

## Income, living conditions and fiscal burden of households

### Year 2017

The results of Eu-Silc 2017 Italian survey confirmed the positive trend, in 2016, of the total household income at current and constant prices already showed in 2015. This upward trend is accompanied by a reduction of the economic inequality and of at risk of poverty or social exclusion population.

#### *Income indicators*

In 2016 the average household net income (excluding imputed rents) was 30,595 euros, about 2,550 euros per month (showing an increase of +2.0% at current prices and +2.1% at constant prices compared to 2015).

The income growth was widespread across the different households' income groups but higher in the lowest quintile of the population, mostly due to a recovery of employee income, reversing the downward trend of the previous year. The share of total equivalised income (excluding imputed rent) received by the most affluent fifth of the households was 39.3% against 6.7% of the poorest fifth: it means that the most affluent fifth of households had totally an equivalised income 5.9 times (it was 6.3 in 2015) higher than that one of the poorest fifth of households.

Half of the households residing in Italy received a net income lower than 25,091 euros per year, (about 2,091 euros per month; +2.3% compared to 2015).

In 2016, inequality measured by the Gini index based on the equivalised income (net of imputed rent, fringe benefits other than company car and self-production income) was higher in Italy (32.7, with a decrease compared to 33.1 in 2015) than the EU<sup>1</sup> mean index (30.3). At sub-national level the highest Gini index was registered in the South and Islands (33.4), while it was lower in the Centre (31.8), in the North-West (31.1) and in the North-East (27.9).

#### *Living conditions indicators*

In 2017, 28.9% of people residing in Italy were at risk of poverty or social exclusion with a decrease compared to the previous year (30.0%). Nevertheless, Italy showed a higher share of population at risk of poverty or social exclusion, compared to Eu<sup>1</sup> mean (22.5%).

Concerning the components of at risk of poverty or social exclusion indicator, the share of people at risk of poverty was quite stable (20.3% from 20.6% in 2016) while both the share of severely deprived people (10.1% from 12.1%) and the share of people with low work intensity (11.8%, from 12.8%) decreased. In 2016, the relative at risk of poverty gap index reached 28.0% (in other terms the relative distance between the median equivalent income of poor's population and the poverty line was 28.0%).

The South and Islands area still represented the geographical area with the higher at risk of poverty or social exclusion rate (44.4%, showing a decrease compared to 46.9% in 2016).

Households with five or more members showed the highest rate of population at risk of poverty or social exclusion (42.7% from 43.7% in 2016), and as regard the household typology the households in other typologies (typically multiple nuclear families) reported the most relevant increase of this indicator (that is 39.4% from 34.0% in 2016). Moreover, among those living in households with at least one foreign citizen<sup>2</sup>, the risk of poverty or social exclusion is almost double (49.3%) compared to those living in households of only Italians (26.5%).

#### *Taxation and labour cost indicators*

In 2016, the average tax rate at the household level was stable in comparison to the previous year (19.4%). Due to tax credits for dependants, couples with three or more children and one earner showed the lowest average tax rate (8.4%). On the other hand, single people under the age of 64 and couples without children were the types of family who bore the greatest tax burden, both with an average rate over 21.9% (one or more earners).

Families with only one earner reported a lower average tax rate (19.1%) compared to that of families with two or more earners (19.6%). Among all, households with a single earner and main source of self-employment income displayed the lowest average tax rate across the entire income distribution.

<sup>1</sup> These estimates are based on 26 Eu countries as data are not still available for Ireland and United Kingdom.

<sup>2</sup> The foreign citizenship also include stateless persons.

Due to the lowest average gross income and the highest number of dependants, the tax burden was lower in the South and Islands (16.2% overall; 15.5% and 16.6% respectively for households with a single and two or more earners), compared to 19.8% of households in the North-East (20.2% and 19.6% respectively for the above mentioned categories), 20.5% in the Centre (about 20.5% for both the above mentioned categories ) and 20.9% of the North-West (20.4% and 21.1% for the above mentioned categories).

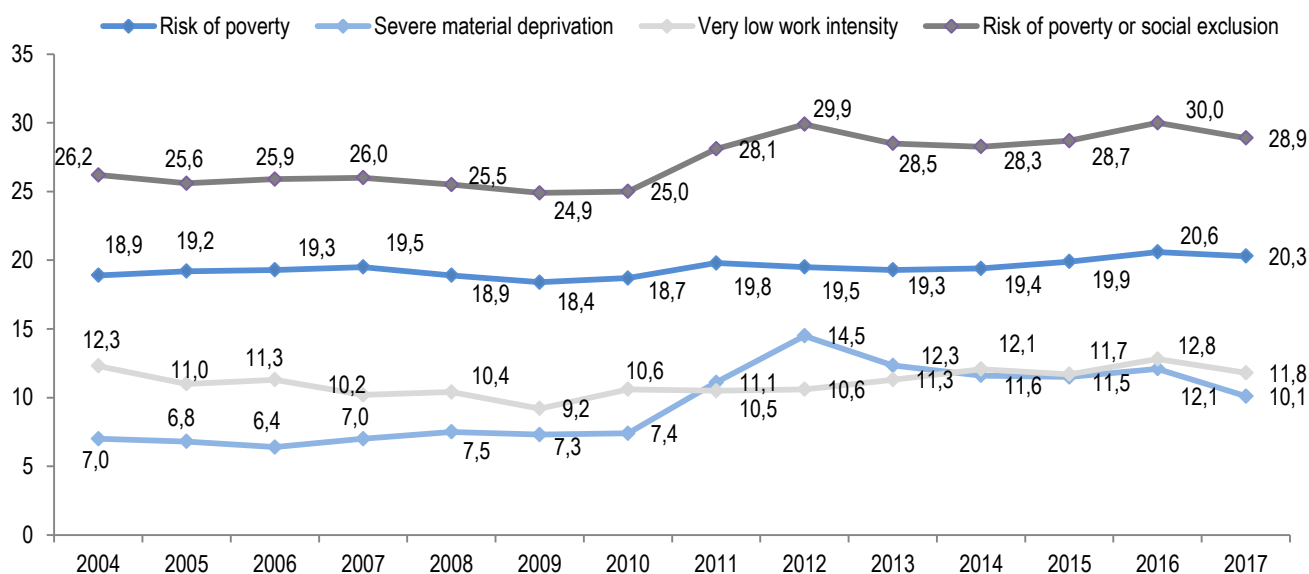
In 2016, the cost of labour for the employee income was equal to 32,154 euros per year. The mean disposable net income for workers was 17,447 euros (54.3% of the total labour) and the tax wedge (sum of personal income tax and social security contributions of the employee and the employer) was on average 14,707 euros (45.7% of the labour cost), slightly lower than in previous years (it was 46.0% in 2015 and 46.2% in 2014).

The largest component of the tax wedge was represented by the social security contributions of employers (25.0%), while the remaining 20.7% was paid by the workers (14.2% as direct taxes and 6.5% as social contributions).

All components of labour cost were on average higher in the North-West and lower in South and Islands. Gender differences are noticeable: the tax wedge of female employees was on average equal to 44.0%, while the male tax wedge reached 46.8% of the total labour cost.

In 2016 the average self-employment income (excluding voucher-based work), gross of taxes and social contributions, was 23,264 euros per year. Net income represented 66.8% of the total (15,500 euros) and personal taxes on self-employment income, including the estimation of Regional Tax on Productive Activities (IRAP), were 16.4%, while social security contributions were 17.0%.

FIGURE 1. POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (EUROPE 2020) <sup>(a)</sup>. Years 2004-2017, out of 100 persons



(a) The risk of poverty is calculated on 2016 income and the very low work intensity on the number of months worked by all the household members during 2016.

**TABLE 1. POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION, BY GEOGRAPHICAL AREA AND HOUSEHOLD CHARACTERISTICS** (a). Years 2016-2017, for 100 individuals with the same characteristics

	Year 2016				Year 2017			
	Risk of poverty or social exclusion	Risk of poverty	Severe material deprivation	Very low work intensity	Risk of poverty or social exclusion	Risk of poverty	Severe material deprivation	Very low work intensity
<b>Geographical area</b>								
North-west	21.0	13.7	7.4	8.0	20.7	13.7	7.3	7.4
North-east	17.1	10.5	5.8	6.7	16.1	10.2	5.0	5.4
Centre	25.1	16.8	8.7	8.9	25.3	16.6	7.9	9.0
South and Islands	46.9	33.8	21.2	21.9	44.4	33.1	16.5	20.2
<b>Household size</b>								
One	34.9	25.1	14.2	18.0	34.2	25.3	12.9	15.4
Two	25.2	15.4	10.4	18.2	24.3	15.4	8.7	17.7
Three	26.9	17.0	11.1	13.6	26.1	16.6	9.3	12.1
Four	29.0	20.8	11.2	8.6	27.4	20.3	8.8	8.3
Five or more	43.7	34.4	17.7	13.4	42.7	33.6	15.2	11.9
<b>Number of income earners</b>								
One	46.7	37.1	16.9	19.8	45.1	36.2	14.1	17.5
Two	22.2	13.3	9.4	8.7	20.8	13.1	7.8	7.9
Three or more	17.5	6.8	8.9	8.4	20.1	9.7	8.7	10.3
<b>Main income source</b>								
Employee	22.1	14.0	10.5	4.4	21.9	14.4	9.5	4.2
Self-employment	33.7	27.8	8.6	5.0	32.4	27.7	7.1	5.2
Pensions and other public transfers	35.8	22.3	14.4	51.3	34.3	21.8	11.6	51.9
Other income	67.4	59.7	23.7	66.9	65.9	55.1	16.8	54.9
<b>Household typology</b>								
Single person	34.9	25.1	14.2	18.0	34.2	25.3	12.9	15.4
- less than 65 years	37.0	26.0	15.3	18.0	36.2	25.9	14.2	15.4
- 65 years and over	32.6	24.0	13.0		31.8	24.7	11.3	
Couples without children	21.4	13.1	9.1	13.8	20.0	12.3	7.9	13.5
- R.P. (b) less than 65 years	25.0	15.5	9.1	13.6	23.1	14.4	7.9	13.1
- R.P. (b) 65 years and over	17.5	10.5	9.0	30.8	16.9	10.3	7.8	40.9
Couples with children	29.7	20.8	11.7	9.9	27.6	19.7	8.9	9.0
- one child	24.7	14.5	10.3	11.8	24.1	14.8	7.9	11.3
- two children	28.9	21.0	11.2	7.7	26.5	19.8	9.0	7.2
- three or more children	46.1	37.7	17.4	12.5	41.1	33.9	11.5	9.5
Single parents	38.8	26.4	15.2	24.0	38.8	27.1	13.3	21.3
Other typologies	34.0	22.8	15.7	19.8	39.4	26.7	17.7	18.7
<b>Number of minors</b>								
One minor	30.1	22.5	13.2	8.9	29.6	23.7	9.3	8.6
Two minors	30.8	25.1	11.5	8.1	29.9	24.5	10.3	7.9
Three or more minors	47.3	40.4	15.0	11.1	44.5	39.0	10.8	5.9
At least one minor	32.4	25.7	12.7	8.8	31.4	25.8	9.9	8.0
<b>Number of elderly</b>								
One elderly	31.6	19.1	12.3	30.5	30.6	20.0	10.2	30.8
Two or more elderly	20.9	10.0	10.3	29.2	20.1	10.5	9.1	31.6
At least one elderly	27.0	15.2	11.5	30.1	25.9	15.8	9.7	31.0
<b>Citizenship</b>								
All Italian household members	27.5	18.6	10.7	13.4	26.5	18.1	8.8	12.7
At least one foreign household member	51.0	37.7	24.0	9.4	49.3	38.9	21.5	6.0
<b>Italy</b>	<b>30.0</b>	<b>20.6</b>	<b>12.1</b>	<b>12.8</b>	<b>28.9</b>	<b>20.3</b>	<b>10.1</b>	<b>11.8</b>

(a) The risk of poverty is calculated on 2016 income and the very low work intensity on the number of months worked by all the household members during 2016.

(b) R.P.: reference person.

FIGURE 2. GINI COEFFICIENT OF EQUIVALISED DISPOSABLE INCOME BY EU COUNTRIES. Year 2016

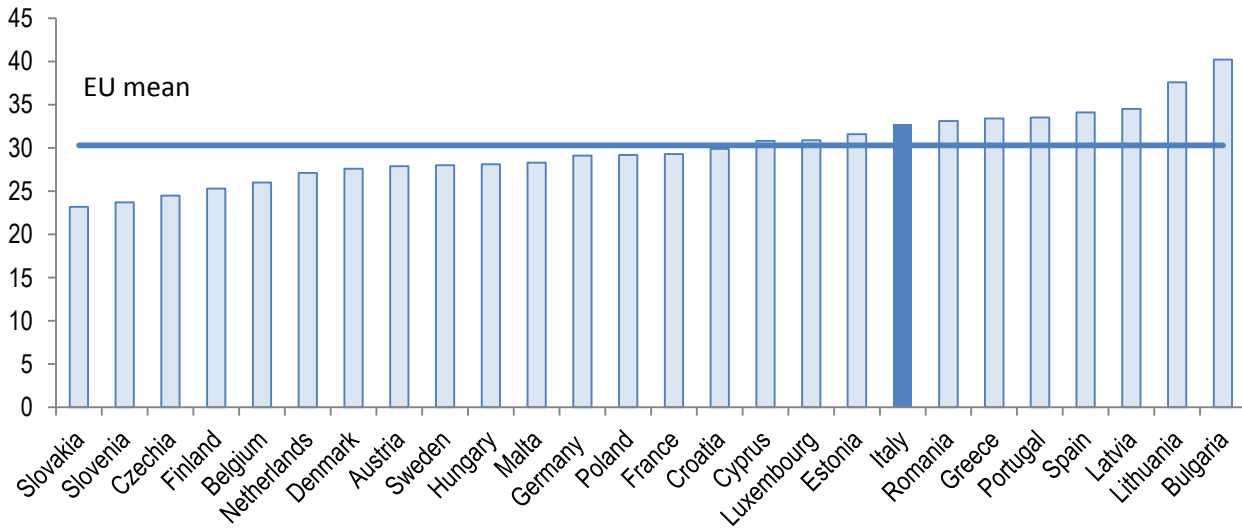
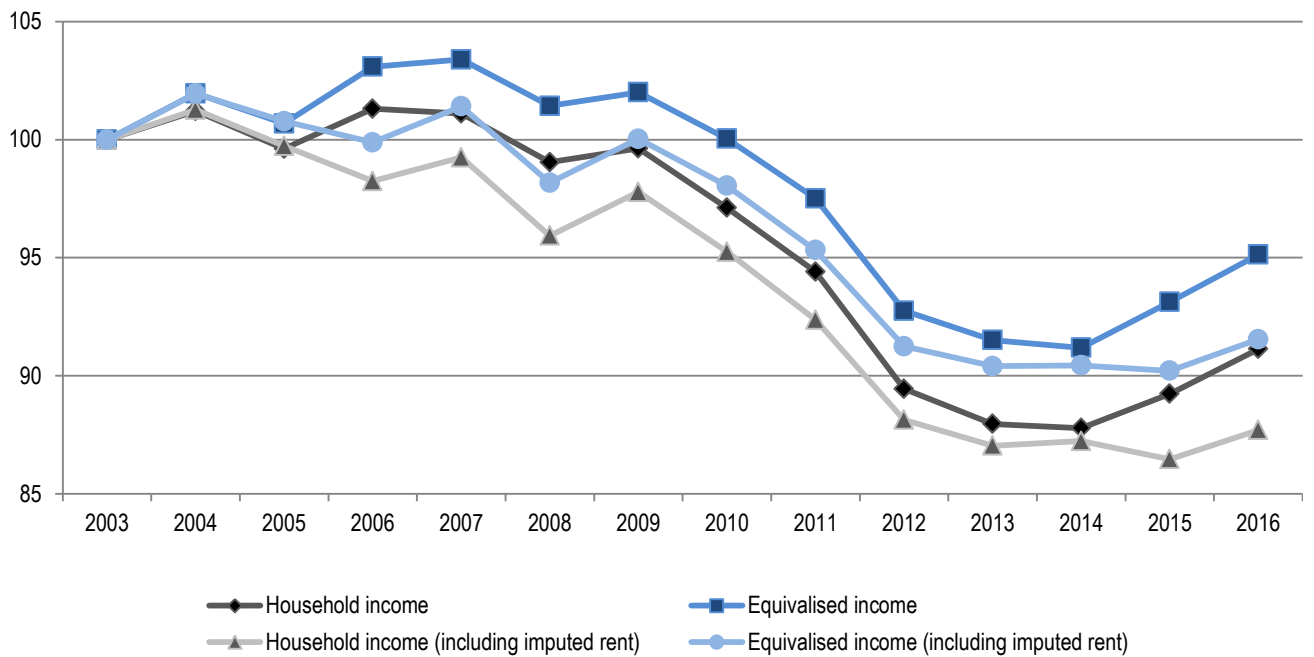
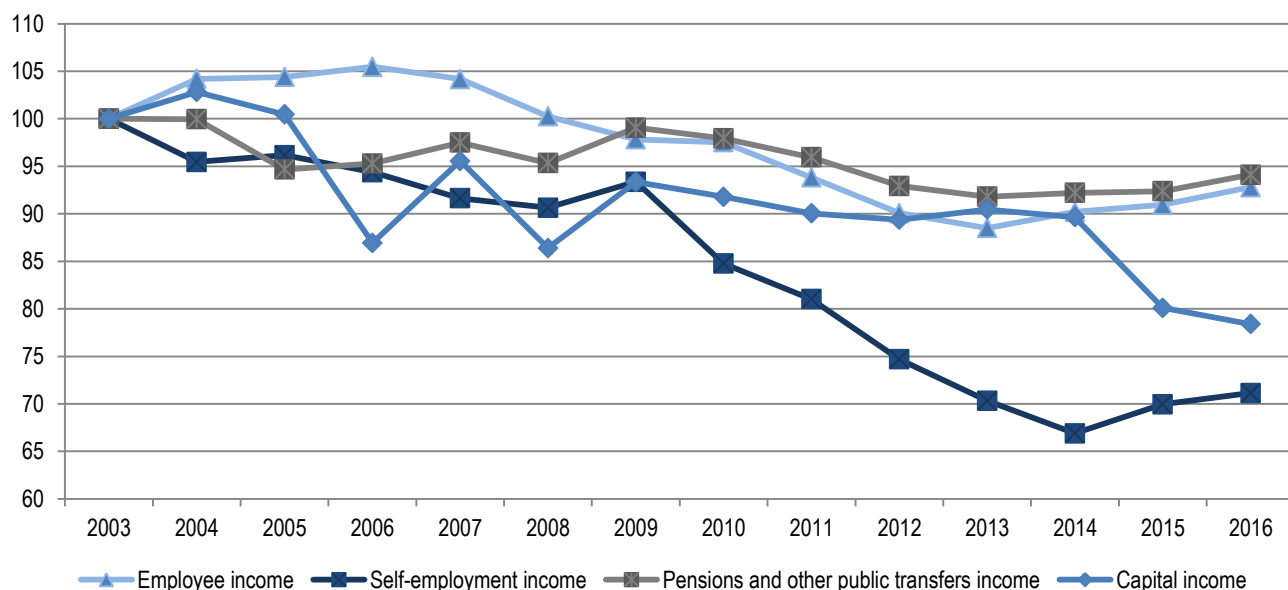


FIGURE 3. HOUSEHOLD NET INCOME AND EQUIVALISED INCOME EXCLUDING AND INCLUDING IMPUTED RENT AT CONSTANT PRICES. Years 2003-2016, mean values (Base 2003=100)



**FIGURE 4. HOUSEHOLD NET INCOME INCLUDING IMPUTED RENT AT CONSTANT PRICES BY MAIN INCOME SOURCE. Years 2003-2016, mean values (Base 2003=100)**



**TABLE 2. HOUSEHOLD NET INCOME (excluding imputed rent) BY GEOGRAPHICAL AREA AND HOUSEHOLD CHARACTERISTICS. Year 2016, mean and median values in euros**

	Mean					Median				
	North-West	North-East	Centre	South and Islands	Italy	North-West	North-East	Centre	South and Islands	Italy
<b>Household typology</b>										
Single person	19,885	19,856	19,338	14,491	18,257	17,604	17,826	16,407	13,247	16,214
- less than 65 years	21,428	21,946	20,093	13,877	19,319	19,681	20,112	17,395	12,432	17,826
- 65 years and over	17,986	17,304	18,257	15,078	17,001	15,677	15,591	15,236	13,690	14,960
Couples without children	35,433	35,817	35,220	25,862	32,966	30,875	31,753	28,921	21,264	27,877
- R.P. (a) less than 65 years	39,322	39,533	36,511	26,120	35,368	36,086	36,736	32,199	20,911	31,657
- R.P. (a) 65 years and over	31,470	32,263	34,073	25,618	30,666	26,832	27,943	26,974	21,459	25,772
Couples with children	47,717	48,107	44,191	31,745	41,092	42,102	44,233	39,380	27,975	36,622
- one child	45,732	46,479	42,077	31,846	40,397	41,447	42,816	37,783	27,091	36,737
- two children	50,213	49,125	46,565	31,850	42,011	43,486	45,695	41,785	28,500	37,195
- three or more children	47,361	52,467	45,210	30,962	40,446	40,570	47,237	38,441	28,467	34,616
Single parents	31,139	33,553	28,781	23,419	28,555	28,504	31,024	25,680	20,673	25,723
Other typologies	37,877	43,908	39,435	26,390	34,761	34,085	38,194	35,717	21,949	30,966
<b>Number of minors</b>										
One minor	40,895	41,462	36,018	26,376	34,984	35,618	39,674	32,961	23,181	31,604
Two minors	41,623	42,445	41,129	27,996	36,878	35,903	39,977	35,795	25,687	31,735
Three or more minors	44,291	45,652	36,630	26,833	36,107	34,787	39,263	28,832	25,528	29,601
At least one minor	41,418	42,178	37,967	27,038	35,801	35,653	39,853	33,570	24,279	31,415
<b>Number of elderly</b>										
One elderly	25,432	26,466	26,997	21,875	24,750	18,819	20,291	21,007	16,668	18,751
Two or more elderly	35,105	36,280	37,029	30,397	34,339	29,346	30,267	28,954	24,877	28,185
At least one elderly	29,011	30,148	30,739	24,730	28,205	23,271	24,669	24,347	19,708	22,535
<b>Citizenship</b>										
All Italian household members	34,484	35,798	33,310	25,418	31,500	27,951	30,640	27,469	21,791	25,908
At least one foreign household member	23,431	25,990	21,974	14,251	21,950	21,004	22,864	18,250	11,227	19,188
<b>Total</b>	<b>33,268</b>	<b>34,678</b>	<b>32,006</b>	<b>24,792</b>	<b>30,595</b>	<b>26,954</b>	<b>29,364</b>	<b>26,183</b>	<b>21,168</b>	<b>25,091</b>

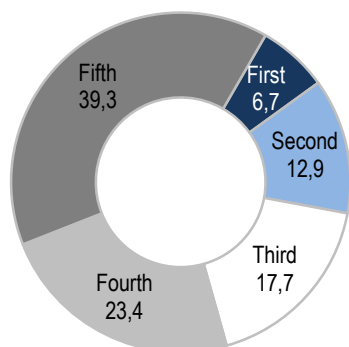
(a) R.P.: reference person.

**TABLE 3. HOUSEHOLD NET INCOME (excluding imputed rent) BY MAIN EARNER CHARACTERISTICS.** Years 2016, mean and median values in euros

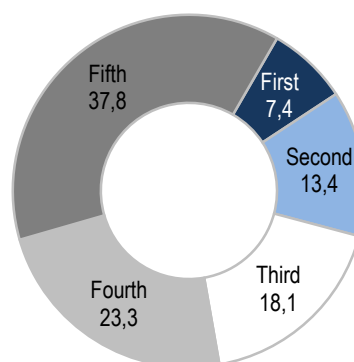
	Mean					Median				
	North-West	North-East	Centre	South and Islands	Italy	North-West	North-East	Centre	South and Islands	Italy
<b>Sex</b>										
Male	36,940	38,377	35,203	26,953	33,699	30,702	33,119	28,764	23,034	27,935
Female	27,030	28,248	27,163	21,163	25,443	21,276	22,238	21,520	17,134	20,390
<b>Age class</b>										
Less than 35 years	29,883	31,942	27,398	20,337	26,783	26,399	28,479	24,244	18,074	23,281
35-44 years	34,978	37,736	29,346	23,627	30,798	29,784	34,560	25,573	21,998	26,954
45-54 years	38,628	40,401	35,419	27,597	35,028	33,789	37,907	31,075	25,068	30,520
55-64 years	40,573	40,991	40,776	29,963	37,178	32,455	35,414	32,804	26,112	30,778
65 years or more	26,419	26,578	28,484	22,523	25,599	21,116	22,102	22,252	18,184	20,528
<b>Educational level</b>										
Primary education or less	20,238	22,168	21,396	17,790	19,861	17,317	19,035	18,405	15,631	17,009
Lower secondary education	28,936	31,260	26,798	21,564	26,388	25,611	27,156	23,123	19,733	23,239
Upper secondary education	36,063	38,057	32,171	27,440	33,243	31,496	34,256	28,278	24,237	28,781
University degree	48,085	46,523	46,731	38,849	45,066	38,888	42,329	38,623	34,271	38,052
<b>Professional status</b>										
Employee	38,150	37,839	34,698	29,271	34,832	32,888	35,071	30,328	25,741	30,203
Self-employed	40,594	45,822	36,576	26,503	36,530	32,764	40,128	26,852	21,464	28,244
Unemployed	19,153	27,299	21,135	15,252	18,311	15,172	17,668	16,691	9,764	12,674
Other not employed	19,157	17,970	19,727	15,478	17,432	14,438	13,204	14,295	13,433	13,760
Retired	27,427	29,136	30,949	24,094	27,465	22,772	23,847	24,142	20,023	22,359
<b>Citizenship</b>										
Italian	34,330	35,766	33,329	25,383	31,477	27,874	30,622	27,397	21,798	25,929
Foreign	22,114	23,712	19,498	13,060	20,026	19,681	20,861	17,265	9,914	17,786
<b>Total</b>	<b>33,268</b>	<b>34,678</b>	<b>32,006</b>	<b>24,792</b>	<b>30,595</b>	<b>26,954</b>	<b>29,364</b>	<b>26,183</b>	<b>21,168</b>	<b>25,091</b>

**FIGURE 5. INDIVIDUAL EQUIVALISED INCOME EXCLUDING AND INCLUDING IMPUTED RENT BY QUINTILE.** Year 2016, percentage composition

**EXCLUDING IMPUTED RENT**



**INCLUDING IMPUTED RENT**



**TABLE 4. SHARE OF INDIVIDUALS BY EQUIVALISED INCOME QUINTILE AND BY GEOGRAPHICAL AREA AND HOUSEHOLD CHARACTERISTICS** <sup>(a)</sup>. Year 2016, for 100 individuals with the same characteristics

	Quintile (excluding imputed rent)					Quintile (including imputed rent)				
	First	Second	Third	Fourth	Fifth	First	Second	Third	Fourth	Fifth
<b>Geographical area</b>										
North-West	13.4	16.3	21.1	23.7	25.4	13.2	15.5	21.2	24.3	25.9
North-East	10.0	15.5	20.4	26.2	27.9	9.8	14.4	21.6	25.7	28.5
Centre	16.2	19.0	20.9	21.0	22.8	15.2	18.8	21.1	21.8	23.1
South and Islands	32.9	25.9	18.4	13.0	9.7	33.8	27.4	17.6	12.4	8.9
<b>Household type</b>										
Single person	24.6	16.8	21.3	19.3	17.9	17.9	17.4	21.7	21.4	21.6
- less than 65 years	24.8	12.4	18.6	22.8	21.4	23.4	13.2	18.4	20.9	24.1
- 65 years and over	24.4	21.9	24.5	15.3	13.9	11.3	22.4	25.7	22.1	18.6
Couples without children	12.2	19.5	21.9	19.2	27.3	10.4	17.6	23.0	20.6	28.4
- R.P. (a) less than 65 years	14.2	14.7	16.9	19.5	34.6	13.9	14.7	17.4	19.3	34.7
- R.P. (a) 65 years and over	10.2	24.1	26.7	18.9	20.2	7.0	20.5	28.4	21.9	22.2
Couples with children	19.5	21.5	19.0	21.1	18.9	21.6	21.9	18.8	20.0	17.7
- one child	14.6	17.9	18.7	24.2	24.5	15.5	18.4	18.8	23.6	23.7
- two children	19.5	22.8	20.2	21.0	16.5	22.1	23.8	19.4	19.6	15.2
- three or more children	33.7	27.2	16.1	12.2	10.9	37.9	25.4	16.6	10.8	9.4
Single parents	26.7	19.0	19.2	17.8	17.2	27.0	18.4	19.2	18.0	17.3
Other typologies	26.7	16.9	21.5	18.0	16.9	28.5	18.9	19.5	18.2	15.0
<b>Number of minors</b>										
One minor	23.4	21.0	18.7	20.3	16.7	24.7	21.9	18.0	19.8	15.6
Two minors	24.2	23.7	20.2	18.3	13.5	27.1	24.3	19.3	16.6	12.7
Three or more minors	38.7	26.0	17.1	8.9	9.2	43.5	23.7	16.1	8.6	8.2
At least one minor	25.5	22.7	19.2	18.2	14.5	27.9	23.1	18.3	17.2	13.5
<b>Number of elderly</b>										
One elderly	19.8	19.2	21.1	19.7	20.2	14.5	19.4	22.1	21.7	22.3
Two or more elderly	10.5	22.2	24.9	22.1	20.3	8.5	20.1	26.7	23.2	21.6
At least one elderly	15.6	20.5	22.8	20.8	20.2	11.8	19.7	24.1	22.4	22.0
<b>Citizenship</b>										
All Italian household members	18.0	19.1	20.1	21.1	21.8	16.9	19.3	20.4	21.4	21.9
At least one foreign household member	37.2	28.0	19.2	10.7	5.0	46.5	25.6	16.2	8.0	3.7
<b>Italy</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>

(a) R.P.: reference person.

**TABLE 5. SHARE OF INDIVIDUALS BY EQUIVALISED INCOME QUINTILE AND MAIN EARNER CHARACTERISTICS (a). Year 2016, for 100 individuals with the same characteristics**

	Quintile (excluding imputed rent)					Quintile (including imputed rent)				
	First	Second	Third	Fourth	Fifth	First	Second	Third	Fourth	Fifth
<b>Sex</b>										
Male	18.7	20.5	20.0	20.2	20.6	19.6	20.3	19.7	20.3	20.1
Female	22.9	18.9	20.0	19.5	18.7	21.0	19.3	20.6	19.4	19.7
<b>Age class</b>										
Less than 35 years	27.7	19.2	18.7	20.2	14.1	30.8	20.2	17.3	19.0	12.7
35-44 years	21.8	22.1	19.1	19.8	17.2	24.7	21.9	18.3	18.5	16.6
45-54 years	19.9	18.7	19.5	21.6	20.2	20.6	19.5	19.7	21.1	19.1
55-64 years	16.0	15.9	18.0	21.2	28.9	16.4	16.1	18.2	20.6	28.8
65 years or more	17.8	22.8	23.2	17.5	18.7	12.7	21.5	24.4	20.3	21.1
<b>Educational level</b>										
Primary education or less	28.4	28.5	23.9	11.9	7.3	23.9	26.7	26.5	14.7	8.2
Lower secondary education	28.4	22.9	21.2	17.4	10.2	30.3	22.4	20.4	16.7	10.1
Upper secondary education	15.4	18.6	19.6	24.0	22.4	16.0	19.3	18.8	23.8	22.2
University degree	7.7	10.4	15.5	23.5	42.9	7.1	11.4	16.0	22.6	42.9
<b>Professional status</b>										
Employee	14.2	20.2	21.4	23.8	20.5	16.6	20.6	20.9	22.3	19.6
Self-employed	26.8	15.5	14.4	16.8	26.5	26.1	16.4	14.1	17.8	25.6
Unemployed	57.1	18.4	8.7	7.7	8.2	58.7	18.4	8.0	6.2	8.7
Other not employed	45.2	21.0	14.3	10.2	9.3	39.6	23.8	15.6	11.0	10.0
Retired	15.2	22.2	23.7	18.6	20.3	11.5	20.1	24.9	21.2	22.4
<b>Citizenship</b>										
Italian	18.3	19.4	20.1	20.8	21.4	17.5	19.4	20.3	21.1	21.5
Foreign	39.5	27.6	19.3	10.1	3.4	48.6	26.4	16.0	7.1	1.9
<b>Italy</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>

**FIGURE 6. AVERAGE TAX RATE BY NUMBER OF EARNERS, HOUSEHOLD TYPE AND GROSS INCOME BRACKETS. Year 2016, percentage values and in euros**

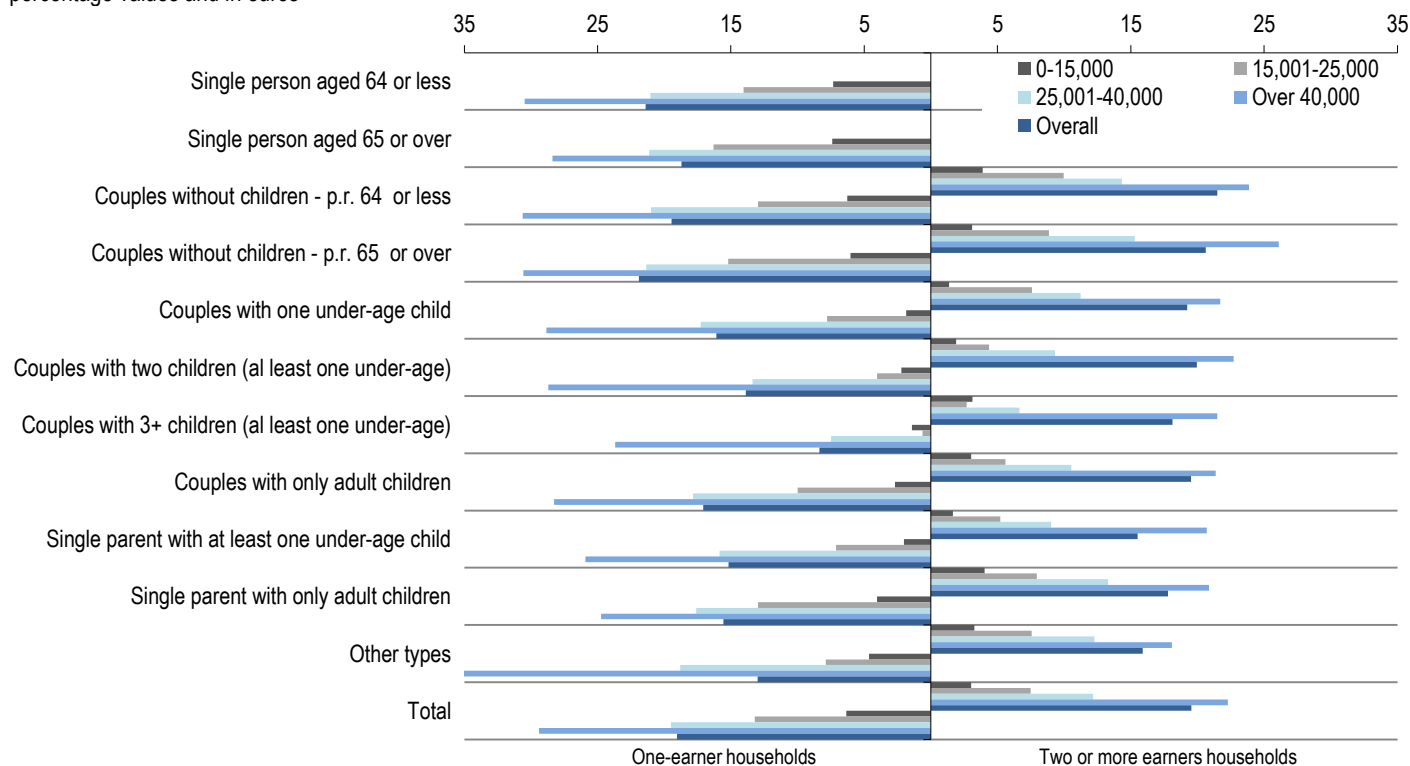




FIGURE 7. AVERAGE TAX RATE BY INCOME STRUCTURE AND GROSS INCOME CLASS. Year 2016, percentage values and in euros

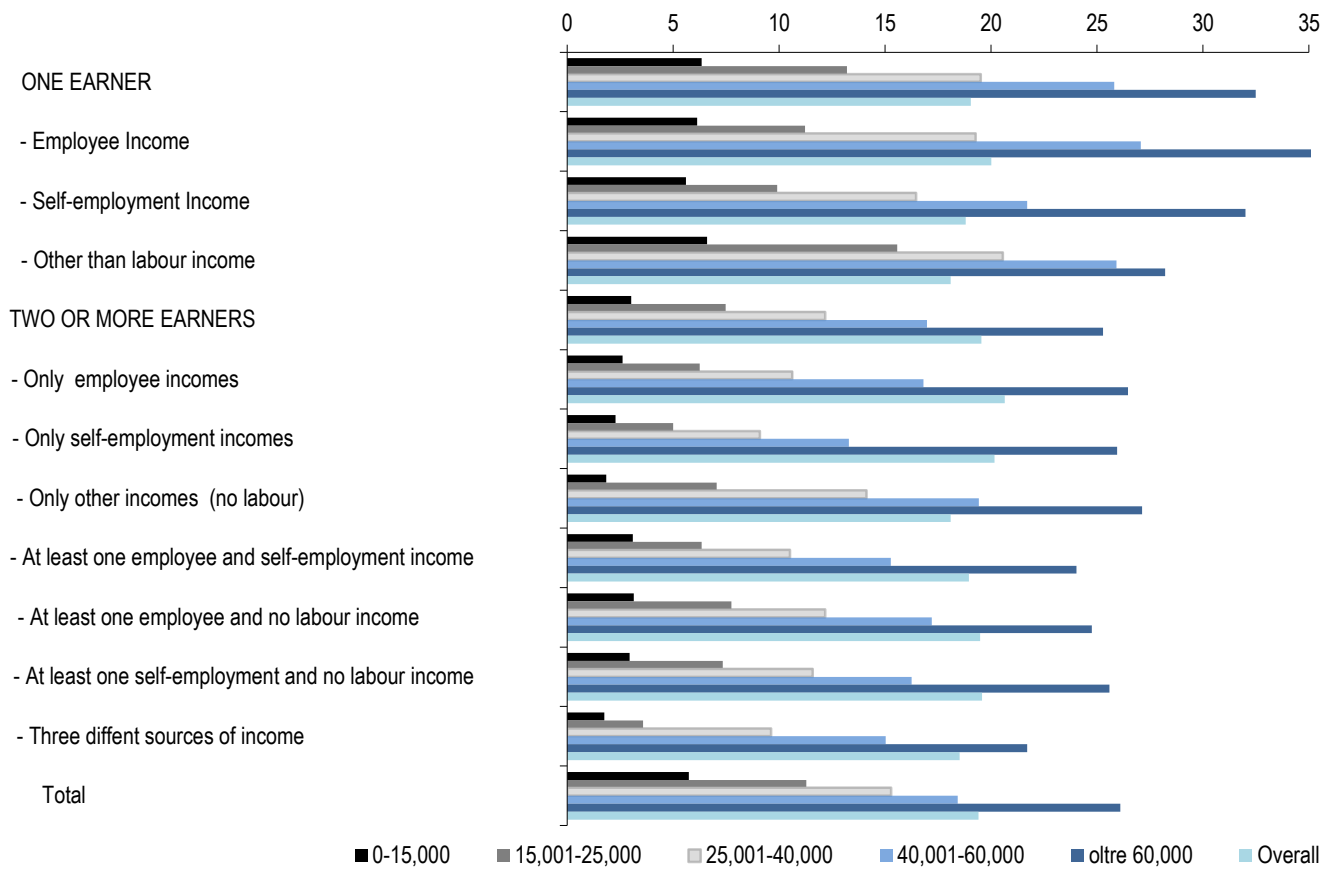


FIGURE 8. AVERAGE TAX RATE BY GEOGRAPHICAL AREA AND GROSS INCOME CLASS. Year 2016, percentage values and in euros

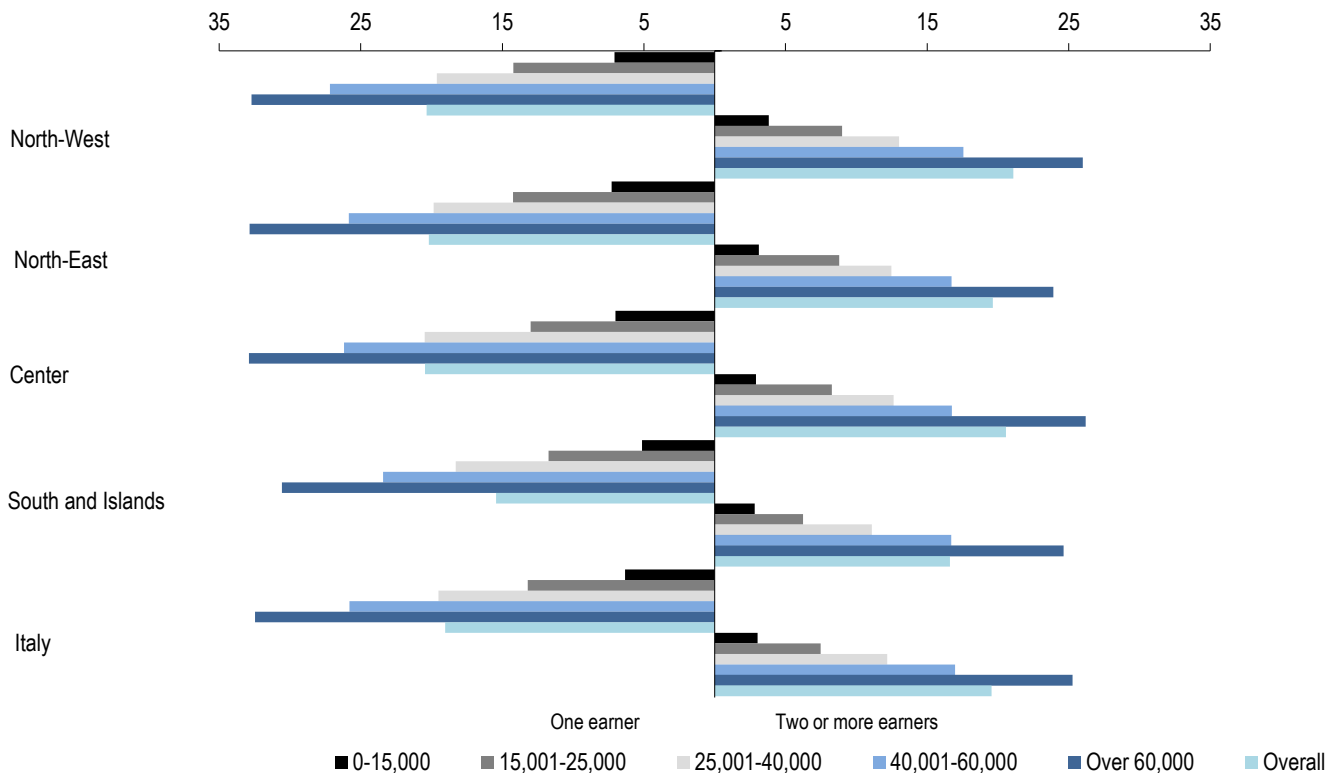


TABLE 6. LABOUR COST COMPONENTS BY SEX AND GEOGRAPHICAL AREA <sup>(a)</sup>. Years 2015-2016, mean in euros

Year 2015							
	Labour cost	Employer social security contributions	Gross wage	Employee social security contributions	Personal income tax	Net income	Tax wedge
<b>Sex</b>							
Male	36,114	9,206	26,908	2,370	5,483	19,055	17,059
Female	27,012	6,814	20,199	1,821	3,270	15,107	11,905
<b>Geographical area</b>							
North-West	36,119	9,222	26,897	2,384	5,502	19,012	17,108
North-East	34,237	8,743	25,494	2,273	4,798	18,423	15,814
Centre	32,445	8,148	24,297	2,140	4,658	17,499	14,946
South and Islands	26,066	6,596	19,471	1,746	3,143	14,582	11,485
<b>Italy</b>	<b>32,000</b>	<b>8,125</b>	<b>23,875</b>	<b>2,122</b>	<b>4,483</b>	<b>17,270</b>	<b>14,729</b>
Year 2016							
	Labour cost	Employer social security contributions	Gross wage	Employee social security contributions	Personal income tax	Net income	Tax wedge
<b>Sex</b>							
Male	36,641	9,156	27,486	2,359	5,627	19,500	17,141
Female	26,809	6,716	20,093	1,797	3,295	15,002	11,808
<b>Geographical area</b>							
North-West	36,463	9,106	27,357	2,355	5,622	19,380	17,083
North-East	34,227	8,632	25,595	2,250	4,848	18,498	15,730
Centre	33,136	8,238	24,897	2,162	4,898	17,837	15,299
South and Islands	25,769	6,442	19,327	1,707	3,090	14,530	11,239
<b>Italy</b>	<b>32,154</b>	<b>8,042</b>	<b>24,111</b>	<b>2,102</b>	<b>4,562</b>	<b>17,447</b>	<b>14,707</b>

(a) Employee income recipients.

**TABLE 7. INCIDENCE OF THE TAX WEDGE ON THE LABOUR COST FOR WORKER CHARACTERISTICS AND GEOGRAPHICAL AREA<sup>(a)</sup>.**  
Year 2016, percentage values

	North-West	North-East	Centre	South and Islands	Italy
<b>Sex</b>					
Male	48.1	47.3	47.1	44.3	46.8
Female	44.8	43.8	44.8	42.3	44.0
<b>Age class</b>					
Less than 35 years	43.7	43.5	43.2	41.7	43.1
35 - 44 years	47.0	46.0	45.3	42.9	45.5
45 - 54 years	47.6	47.2	46.8	44.1	46.5
55 - 64 years	48.5	46.7	48.6	45.1	47.3
65 years or more	34.9 <sup>(b)</sup>	36.7	44.7	44.2	41.9
<b>Educational level</b>					
Primary education or less	43.0	43.0	42.0	40.7	41.9
Lower secondary education	44.6	44.4	43.4	41.6	43.6
Upper secondary education	47.2	46.0	45.4	43.9	45.7
University degree	49.4	48.0	49.1	46.2	48.4
<b>Professional status</b>					
Executive	..	52.4 <sup>(b)</sup>	..	..	54.0
Manager	52.9	51.5	51.7	48.6	51.6
Clerk	46.9	46.3	46.5	44.5	46.1
Workman	45.7	45.2	44.2	42.4	44.5
<b>Sector of work</b>					
Public	46.1	45.7	47.0	45.3	46.0
Private	47.3	46.4	46.1	42.8	46.0
<b>Type of work</b>					
Fixed-term	42.1	42.8	41.6	40.5	41.7
Permanent	47.5	46.7	47.0	44.5	46.6
<b>Work hours</b>					
30 or more	47.3	46.6	46.7	44.2	46.3
Less than 30	39.8	38.5	39.0	37.9	38.8
<b>Citizenship</b>					
Italian	47.3	46.3	46.6	43.7	46.0
Foreign	42.1	42.1	42.1	39.9	41.9
<b>Total</b>	<b>46.8</b>	<b>46.0</b>	<b>46.2</b>	<b>43.6</b>	<b>45.7</b>

(a) Employee income recipients.

(b) Estimation based on a sample size between 20 and 49 observations.

(..) Estimation based on a sample size less than 20 observations.

**TABLE 8. GROSS SELF-EMPLOYMENT INCOME COMPONENTS BY SEX AND GEOGRAPHICAL AREA (a).** Years 2015-2016, mean in euros and percentage values

	Year 2015				Year 2016			
	Gross income (b)	Tax (c)	Social contributions	Net income	Gross income (b)	Tax (c)	Social contributions	Net income
<b>Sex</b>								
Male	26,008	4,461	4,248	17,298	26,305	4,535	4,402	17,368
Female	17,799	2,604	3,046	12,148	18,016	2,576	3,164	12,277
<b>Geographical area</b>								
North-West	26,504	4,549	4,384	17,571	26,347	4,515	4,502	17,331
North-East	25,861	4,557	4,083	17,221	26,912	4,750	4,429	17,734
Centre	22,871	3,859	3,593	15,419	23,266	4,008	3,694	15,563
South and Islands	17,484	2,386	3,187	11,911	17,536	2,292	3,244	12,001
<b>Italy</b>	<b>22,952</b>	<b>3,770</b>	<b>3,801</b>	<b>15,381</b>	<b>23,264</b>	<b>3,816</b>	<b>3,948</b>	<b>15,500</b>
<b>Sex</b>								
Male	100.0	17.2	16.3	66.5	100.0	17.2	16.7	66.0
Female	100.0	14.6	17.1	68.3	100.0	14.3	17.6	68.1
<b>Geographical area</b>								
North-West	100.0	17.2	16.5	66.3	100.0	17.1	17.1	65.8
North-East	100.0	17.6	15.8	66.6	100.0	17.7	16.5	65.9
Centre	100.0	16.9	15.7	67.4	100.0	17.2	15.9	66.9
South and Islands	100.0	13.6	18.2	68.1	100.0	13.1	18.5	68.4
<b>Italy</b>	<b>100.0</b>	<b>16.4</b>	<b>16.6</b>	<b>67.0</b>	<b>100.0</b>	<b>16.4</b>	<b>17.0</b>	<b>66.6</b>

(a) Only positive income.

(b) Gross of taxes and social contributions.

(c) Gross of Irap tax.

**TABLE 9. TAX INCIDENCE ON SELF-EMPLOYMENT GROSS INCOME FOR WORKER CHARACTERISTICS AND GEOGRAPHICAL AREA<sup>(a)</sup>, Year 2016, percentage values**

	North-West	North-East	Centre	South and Islands	Italy
<b>Sex</b>					
Male	21.7	21.9	21.8	16.6	20.7
Female	18.1	19.0	16.9	14.6	17.3
<b>Age class</b>					
Less than 35 years	14.9	17.6	14.5	12.4	14.9
35 - 44 years	18.8	21.0	15.0	13.5	17.4
45 - 54 years	20.8	20.3	19.2	15.3	19.2
55 - 64 years	21.9	21.1	24.6	18.1	21.5
65 years or more	28.2	28.3	28.8	28.4	28.4
<b>Educational level</b>					
Primary education or less	20.8	21.4	17.1	10.8	17.3
Lower secondary education	17.7	18.6	16.9	12.5	16.7
Upper secondary education	20.1	21.5	17.4	14.5	18.8
University degree	23.7	23.6	25.0	21.2	23.5
<b>Self-employment</b>					
With employees	22.6	24.1	23.5	18.2	22.3
Without employees	17.5	16.8	17.0	14.0	16.4
<b>Sector of work</b>					
Public	23.5	22.8	24.9	24.2	23.9
Private	20.4	20.7	19.2	15.6	19.2
<b>Work hours</b>					
30 or more	20.6	20.9	19.8	16.3	19.6
Less than 30	15.4	17.9	9.3	14.6	14.7
<b>Professional status</b>					
Farmer	16.4	16.6	20.4	13.5	16.3
Craftsman	17.7	20.6	22.1	13.1	18.8
Trader	19.4	18.7	17.4	14.8	17.7
Entrepreneur, freelancer, self-employed worker	21.3	21.5	21.5	20.5	21.2
<b>Citizenship</b>					
Italian	21.0	21.4	20.8	16.1	20.0
Foreign	15.3	14.4	13.2	13.8	14.4
<b>Total</b>	<b>20.7</b>	<b>21.1</b>	<b>20.5</b>	<b>16.0</b>	<b>19.8</b>

(a) Only positive income.

**TABLE 10. DISTRIBUTION OF INDIVIDUAL GROSS INCOME (NET OF SOCIAL CONTRIBUTIONS) BY SOURCE AND INCOME CLASS.**  
Years 2015-2016, percentage values and mean in euros

Year 2015				
	Employee income	Self-employment income <sup>(a)</sup>	Pensions	Total
<b>Percentage values</b>				
Less than 10,000	23.6	41.1	29.7	24.4
10,001 - 15,000	12.4	16.3	19.9	14.0
15,001 - 30,000	44.0	26.7	37.4	39.0
30,001 - 70,000	17.9	12.8	11.8	18.5
Over 70,000	2.0	3.2	1.2	2.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Mean in euros</b>				
Less than 10,000	5,047	4,716	6,258	5,118
10,001 - 15,000	12,548	12,483	12,366	12,452
15,001 - 30,000	22,071	21,247	21,258	21,937
30,001 - 70,000	39,693	43,065	39,558	40,915
Over 70,000	101,677	127,053	89,998	108,461
<b>Total</b>	<b>21,644</b>	<b>19,151</b>	<b>18,002</b>	<b>22,111</b>
Year 2016				
	Employee income	Self-employment income <sup>(a)</sup>	Pensions	Total
<b>Percentage values</b>				
Less than 10,000	22.8	40.5	31.6	25.4
10,001 - 15,000	12.4	15.5	17.8	13.5
15,001 - 30,000	45.4	27.7	37.5	39.5
30,001 - 70,000	17.4	13.3	11.6	18.7
Over 70,000	2.1	2.9	1.5	2.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Mean in euros</b>				
Less than 10,000	4,964	5,317	6,114	5,016
10,001 - 15,000	12,533	12,541	12,449	12,512
15,001 - 30,000	22,009	20,826	21,167	21,903
30,001 - 70,000	40,089	43,250	40,397	41,060
Over 70,000	109,636	126,352	91,138	111,796
<b>Total</b>	<b>21,908</b>	<b>19,316</b>	<b>18,108</b>	<b>22,593</b>

(a) Only positive income.

**TABLE 11. TAX INCIDENCE BY GROSS INCOME TYPE AND INCOME CLASS.** Years 2015-2016, percentage values and in euros

	Employee income	Self-employment <sup>(a)</sup>		Pensions	Total
		Gross of Irap	Net of Irap		
<b>Year 2015</b>					
Less than 10,000	5.3	8.7	8.6	3.7	3.4
10,001 - 15,000	7.1	9.9	9.3	11.4	8.4
15,001 - 30,000	15.7	14.2	13.0	18.3	14.9
30,001 - 70,000	27.8	23.2	21.8	26.4	24.2
Over 70,000	38.0	32.9	30.3	33.4	33.4
<b>Total</b>	<b>20.6</b>	<b>19.7</b>	<b>18.3</b>	<b>18.9</b>	<b>19.5</b>
<b>Year 2016</b>					
Less than 10,000	5.1	9.1	8.5	3.6	3.5
10,001 - 15,000	7.6	10.8	9.6	10.0	7.9
15,001 - 30,000	15.6	14.7	13.0	18.2	14.8
30,001 - 70,000	27.7	23.4	21.0	26.9	24.1
Over 70,000	38.7	33.0	30.8	31.4	33.4
<b>Total</b>	<b>20.7</b>	<b>19.8</b>	<b>17.9</b>	<b>18.8</b>	<b>19.5</b>

(a) Only positive income.

## Annex

**TABLE A1. POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION, BY REGION** <sup>(a)</sup>. Years 2016-2017, out of 100 persons with the same characteristics

Region	Year 2016				Year 2017			
	Risk of poverty or social exclusion	Risk of poverty	Severe material deprivation	Very low work intensity	Risk of poverty or social exclusion	Risk of poverty	Severe material deprivation	Very low work intensity
Piemonte	22.9	14.2	10.2	9.3	22.0	14.0	9.0	7.5
Valle d'Aosta/Vallée d'Aoste	20.5	14.6	7.3 <sup>(b)</sup>	10.7	19.9	13.8	7.3 <sup>(b)</sup>	10.7
Liguria	23.9	14.8	7.9	9.6	23.0	13.7	8.6	9.7
Lombardia	19.7	13.3	6.1	7.2	19.7	13.6	6.4	7.0
Trentino-Alto Adige	16.7	11.0	6.2	5.7	13.9	9.4	4.2	3.7
<i>Bolzano/Bozen</i>	9.6	6.0	..	..	8.5	6.0	2.5 <sup>(b)</sup>	..
<i>Trento</i>	23.5	15.7	9.9	9.0	19.3	12.6	5.9	7.1
Veneto	17.9	12.2	5.0	6.7	15.4	10.4	4.1	4.2
Friuli-Venezia Giulia	17.7	9.2	6.5	8.8	17.2	9.3	6.0	8.2
Emilia-Romagna	16.1	8.9	6.3	6.5	17.2	10.5	5.9	6.5
Toscana	16.9	9.6	7.0	6.1	20.8	12.9	6.8	7.1
Umbria	23.5	15.5	8.5	8.5	20.7	11.1	6.1	8.6
Marche	24.4	16.0	9.4	8.2	24.9	15.8	11.0	7.9
Lazio	30.8	21.8	9.5	10.8	28.9	20.1	8.0	10.4
Abruzzo	31.5	20.5	15.1	9.9	34.8	19.8	15.6	11.4
Molise	37.0	30.6	6.4	15.5	38.3	31.0	9.1	14.2
Campania	49.9	36.9	25.9	24.7	46.3	34.3	18.6	23.5
Puglia	42.3	27.4	19.8	17.9	38.2	26.2	15.1	12.6
Basilicata	40.0	27.7	14.0	12.5	36.2	27.9	8.4	14.8
Calabria	46.7	34.6	16.0	21.4	46.3	36.4	13.9	22.4
Sicilia	55.6	41.8	26.1	26.7	52.1	41.3	20.3	23.7
Sardegna	38.0	26.4	9.5	21.0	38.1	29.6	9.0	22.2
<b>Italia</b>	<b>30.0</b>	<b>20.6</b>	<b>12.1</b>	<b>12.8</b>	<b>28.9</b>	<b>20.3</b>	<b>10.1</b>	<b>11.8</b>

(a) The risk of poverty is calculated on 2016 income and the very low work intensity on the number of months worked by all the household members during 2016.

(b) Estimation based on a sample size between 20 and 49 observations.

(..) Estimation based on a sample size less than 20 observations.

**TABLE A2. HOUSEHOLD NET INCOME** (including imputed rent) **BY GEOGRAPHICAL AREA AND HOUSEHOLD CHARACTERISTICS.** Year 2016, mean and median values in euros

	Mean					Median				
	North-West	North-East	Centre	South and Islands	Italy	North-West	North-East	Centre	South and Islands	Italy
<b>Household typology</b>										
Single person	24,357	24,379	23,916	17,982	22,488	22,169	22,157	20,804	16,538	20,276
- less than 65 years	25,067	25,601	23,800	16,775	22,791	23,182	23,094	20,473	14,863	20,656
- 65 years and over	23,483	22,887	24,083	19,133	22,129	21,101	21,326	21,178	17,837	20,070
Couples without children	41,140	41,520	40,867	29,999	38,248	36,728	37,433	34,776	25,656	33,355
- R.P. (a) less than 65 years	44,365	44,554	41,399	29,913	40,049	41,027	41,435	36,965	25,197	35,992
- R.P. (a) 65 years and over	37,853	38,618	40,395	30,080	36,524	33,076	34,310	33,414	26,123	31,682
Couples with children	52,894	53,267	49,517	35,552	45,775	47,388	49,526	44,382	31,948	41,361
- one child	51,026	51,669	47,583	35,759	45,239	46,320	47,800	43,138	30,773	41,725
- two children	55,358	54,307	51,822	35,609	46,629	49,709	51,216	46,876	32,447	41,732
- three or more children	51,996	57,365	49,692	34,558	44,629	45,588	53,615	43,436	33,043	38,076
Single parents	35,467	38,767	33,675	27,075	32,959	32,602	36,009	31,621	24,409	30,508
Other typologies	42,119	48,876	43,995	29,560	38,777	38,757	44,088	42,701	24,053	35,619
<b>Number of minors</b>										
One minor	45,527	46,254	40,740	29,716	39,216	41,033	44,532	37,254	26,486	35,900
Two minors	46,082	47,077	45,848	31,415	41,053	40,469	45,389	40,711	28,981	36,090
Three or more minors	48,538	50,489	40,449	29,872	39,897	35,618	44,834	31,513	29,601	32,951
At least one minor	45,955	46,910	42,620	30,381	39,975	40,327	44,910	38,130	27,829	35,687
<b>Number of elderly</b>										
One elderly	30,876	32,148	32,846	26,003	29,879	24,359	26,220	26,361	20,851	23,891
Two or more elderly	41,495	42,674	43,319	34,878	40,136	35,519	36,679	35,621	29,679	34,172
At least one elderly	34,805	36,097	36,752	28,976	33,575	29,054	30,614	30,401	23,819	27,831
<b>Citizenship</b>										
All Italian household members	39,818	41,327	38,839	29,318	36,436	33,190	36,216	33,234	25,634	30,859
At least one foreign household member	25,186	27,542	23,470	15,111	23,425	22,302	23,400	19,312	12,122	20,158
<b>Italy</b>	<b>38,208</b>	<b>39,753</b>	<b>37,071</b>	<b>28,523</b>	<b>35,204</b>	<b>31,920</b>	<b>34,621</b>	<b>31,515</b>	<b>24,940</b>	<b>29,778</b>

(a) R.P.: reference person.



**TABLE A3. HOUSEHOLD NET INCOME** (including imputed rent) **BY MAIN EARNER CHARACTERISTICS.** Years 2016, mean and median values in euros

	Mean					Median				
	North-West	North-East	Centre	South and Islands	Italy	North-West	North-East	Centre	South and Islands	Italy
<b>Sex</b>										
Male	41,959	43,469	40,301	30,712	38,347	35,615	38,353	34,273	27,038	32,705
Female	31,840	33,294	32,177	24,846	29,987	26,225	27,828	26,528	20,832	24,724
<b>Age class</b>										
Less than 35 years	33,272	35,203	30,634	23,110	29,924	29,385	31,879	26,819	21,209	26,000
35-44 years	38,941	41,908	33,219	26,702	34,507	33,835	38,749	29,844	25,258	30,390
45-54 years	43,492	45,314	40,607	31,278	39,615	38,494	42,163	36,455	29,248	35,306
55-64 years	45,957	46,713	46,324	34,006	42,216	37,459	41,145	38,679	30,400	35,690
65 years or more	32,258	32,557	34,522	26,768	30,985	27,057	27,946	28,214	22,381	25,857
<b>Educational level</b>										
Primary education or less	25,375	27,711	26,763	21,523	24,575	22,711	24,535	23,923	19,546	22,138
Lower secondary education	33,277	35,785	31,298	24,816	30,409	30,201	31,891	27,914	22,725	27,378
Upper secondary education	40,957	43,111	37,134	31,353	37,911	36,048	39,516	33,866	28,449	33,548
University degree	53,866	51,951	52,351	43,238	50,379	44,801	47,477	44,058	38,766	43,163
<b>Professional status</b>										
Employee	42,406	42,151	39,077	32,670	38,882	36,959	39,226	35,242	29,732	34,548
Self-employed	46,036	51,605	41,721	30,421	41,513	38,148	46,948	32,522	25,598	33,471
Unemployed	22,772	31,233	25,880	18,247	21,853	18,148	21,398	19,797	13,224	16,018
Other not employed	23,916	23,183	25,068	19,144	21,876	18,514	19,002	19,918	17,607	18,471
Retired	33,358	35,159	37,009	28,401	32,947	28,670	29,950	30,375	24,199	27,742
<b>Citizenship</b>										
Italian	39,604	41,234	38,822	29,270	36,379	33,078	36,158	33,148	25,617	30,801
Foreign	23,560	24,826	20,517	13,671	21,122	20,390	21,612	17,800	10,700	18,540
<b>Total</b>	<b>38,208</b>	<b>39,753</b>	<b>37,071</b>	<b>28,523</b>	<b>35,204</b>	<b>31,920</b>	<b>34,621</b>	<b>31,515</b>	<b>24,940</b>	<b>29,778</b>

**For more details please refer to the Italian version**

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## Glossary

**At risk of poverty or social exclusion rate** (abbreviated as AROPE): it refers to the situation of people either at risk of poverty, or severely materially deprived or living in a household with a very low work intensity. The AROPE rate, that is the share of the total population at risk of poverty or social exclusion, is the headline indicator to monitor the EU 2020 Strategy poverty target.

**At-risk-of-poverty rate** it is the share of people with an equivalised disposable income (after social transfers) below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers. The disposable income does not include imputed rent, non-cash employee income (other than company car) and income from household production of goods for own consumption. In 2016 the at-risk-of-poverty threshold (computed on 2015 incomes) is 9,748 euros per year.

**Capital income:** it is defined as the income received less expenses occurring during the income reference period by the owner of a financial asset or a tangible non-produced asset (land) in return for providing funds to, or putting the tangible non-produced asset at the disposal of, another institutional unit. It includes interests (from assets such as bank accounts, certificates of deposit, bonds, etc.), dividends, profits from capital investment in an unincorporated business, income from rental of a property or land, pensions received from individual private plans, with or without imputed rent.

**Cost of labor for the employee income:** sum of gross wages and social contributions payable by the employer.

**Employee income:** it is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the income reference period. It includes also the market value of the company car provided for private use as well, luncheon vouchers and other non-cash fringe-benefits.

**Employer's social contributions:** they include the employer's effective contributions and the charge for the provision for severance pay. From 2011 the contributions to be paid by the employers of the parasubordinate workers (coordinated and continuous collaborators and project collaborators) are not included.

**Equivalised disposable income:** it is the total household disposable income (according to the European definition), divided by the number of household members converted into equivalised adults; household members are equivalised or made equivalent by weighting each according to their age, using the so-called modified OECD equivalence scale. This scale gives the following weight to household members: 1.0 to the first adult; 0.5 to the second and each subsequent person aged 14 and over; 0.3 to each child aged under 14.

**Equivalised net income:** it is the total net household income (according to the Italian definition), divided by the number of household members converted into equivalised adults; household members are equivalised or made equivalent by weighting each according to their age, using the so-called modified OECD equivalence scale. This scale gives the following weight to household members: 1.0 to the first adult; 0.5 to the second and each subsequent person aged 14 and over; 0.3 to each child aged under 14.

**Europe 2020 Strategy:** The European Union ten years strategy for growth and jobs launched in 2010 to create the conditions for smart, sustainable and inclusive growth. The EU has agreed on five quantitative targets to be achieved by the end of 2020 concerning employment, research and development, climate and energy, education, social inclusion and poverty reduction.

**Gini coefficient:** it measures the extent to which the distribution of income deviates from a perfectly equal distribution. A coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the

income. In this note, the Gini coefficient is applied to the individual distribution of the equivalised disposable income, excluding imputed rent, non-cash employee income (other than company car), income from household production of goods for own consumption.

**Gross wage:** the sum of disposable employee income (European definition), personal income tax and social contributions payable by the employee.

**Household gross income net of social insurance contributions:** sum of disposable household income (European definition) and personal income tax paid by household members.

**Household net income:** (Italian definition): it corresponds to an "extended" notion of the household disposable income used at European level and, unlike the latter, includes the monetary value of goods produced for own consumption and the employee income non-monetary fringe benefits (such as luncheon vouchers, health care reimbursements, school or nursery care, holiday bonuses, goods produced by the company, etc.), in addition to the market value of the company car already included in the European definition. The European definition of the **household disposable income** includes for all the household members the income from employees (excluding fringe benefits other than private use of the company car) and from self-employment, capital incomes, pensions and other public and private transfers received, minus cash transfers to other households net of taxes on income, taxes on wealth and social insurance contributions for dependent and self-employed workers. Moreover, the household net income reported in this publication is not comparable with the Family sector disposable income of the National Accounts (obtained by adding to primary incomes the secondary redistribution of income and also including an estimate of the "non-observed" economy) .

**Imputed rent:** it is a non-monetary income component pertaining households living in their main accommodation as owner-occupiers, renters-free or renters at lower price (compared to the market-price rent). It represents the cost (or the additional cost) that shall be paid for a similar dwelling as that occupied if rented at a market-price. Costs for heating, water, electricity, etc. are excluded.

**Individual gross income net of social insurance contributions:** gross income from dependent, self-employed, retirement and from real capital, financial capital and non-pension transfers, such as unemployment benefits, partial unemployment benefits (cig), vocational training allowances, severance and termination payments for employees, corresponds to the sum of net income and personal income tax by type of source.

**Irap:** The regional tax on production activities, established by Legislative Decree dated 15 December 1997.

**Other income components:** they include capital incomes, regular inter-household cash transfers received or paid, incomes received by people aged under 16, incomes from household production of goods for own consumption and every other incomes not deriving from work or social transfers.

**Pensions and other public transfers:** Pensions are periodic payments in cash intended to maintain the income of the beneficiary and to provide protection against risks linked to old age, loss of income, inadequate income, lack of independence in carrying out daily tasks, reduced participation in social life, and so on. They include i) old-age benefits that provide a replacement income when the person retires from the labour market or which guarantee a certain income when a person has reached prescribed age or years of contribution; ii) disability benefits and disability pensions to maintain or support the income of someone below the standard retirement age, who suffers from a disability which impairs his or her ability to work beyond a minimum level; iii) survivors' benefits that provide a temporary or permanent income to people below the retirement age who have suffered from the loss of another related household member (for example their spouse). Other public transfers include full and partial unemployment benefits ("*Aspi*". "*Naspi*". "*Cassa integrazione guadagni*"), mobility and resettlement benefits; severance and termination payments; education related allowances; family and children related allowances; income support schemes for household and individuals at risk of social exclusion (minimum income, Social card).

**Personal income tax:** sum of direct taxes (income tax, regional and municipal tax, substitute tax on financial assets and income tax with separate taxation). For employee income, retirement and unemployment income the personal income tax corresponds to the withholding tax (according to the Eurostat definition of gross income), while for self-employment it corresponds to the net tax, as the advance payments and withholding tax on self-employment, as opposed to the withholding tax on employee income and retirement income, may also differ significantly from the final tax paid. The self-employment tax includes a portion of IRAP: the regional tax on productive activities is estimated by applying the IRAP tax rate to the part of the tax base of the independent taxpayer that corresponds to the taxable income. Being calculated on the taxable income, IRAP is, for this part, similar to a direct tax.

**Poverty median gap index:** it is a measure of the intensity of poverty and indicates the relative gap between the median of equivalent income of those at risk of poverty and the poverty threshold, expressed as a percentage of the same threshold.

**Self-employment income:** it is the income received by individuals, for themselves or in respect of their family members, as a result of their current or former involvement in self-employment jobs. Self-employment jobs are those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of profits). It includes incomes deriving from employer-coordinated freelance work ("*collaborazioni coordinate e continuative – co.co.co*" or "*collaborazioni coordinate a progetto – co.co.pro.*") and royalties earned on writing inventions and also income derived from the so-called vouchers for occasional work (unless otherwise specified).!

**Severe material deprivation rate:** indicator that measures the inability to afford some items considered by most people desirable or even necessary to lead an adequate life. It measures the percentage of the population that cannot afford at least four of the following nine items:

1. to pay their rent, mortgage or utility bills;
2. to keep their home adequately warm;
3. to face unexpected expenses;
4. to eat meat or proteins regularly;
5. to go on a week holiday;
6. a television set;
7. a washing machine;
8. a car;
9. a telephone.

**Social contributions:** include actual contributions, i.e. mandatory contributions for the attainment of social security and welfare benefits (sickness, disability, occupational diseases or accidents at work, old age, maternity), charged to the employee, self-employed, the parasubordinate worker and the employer. Figurative contributions are not estimated in the Eu-Silc survey.

**Social contributions of self-employed workers:** include social contributions by self-employed workers and contributions to be paid by parasubordinate workers and their employers and from 2017 also the compulsory social insurance contributions for occasional work (the so-called vouchers).

**Tax wedge:** sum of personal tax on income, social contributions of the employee and contributions to be paid by the employer.

**Very low work intensity:** number of persons living in a household having a work intensity below a threshold set at 0.20. The work intensity of a household is the ratio of the total number of months that all working-age household members have worked during the income reference year and the total number of months the same household members theoretically could have worked in the same period. A working-age person is a person aged 18-59 years, with the exclusion of students in the age group between 18 and 24 years. Households composed only of children, of students aged less than 25 and/or people aged 60 or more are completely excluded from the indicator calculation.

## Methodological Note

The EU-SILC (Statistics on Income and Living Conditions. Regulation of the European Parliament. no. 1177/2003) is one of the main sources of data for periodic reports on the social situation of the European Union and the spread of the risk of poverty in member countries. EU-SILC is a multi-purpose instrument which focuses mainly on income and social exclusion, with a particular attention on aspects of material deprivation. In Italy the EU-SILC data are collected yearly since 2004. Although the EU-SILC Regulation requires national level estimates, the Italian survey allows for reliable estimates at regional level as well.

The survey is conducted through household and personal interviews.

Since 2011, interviews have been carried out by a private company according to a CAPI (Computer Assisted Personal Interview) technique instead of the PAPI (Paper and Pencil Interview) previously used. Since 2015 a share of the interviews is carried out by CATI (Computer Assisted Telephone Interview) technique, which in 2017 is about 54% of the households.

The sample design is based on a two-stages scheme (municipalities and households), where the primary sample units – municipalities – are stratified by population size within each region. Rotational design is used for households; the whole sample is composed of four rotational groups, each group is included in the sample for four waves of the survey. Each year one fourth of the sample is renewed, replacing the group entered in the sample four years before, while the remaining three fourths are made of households and individuals selected one, two or three years before, interviewed respectively for the second, third or fourth time. The overall sample is statistical representative of the population residing in Italy and, in 2017, it amounts to 22,226 households (48,819 individuals), residing in about 680 municipalities.

Data collection is carried out through an electronic questionnaire, structured in three parts:

- a) General form to collect demographic information related to each household member (sex, date and place of birth, citizenship etc.) and some information for each household member aged less than 16 years (type of school attended, formal and informal childcare etc.);
- b) Household questionnaire to collect information about housing conditions, housing expenses, economic situation, material deprivation, household income components;
- c) Personal questionnaire for each household member aged at least 16 years to collect information on education, health, current or previous labour income by detailed components (employee, self-employment, pensions and other social transfers, financial and real capital, private transfers).

Income data collected by interviews are integrated with administrative register data. A micro-simulation model allows to obtain further gross income values. The integrated use of data from administrative sources and the micro-simulation model allows estimate taxes and social contributions paid by individuals that, added to the net income, constitute gross income<sup>3</sup>.

### Confidence intervals

When a sample rather than the entire population is observed, the computed estimates are affected by sampling error. That error can be measured as standard error or relative error, that is the standard error divided by the mean estimate, named the coefficient of variation (CV).

Based on these values, confidence intervals, including the real unknown value of the parameter to be estimated with a pre-fixed probability level, can be derived. The confidence interval is obtained

<sup>3</sup> For more detailed information on the gross income production process see: Istat, La metodologia di stima dei redditi lordi nell'indagine Eu-Silc – Indagine europea sui redditi e le condizioni di vita delle famiglie, Metodi e Norme n. 49, 2011. And also: Consolini P., Donatiello G., Multi-source data collection strategy and microsimulation techniques for the Italian EU-SILC, in Istat Rivista di Statistica ufficiale, n.2 2015, pp. 77-93: [http://www.istat.it/files/2015/10/rsu\\_2\\_2015.pdf](http://www.istat.it/files/2015/10/rsu_2_2015.pdf).

adding and subtracting the standard error multiplied by a coefficient. depending on the confidence level chosen, to the punctual estimate. Taking into account a confidence level of 0.95 ( $\alpha=0.05$ ), the coefficient is 1.96.

In the following table, relative errors (CV). standard errors and confidence intervals of the estimates of the main indicators published in this note are reported:

**RELATIVE ERRORS, STANDARD ERRORS AND CONFIDENCE INTERVALS OF THE MAIN INDICATORS ESTIMATES. Year 2017**

	Estimate (a)	Relative error (CV) (b)	Standard error (s.e.) (c)=(a)* $\sqrt{b}$	Confidence interval (probability level=0.95)	
				Lower bound (a)-1.96*(c)	Upper bound (a)+1.96*(c)
Population at risk of poverty or social exclusion (out of 100 individuals)	28.9	0.01622	0.46814	27.9	29.8
Population at risk of poverty (out of 100 individuals)	20.3	0.02003	0.40623	19.5	21.1
Severe material deprivation (out of 100 individuals)	10.1	0.03895	0.39500	9.4	10.9
Very low working intensity (out of 100 eligible individuals)	11.8	0.00850	0.10051	11.6	12.0
Mean disposable household income (year 2016. values in euros)					
- Excluding imputed rents	30,595	0.00623	190.71813	30,221	30,969
- Including imputed rents	35,204	0.00557	196.22248	34,819	35,589
Mean gross household income (year 2016, values in euros)	37,668	0.00750	282.69394	37,114	38,222
Labour cost (year 2016, values in euros)	32,154	0.00787	252.96215	31,658	32,650
Old-age benefits recipients (percentage values)	17.1	0.00850	0.14507	16.8	17.4

### Some indicators computation method

The **imputed rent** is estimated by means of an econometric model relating the dwelling characteristics and the market price rent paid by renters, On the market renters subset, through a two stage Heckman procedure, the following model has been estimated:

$$\ln y_i = \beta_0 + \beta_{1k} X_{ki} + \beta_2 T_i + \beta_3 \lambda_i + u_i$$

where  $y_i$  is the paid rent,  $X_{ki}$  is a vector of the dwelling characteristics (type of dwelling, dwelling size, presence of terrace, balcony, garden, lack of enough light) and characteristics of the area where the dwelling is located,  $T_i$  is the tenure seniority,  $\lambda_i$  is the inverse Mill's ratio to correct the sample selection bias (rent is observed only among those paying a market price rent and they could differ in a systematic and not-observable way from the remaining sample) and  $u_i$  is the error term,

In details  $\lambda_i$  is obtained through a probit model with renter status as dependent variable and households characteristics as independent variables (number of household members, number of income recipients, equivalised income quintiles and some socio-economic characteristics of the reference person),

The estimated parameters  $\beta_i$ , are used to compute the imputed rent for no-renters households, Seniority is included between regressors, but its effect is deputed (setting the parameter from regression equal to 0) in estimating predicted values for sub-populations other than tenants at a market rate, From that value, interests paid on mortgage, if any, are deducted,

**The Gini coefficient** can be computed through the following formula:

$$\frac{\sum_{i=1}^{n-1} (P_i - Q_i)}{\sum_{i=1}^{n-1} P_i}$$

where  $Q_i$  are the cumulate income shares and  $P_i$  are the cumulate shares in case of equi-distribution.