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

dated September 20, 2017

№131

**Methodology for calculating the gross domestic product by the income method**

**Chapter 1. General provisions**

1. The methodology for calculating the gross domestic product by the income method (hereinafter - Methodology) refers to the statistical methodology, formed in accordance with international standards and approved in accordance with the Law of the Republic of Kazakhstan dated March 19, 2010 "On State Statistics".

2. This Methodology is used by the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan to calculate a gross domestic product by the income method in accordance with international standards and is used for the purposes of the System of National Accounts   
(hereinafter - SNA).

3. The 2008 SNA prepared by the International Monetary Fund, the Organization for Economic Co-operation and Development, the Statistical Office of the European Communities, the United Nations and the World Bank is used as a methodological framework .

4. The following definitions are used in this Methodology:

1) gross value added (hereinafter - GVA) - characterizes the final result of production activity and represents the value added by processing in this production process. Calculated at the level of sectors as the difference between the output of goods and services and intermediate consumption, includes the cost of fixed capital consumed in the production process;

2) gross domestic product (hereinafter - GDP) - one of the most important indicators of the system of national accounts, characterizing the final result of the country's economic activity;

3) institutional unit - an economic unit that is capable of owning assets, incurring liabilities, participating in economic activities and entering into transactions with other institutional units on its own behalf;

4) non-resident - an institutional unit that is not a resident;

5) resident - an institutional unit whose predominant center of economic interests is located in the economic territory of a given country, that is, it is engaged in economic activity in this territory for a relatively long period (a year or more);

6) unincorporated household enterprises - units of households engaged in the production of goods and services for the purpose of their sale, but which are not legal entities.

**Chapter 2. Gross domestic product by income method in the System of National Accounts**

5. GDP derived from the income method determines its structure on the basis of primary incomes: wages of employees, net taxes on production and imports, profits and mixed income.

6. GDP by the income method is compiled on the basis of the income generation account of the SNA. This account reflects the payment of primary income by resident institutional units involved in the production of goods and services. An example of an income generation account is given in Appendix 1 to this Methodology.

7. The value of GVA is recorded in the resource part of the account. GVA value transferred from the production account. The following value-added costs to producers are recorded in use:

salary;

net taxes on production and imports (taxes net of subsidies).

8. The balancing item in the generation of income account is gross profit and gross mixed income, which are recorded on the use side.

**Chapter 3. Calculation of gross domestic product by the income method**

9. The calculation of GDP by the income method is carried out according to the following formula:

GDP = COE + NT + GOS + GMI, (1)

where:

GDP - GDP;

COE - wages;

NT - net taxes on production and imports;

GOS - gross profit;

GMI - gross mixed income.

1 0. The remuneration of employees consists of two main components:

wages;

amounts of employers' contributions to social insurance.

11. Wages of employees are not included and are considered as intermediate consumption:

expenses of employers on goods and services carried out not in the interests of the employees using them, but in the interests of employers;

remuneration of labor of persons who are not on the staff of the enterprise (employees of other enterprises or self-employed persons) for the performance of one-time work;

expenses for cultural, educational and recreational activities.

12. The sources of information for the formation of wages are the data of nationwide statistical observations on labor, on the financial and economic activities of an enterprise, on the activities of a small enterprise and a sample survey of employment.

13. Net taxes on production and imports are determined by the following formula:

NT = T – S , (2)

where:

NT - net taxes on production and imports;

T - taxes on production and imports;

S - subsidies for production and imports.

14. The sources of information for the formation of net taxes on production and imports are administrative data from administrative sources.

15. Taxes on production and imports include taxes on products listed in the List of taxes on products in accordance with   
Appendix 2 to this Methodology and other taxes on production listed in the List of other taxes on production in accordance with   
Appendix 3 to this Methodology.

16. Subsidies on production and imports include subsidies on products and other subsidies on production.

17. Subsidies for products are paid per unit of goods or services produced: in proportion to the quantity or value of goods and services produced, sold or imported   
by residents.

Product subsidies include:

regular compensation to enterprises from the state budget for permanent losses arising from the fact that the selling price for the products they produce is set below the average production costs;

subsidies for regular compensation to enterprises from the budget for losses arising from the sale of products and services by them at prices below market prices (for example, at state regulated retail prices);

import subsidies payable when goods cross the territory of the Republic of Kazakhstan or when services are provided to residents by non-residents;

export subsidies payable by the government when goods leave the territory of the Republic of Kazakhstan or when services are provided to non-residents.

18. Other production subsidies consist of subsidies received by enterprises from the government for the use of production factors.

Other production subsidies include the following main types of subsidies:

subsidies paid in connection with the use of the labor of a special contingent of persons;

subsidies associated with the use of other factors of production;

subsidies to reduce pollution.

19. The balancing item in the Generation of Income Account measures the gross profit earned from production before property income and the gross mixed income of unincorporated household enterprises that generate unpaid labor costs and contain an element of remuneration for work that is inseparable from the income of the owner or entrepreneur.

20. Gross profit and gross mixed income are calculated using the formula:

GOS + GMI = GVA – COE – (T p – S p ), ( 3)

where:

GOS - gross profit;

GMI - gross mixed income;

GVA - GVA;

COE - wages;

T p - other taxes on production;

S p - other production subsidies.

21. At the final stage, the obtained results are reconciled with the GDP calculated by the production method.

Appendix 1

to the Methodology for calculating the gross domestic product by the income method

**Example of an income generation account**

million tenge

|  |  |
| --- | --- |
| Operations and balancing items | Total |
| *Resources* |  |
| Gross value added |  |
| *Usage* |  |
| Salary |  |
| Net taxes on production and imports |  |
| Gross profit |  |
| Gross mixed income |  |

appendix 2

to the Methodology for calculating the gross domestic product by the income method

**List of taxes on products**

1. Value added tax;

2. Excises;

3. Payment for the use of surface water resources;

4. Rent tax on exports, with the exception of receipts from organizations in the oil sector;

5. Rental tax on exports from organizations in the oil sector;

6. Collection from auctions;

7. Fee for the passage of vehicles through the territory of the Republic of Kazakhstan;

8. Payment for placement of outdoor (visual) advertising;

9. Tax on gambling business;

10. Customs payments;

11. Special, anti-dumping, countervailing duties;

12. Special protective, anti-dumping and countervailing duties not subject to distribution.

Appendix 3

to the Methodology for calculating the gross domestic product by the income method

**List of other taxes on production**

1. Social tax;

2. Tax on property of legal entities and individual entrepreneurs;

3. Land tax;

4. Tax on vehicles from legal entities;

5. Payment for emissions into the environment;

6. Fixed tax;

7. Income from compensation for losses in agricultural and forestry production in the event of withdrawal of agricultural and forest land for use for purposes not related to agriculture and forestry;

8. Fee for servitude on land plots that are in republican ownership;

9. Fee for easement on land plots that are in communal ownership;

10. Revenues generated from the transfer of assigned amount units and management of the reserve of the national greenhouse gas allowance allocation plan.