year and indices (2016=100)

On the total/national level, average monthly wages and salaries (D11) in 2020 were higher than the average monthly (gross) wages and salaries in the year by 14.6%. The reason for that is primarily the fact that average monthly wages and salaries (D11) have broader definition, i.e. include payments to employees, which are not, under Article 105 of the Law on Labour, regarded as earnings, although other methodological differences between these two surveys cannot be ignored. Ranking of sections of activities, in both surveys, according to the amount of (gross) wages and salaries (the survey on earnings) and wages and salaries (LCS) in 2020 gives approximately the same picture. According to both surveys, wages and salaries are the highest in the following five sections of activities: Financial and insurance activities, Professional, scientific and technical activities, Information and communication, Mining and quarrying, Electricity, gas, steam and air-conditioning supply, with minor deviations from the order. On the other hand, section Accommodation and food service activities is at the very bottom according to the amount of wages and salaries, in both surveys.

According to LCS, average monthly wages and salaries (D11) increased, in 2020 comparing to 2016, by 34.1%, while, in the same period, according to the survey on earnings, average monthly (gross) wages and salaries for the year increased by 33.3%. If having in mind the above mentioned differences in definition of the variables being compared, as well as differences in sample methodology and coverage of the survey, it can be concluded that there is a high level of coherence between the survey on earnings and LCS.

Based on the data from both surveys, the greatest increase of (gross) wages and salaries (the survey on earnings) and wages and salaries (D11), (LCS), in 2020 in relation to 2016, was recorded in section Information and communication and amounts to 61.9% (the survey on earnings), i.e. 66.4% (LCS).

The biggest difference in wages and salaries (the survey on earnings) and wages and salaries (ITR) is in the Real estate activities. However, this trend can be interpreted in favor of the coherence of these two studies. Namely, in the calculation of data on average wages (тhe survey on earnings) all companies are included regardless of the number of employees, while for the calculation of labor costs (ITR) the sample includes only companies with ten or more employees. According to a survey on earnings in the mentioned sector over 40% of employees work in companies with less than 10 employees.