

Annex 1. Examples of Differences between Administrative Data and Survey Data

This note emphasizes that users of administrative data and survey data need to understand differences between data from different sources. Some examples of typical differences that may be encountered in working with tax administration data and official statistics are as follows:

- The entities contained in registers may differ. Taxpayer registers will contain records of legal and natural persons that are required to register for tax. In the case of large, complex businesses, it may be possible to have more than one registration for the same tax type (for example, where different payrolls are run within the business, each may be associated with a registration for pay-as-you-earn). SBRs may record distinct establishments, where components of an enterprise differ in economic activity and physical locations. As the economic activity of each entity in a taxpayer register or SBR should be recorded, this can, for example, lead to differences in sectoral aggregates.
- Unless there is close collaboration between the RA and NSO on industry classification, there are many reasons why disparate sectoral aggregates may not be associated with the same set of businesses. One of the reasons for this follows from the point above: the economic activity of each entity in a taxpayer register or SBR should be recorded. Thus, an RA may be recording all the economic activity associated with a large business as one type of activity, while this may be broken down into several economic activities in the SBR.
- Typically there is no exact correspondence between economic aggregates available from the compilation of National Accounts and any particular tax base. For this reason, adjustments are made to economic statistical aggregates to estimate tax gaps when applying RA-GAP methodologies (see, for example, Ueda (2018) where the relationship between the tax base for corporate income tax and gross operating surplus is set out).
- Trends in tax revenue aggregates do not mirror trends in measures of economic activity. In addition to the point made previously, tax policy changes and taxpayer behavior (including compliance) also affect tax revenue aggregates over time.
- There may be differences in the reference periods for statistical collections and the accounting periods

for tax. Adjustments may be necessary to make meaningful comparisons of tax administration and economic statistics aggregates over time.

- There may be timing differences in the recording of taxable transactions and economic activity in national accounts. The System of National Accounts requires that transactions be recorded on an accrual basis. Most RAs record transactions on a cash basis.

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