



Explainer

Analyses of income from employment and salaries

Neuchâtel, 2023

Published by: Federal Statistical Office (FSO)
Information: lohn@bfs.admin.ch, tel. 058 463 64 29
Editors: Davide de Brito Figueiredo, FSO
Contents: Wages and Working conditions, FSO
Topic: 03 Work and Income
Original text: French
Translation: FSO language services

Layout concept: Section PUB
Downloads: www.statistics.ch
Copyright: FSO, Neuchâtel 2023
Reproduction with mention of source authorised
(except for commercial purposes)

Explainer: analyses of income from employment and salaries

Contents

1	Definitions: income from employment and salary	1
1.1	Income from employment.....	1
1.1.1	Determining gross and net annual income from employment for salaried work	2
1.1.2	Determining gross and net annual income from employment for self-employed work.	2
1.2	Salaries.....	3
2	Income analysis: choice of statistical sources (SLFS or ESS).....	3
2.1	The Swiss Labour Force Survey (SLFS)	3
2.2	The Swiss Earnings Structure Survey (ESS)	3
2.3	Summary of differences between the SLFS and the ESS	3
3	Requesting specific findings or data	4
3.1	SLFS	4
3.2	ESS.....	5

1 Definitions: income from employment and salary

Income from employment is the income that individuals earn through gainful employment. There are two types of income from employment: income earned through **salaried work** and income earned through **self-employment**. For both of these types of employment, it is important to distinguish between gross income (i.e. before social insurance contributions are deducted) and net income (i.e. after these deductions).

A **salary** is the compensation received for the work done by a person on another person's behalf under the terms of a written or oral contract. That other person may be a natural person or a legal entity (i.e. a business, non-profit organisation or government department). **Income from self-employed work for an individual's own account is not included in this concept of salary.**

1.1 Income from employment

The **Swiss Labour Force Survey (SLFS)** provides data on **income from employment**. Salaries and self-employed income are determined based on the information provided by the individuals interviewed for the survey. The individuals may indicate the amount of their income however they wish, i.e. as gross or net income, and on an annual, monthly or hourly basis. Two analysis variables are then created using these data: **gross annual income from employment and net annual income from employment**. These variables are determined using data collected for an **individual's main employment only**. They represent the individual's estimated gross or net income for the entire calendar year and do not correspond to the income actually earned during that period.

Income from employment from any additional salaried or self-employed work is also indicated. The amounts may be provided as a gross or net figure and on an annual, monthly or hourly basis. However, they are not standardised into an annual income, and the relevant data are available only as provided in the survey.

1.1.1 Determining gross and net annual income from employment for salaried work

Survey respondents may indicate the amount of their salary however they wish, i.e. as gross or net income, and on an annual, monthly or hourly basis. They also indicate whether they received:

- a 13th month salary
- a 14th month salary
- family and children's allowances
- other wage supplements (e.g. additional compensation for working at night or on public holidays, shift work, commission or tips)
- a bonus.

Using this information, the gross or net salary provided is annualised to obtain a standardised amount:

- Where a **monthly** amount was indicated, the annual salary is estimated to be equivalent to 12 monthly salaries, to which are added one or two monthly salaries if the individuals indicated that they received a 13th or a 14th month salary, and half a monthly salary if they indicated that they received a bonus.
- Where an **hourly** amount was provided, it is first converted into a monthly amount using the weekly work hours indicated, assuming a month of four and 1/3 weeks. This monthly amount is then converted into an annual amount using the procedure described in the point above.

Net annual salaries are then converted into gross amounts by adding social insurance contributions, and gross salaries are converted into net amounts by deducting social insurance contributions. The amount of the social insurance contributions is calculated based on a global contribution rate (taking into account all deductions for social insurance – OASI/DI, loss of earnings compensation, unemployment and accident insurance, and occupational pension contributions). The rate applied to each person is based on their age and the economic sector of the company they work for.

1.1.2 Determining gross and net annual income from employment for self-employed work

When completing the survey, individuals indicate their income from employment however they wish – i.e. as gross or net income, and on a yearly, monthly or hourly basis. They also indicate whether they pay themselves:

- a 13th month income
- a 14th month income
- a bonus.

Using this information, the gross or net income provided is annualised to obtain a standardised amount:

- Where a **monthly** amount was indicated, the annual income is estimated to be equivalent to 12 monthly incomes, to which are added one or two monthly incomes if the individuals indicated that they pay themselves a 13th or 14th month income, and half a monthly income if they indicated that they pay themselves a bonus.
- Where an **hourly** amount was provided, it is first converted into a monthly amount using the weekly work hours indicated, assuming a month of four and 1/3 weeks. This monthly amount is then converted into an annual amount using the procedure described in the point above.

Net annual incomes are then converted into gross amounts by adding social insurance contributions, and gross incomes are converted into net amounts by deducting social insurance contributions. The amount of the social insurance contributions is calculated based on the contribution rates to OASI/DI and loss of earnings compensation.

1.2 Salaries

The **Swiss Earnings Structure Survey (ESS)** is the main statistical source for data on **salaries**. Salaries are determined on the basis of payroll information provided by the companies. Using these data, the survey determines:

The standardised gross monthly salary. The amounts provided are recalculated on a full-time equivalent basis (four and 1/3 weeks with 40 weekly work hours). These amounts include:

- the gross salary in October, which includes the basic salary and any regular allowances (e.g. living allowance), tips subject to OASI contributions and any regular payment (i.e. each time salaries are paid) of a commission, profit-sharing payments or any regular bonus
- allowances for shift work, Sunday work or night work and any hardship premiums
- a 12th of the 13th month salary
- a 12th of any one-off payments (such as bonuses) and of compensation paid to members of boards of directors
- a 12th of any additional allowances and employee share options.

The following are not taken into account when calculating the standardised gross monthly salary: family and children's allowances, paid overtime, and employer occupational pension contributions or benefits (i.e. any lump-sum occupational pension benefits paid directly to the employee by the employer, and contributions usually due from the employee that are paid to the pension fund by the employer).

2 Income analysis: choice of statistical sources (SLFS or ESS)

2.1 The Swiss Labour Force Survey (SLFS)

The **SLFS** is a survey of individuals that has been carried out every year since 1991. Its main purpose is to supply data on the structure of the working population and on people's behaviour with regard to their professional activity. More detailed information is available in the [SLFS factsheet](#).

SLFS data are better suited to socio-economic studies of the working population than ESS data. They can be used to describe the structure of that population and estimate the income of salaried and self-employed workers. They can also be used to study other issues relating to the labour market (e.g. current and previous professional activity, unemployment, retirement, working conditions, job-seeking, professional mobility, and training).

2.2 The Swiss Earnings Structure Survey (ESS)

The **ESS** is a written survey that has been completed every two years by companies in Switzerland since 1994. It provides an overview of the earnings structure in all economic activities of the secondary and tertiary sectors. More detailed information is available in the [ESS factsheet](#).

ESS data, unlike SLFS data, are based on contractual information provided directly by companies rather than by surveyed individuals. These data can therefore be used in studies on exact wage levels and can be broken down by economic activity, by region and even by the characteristics of workers and job positions.

2.3 Summary of differences between the SLFS and the ESS

The main differences between the two surveys are summarised in Table 1 below:

Table 1: Pros and cons of the SLFS and the ESS for analysing income from employment

	Swiss Labour Force Survey (SLFS)	Swiss Earnings Structure Survey (ESS)
+	- Includes income from both salaried and self-employed work. - Includes some categories of workers not included in the ESS, such as those working in the primary sector (e.g. farming) and in private households. - Covers several characteristics of the working population and the labour market.³ - Can be used in longitudinal studies of the working population (rotating panel).	- Data are based on contractual information provided by companies and can be used for studies into exact wage levels. - Is based on a large sample of employees, allowing for highly disaggregated analyses, i.e. all of Switzerland, by region¹ or by economic activity.² - Includes the entire working population in Switzerland: permanent residents, temporary residents (e.g. those with a short-term permit of less than 12 months) and those living abroad but working in Switzerland (e.g. cross-border commuters).
-	- As data are collected from people (through interviews), the level of precision in the income calculated is limited. - Provides a smaller sample that does not allow wages to be analysed with the same level of disaggregation as the ESS. - Only includes permanent residents.	- Does not include income from self-employment. - Does not include people working in the primary sector (e.g. farming) or in private households. - Covers a more limited range of characteristics than the SLFS.⁴ - Not possible to track workers over the years (no panel surveys).

¹ Lake Geneva region, Mittelland, North-West Switzerland, Zurich, Eastern Switzerland, Central Switzerland and Ticino.

² Two-digit classification of economic activities, as per [NOGA 2008](#).

³ The full list of characteristics recorded is provided in the [SLFS factsheet](#).

⁴ The full list of characteristics recorded is provided in the [ESS factsheet](#).

3 Requesting specific findings or data

3.1 SLFS

- The **basic SLFS findings** on income from employment and various other aspects of the labour market can be viewed and downloaded free of charge from the following webpages:
 - [SLFS: income from employment](#)
 - [SLFS: publications and findings](#)
- If the standard information described in the point above does not meet your requirements, you can send a request for **specific findings** to the following email address: lohn@bfs.admin.ch. In accordance with the [Ordinance on fees and charges for statistical services provided by the Confederation's administrative units](#), the customised processing of data by research staff is invoiced at an **hourly rate of CHF 130**. To enable us to determine the price for this work and the delivery date, please include the following information in your request:
 - a detailed description of the information you wish to receive
 - information on how the findings will be used
 - the reference period (the SLFS has annual data on income dating back to 1991)
 - the factors that should be included in the analysis (e.g. sex, age and profession).
- Anonymised individual data** can be obtained from the SLFS for statistical, research or planning purposes only. Requests for data must be submitted as part of a clearly defined project, which must include a data protection contract. The terms, prices and procedure for

obtaining data from the SLFS are provided in the following document: [Obtaining individual data from the SLFS](#).

3.2 ESS

- The **standard ESS findings** can be viewed and downloaded free of charge from the following webpages:
 - [ESS: findings for the whole of Switzerland](#)
 - [ESS: findings by region](#)
- If the standard information described in the point above does not meet your requirements, you can send a request for **specific findings** to the following email address: lohn@bfs.admin.ch. In accordance with the [Ordinance on fees and charges for statistical services provided by the Confederation's administrative units](#), the customised processing of data by research staff is invoiced at an **hourly rate of CHF 130**. To enable us to determine the price for this work and the delivery date, please include the following information in your request:
 - a detailed description of the information you wish to receive
 - information on how the findings will be used
 - the reference period (the ESS has biannual data on wages dating back to 1994)
 - the factors that should be included in the analysis (e.g. sex, age and profession).
- **Anonymised individual data** can be obtained from the ESS for statistical, research or planning purposes only. Requests for data must be submitted as part of a clearly defined project, which must include a data protection contract. More information on the terms, prices and procedure for obtaining data from the ESS can be obtained at the following email address: lohn@bfs.admin.ch.